



KALIMANTAN GOLD CORPORATION LIMITED

Third Quarter Report

For the nine months ended September 30, 2008

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
For the Nine Months Ended September 30, 2008

Date

The following discussion is management's assessment and analysis of the results of operations and financial conditions ("MD&A") of Kalimantan Gold Corporation Limited (the "Company" or "Kalimantan Gold") and should be read in conjunction with the accompanying unaudited interim consolidated financial statements for the three and nine months ended September 30, 2008 and related notes therein and with the audited consolidated financial statements for the year ended December 31, 2007 and 2006, all of which are available at the SEDAR web site at www.sedar.com. The financial information in this MD&A is derived from the Company's interim financial statements, prepared in accordance with Canadian generally accepted accounting principles and all dollar amounts are expressed in United States dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Containing information as at November 26, 2008 except as indicated.

Overview

Description of the Business

Kalimantan Gold is incorporated in Bermuda and is an exploration stage company engaged in the business of acquiring and exploring mineral properties in Kalimantan, Indonesia. The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades in Canadian dollars on the TSX Venture Exchange in Canada and in British pence on the AIM Market in London under the symbol KLG.

The Company has exploration rights over two distinct areas: the Jelai-Mewet gold-silver prospects in East Kalimantan and the KSK Contract of Work ("KSK COW") copper-gold prospects in Central Kalimantan. On April 12, 2008 the Company signed an option agreement to acquire a 70% stake in five coal concessions in Indonesia, a move designed to establish a presence for the Company in Indonesia's rapidly growing coal industry. On November 17, 2008 the Company announced it had signed an option agreement with PT Indobara Pratama ("IBP") to bring its coal deposit into production and acquire up to an 80% interest in IBP.

Jelai project

Kalimantan Gold continues to achieve success in its drilling at its 100%-owned Jelai gold project in East Kalimantan, Indonesia. On November 11, 2008 the Company announced the initial resource statement for only one of five main veins identified at the Company's 100%-owned Jelai gold project in East Kalimantan, Indonesia. The Mewet Vein resource block is based on 23 drill holes and is contained within a 250 metre section within a known vein structure of more than 2,000 metres in strike length with mineralization beginning on surface down to 225 metres below surface.

The Indicated Resource, at a cutoff grade of 1.0 g/t gold is 256,000 tonnes @ 3.44 g/t gold and 3.2 g/t silver, contains an estimated 28,000 ounces of gold and 26,000 ounces of silver. The Inferred Resource, at the same cutoff grade is 690,000 tonnes @ 2.81 g/t gold and 3.7 g/t silver, contains an estimated 62,000 ounces gold and 82,000 ounces silver.

The Mewet Vein resource model is an important milestone, as it starts to quantify the Company's view that Jelai has potential for yielding a significant gold resource. The emphasis will now be towards growing the resource in quantity and quality. The geological model generated will greatly assist in drill targeting in the Mewet Vein area, where extensions of the higher grade areas have not been closed off, particularly down plunge to the north.

Since mid-August, additional infill drilling in the Mewet Vein area has provided enough confidence in the data to complete this first resource model of the vein structure outlined. This includes data derived from the recent Kalimantan Gold drilling and the previous exploration conducted by Ivanhoe Mines Ltd.

Technical Discussion on the Mewet Vein resource

The Mewet Vein resource block area is contained within a 250 metre section of strike length within a known vein structure of more than 2,000 metres in strike length. The vein is a typical low sulphidation epithermal vein, striking generally north-south and dipping at 60° to the west. The vein is hosted within a sequence of andesite volcanics, with argillic alteration and silicification defining the main mineralised zone. Higher grades of precious metal mineralisation are associated with colloform banded quartz veins within broader halos of mineralised hydrothermal breccia. The Mewet Vein is part of a larger suite of epithermal veins in the area, some of which are currently being drill tested by 4 diamond core drill rigs operating at the project. Other veins currently being evaluated include the Sembawang, Lipan and Nyabi Veins.

The resource statement has been compiled by PT GMT Indonesia and the geology was modelled for a single section of the Mewet Vein over a strike distance of 250 metres where drill spacing is between 25-50 metres apart both along strike and down dip. For modelling, the analytical data was composited with a cut-off of 1.0 g/t Au with 2 metres of internal dilution accepted. An upper cut of 20 g/t Au was applied to the data set prior to modelling. No upper cut for Ag was applied.

The model was based on a block size of 1x4x4 (east x north x dip) metres and an orientation of north-south and a dip of -60° from the horizontal to mimic the trend of the Mewet Vein structure. The model was constrained by the upper and lower surfaces of the interpreted vein structure and by modelled topography, modified by alluvial cover in some areas. Sections were extended 25 metres past the data limits along strike and 20 metres down dip from the last drill hole data point. The data was modelled by ordinary kriging using a search ellipse plunging -80° to 345, as indicated by variogram modelling. A major search range of 60 metres was applied, with anisotropy defined by 0.75/0.50 for the semi-major and minor axis. The resource categorisation considers the following limitations:

- Indicated Resource: within a maximum of 25 metres from an adjacent data point and containing at least 10 additional points of consideration for each block,
- Inferred Resource: outside of the limits above but within the constrained block model boundary.

Additional considerations, based on the exploration programme results, were also analysed to categorise the resources. It has been determined that additional survey control on the drill collar locations and topography will be necessary to categorise any future resources into a Measured Resource category and the weighting of the intervals based on the recovery from the drilling also precluded some areas from being classified as Measured Resources.

All drill hole analyses were conducted by PT Indoassay in Balikpapan, which is an internationally accredited laboratory, including the analytical data from previous exploration on the property.

Coal areas being assessed for acquisition

On November 13, 2008 Kalimantan Gold signed an option agreement with PT Indobara Pratama ("IBP") to bring the coal deposit on IBP's 100%-owned coal KP (the "Concession") into production and acquire up to an 80% interest in IBP. The project is permitted for production and the potential to be an open cut coal deposit. The work done on the Concession to date indicates a potential deposit of between 55-60 million tonnes of approximately 5,400 kcal/kg coal. The coal occurrences in the concession area are ranked sub-bituminous thermal coal which are becoming increasingly sought after as a reliable new supply of low ash and low sulphur coal to the new generation of power stations currently being constructed in many parts of Asia, including Indonesia. The Concession located in East Kalimantan, Indonesia is 130 kilometres northwest of Samarinda and is accessible by road and river (see map).

The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

After reviewing the project we believe it meets Kalimantan Gold's criteria for a viable near production coal deposit. Early discussions with potential buyers of the off-take are underway and it is hoped that during the due diligence period these buyers will become a source of either equity or debt capital to fund Kalimantan Gold's entry into coal production. Kalimantan Gold will also consult with Macquarie Bank, who have expressed interest in financing a coal production project with Kalimantan Gold, as part of our evaluation of the IBP Concession as a production opportunity.

The Concession has substantial exploration potential and that according to the current owners the coal deposit is permitted and ready to place into production. Transportation to the nearest coal terminal by river is reasonable and the acquisition of IBP will include a barge and conveyor loading system. Only 2,700 hectares of the total 4,993 hectare Concession has been explored.

The Company does not have a study to determine if the project is economic and there is no certainty the project will be found to be economic.

The IBP Option Agreement

Kalimantan Gold has an exclusive 90 day option to undertake due diligence on IBP and we will fund and undertake a 3,000 metre drilling program during the option period at an estimated cost of \$150,000. On its completion, the Company may provide notice it wishes to proceed to acquire shares of IBP based on the value of \$1 per tonne of Proven Recoverable Coal Reserves ("PRCR") estimated in accordance with JORC (the "Purchase Price"). A Share Purchase Agreement ("SPA") will be executed and payment of the Purchase Price will be made in four stages as follows: 5% payable by February 15, 2009; 15% payable by March 15, 2009; 40% payable by July 15, 2009 and the final payment of 40% payable on the December 15, 2009 or the date of the first commercial shipment of coal from IBP's mine if this is earlier. Upon the third payment being made, 48% of the shares of IBP will be transferred to the Company with another 32% of the IBP shares transferred when the fourth and final payment is made. All IBP costs from the time the SPA is executed until the first shipment of coal shall be borne 80% by the Company and 20% by the selling shareholders of IBP.

Technical Discussion of the IBP Concession

The coal occurrences within the Concession area occur within Balikpapan Formation rocks, a well-known coal-bearing formation in East Kalimantan. Exploration to date has outlined two main seams with thicknesses between 5-7 metres and 13-20 metres respectively. This data was obtained from 63 surface exposures and 20 drill holes that have been completed in the concession area to a depth of 80-100 metres. The seams can be described as low sulphur (less than 0.20%) and low ash (less than 5%) with an average calorific value reported from the vendor documents as approximately 5,400 kcal/kg (air dried basis) based on sampling from drill cores and outcrops. The seams strike north-south and dip between 5-15° to the east.

The property has been subject to a detailed review and geological modelling but the results require validation before being classified into a reportable category and due diligence, currently being planned for the property, will aim to verify the conclusions made within various studies available on the coal occurrences in the area. The concession is located approximately 20 kilometres from a river suitable for barging operations and the operational scenario suggests a road haulage-barging operation via the Mahakam River to a loading point at the mouth of the Samarinda Delta.

Kalimantan Gold completes acquisition of 100% of KSK COW

On October 10, 2008 the Company announced the completion of the acquisition of the remaining 25% interest in its KSK Contract of Work ("KSK COW") that it did not already hold. This follows the recent receipt of approvals from the Indonesian regulatory authorities for the transaction that was initially announced on October 16, 2007.

Owning 100% of the KSK COW greatly simplifies what was a complex corporate structure of this valuable mineral asset. The structure acted as a barrier in attracting a major mining company to assist in moving this project forward.

The holder of the KSK COW is PT Kalimantan Surya Kencana ("KSK") that is 75% owned by Indokal Limited, a wholly owned subsidiary of Kalimantan Gold. The remaining 25% is owned by PT Pancaran Cahaya Kahaya ("PCK") which was a wholly owned subsidiary of Kalimantan Investment Corporation ("KIC"). The acquisition of PCK was approved by the regulatory authorities and the shareholders of Kalimantan Gold and KIC in December 2007. The transfer of the shares of PCK to Indokal was approved by the Indonesian regulatory authorities and completed on October 6, 2008. As consideration for the acquisition Kalimantan Gold issued 20 million of its common shares to KIC so that KIC now holds a total of 31,802,329 common shares representing 33.4% of Kalimantan Gold's issued and outstanding shares. KIC is a private British Virgin Islands company with about 400 shareholders many of whom hold shares of both Kalimantan Gold and KIC. It is the understanding of Kalimantan Gold that KIC will dissolve itself and distribute its only asset, being the shares it owns of KLG to its shareholders.

KSK COW is a 941 sq km 6th generation Contract of Work comprising a total of 38 mineral prospects located in Central Kalimantan, Indonesia. Of the 38, Kalimantan Gold has identified several of which it considers to have the potential to host world class copper-gold porphyry deposits.

Dr Peter Pollard was asked to produce an independent report on the KSK COW following the completion of a drill programme by previous joint venture partner Oxiana Ltd in December 2007. Dr Pollard's report highlighted the "untested potential" in several areas which is currently attracting interest from a number of potential joint venture partners. Dr Pollard's report states that there are a number of untested targets at the Beruang prospect where previous drilling results include 167 meters @ 0.59% copper and at Baroi where previous results include 83 meters @ 2.64% copper. As a result Kalimantan Gold believes that promising targets remain to be tested within the KSK COW prospect area and is seeking a partner that will commit to a work program that will enable this potential to be thoroughly tested.

Management Changes

On October 22, 2008 the Company announced the appointment of Arif Hadian as Manager of its Coal Division. Mr. Hadian is a geologist who has worked in the East Kalimantan region for a number of years and has extensive experience in the coal sector working for large international companies such as BHP Billiton, Essar and Sumitomo Corporation. His experience ranges from sourcing new coal areas through to permitting, exploration, feasibility, production and marketing.

At a time when quality coal assets in East Kalimantan are becoming available on more favourable terms than in the past the Company intends to pursue coal acquisitions with the help of Mr. Hadian.

Macquarie Bank has agreed to work with the Kalimantan Gold to devise strategies to evaluate debt financing alternatives for coal projects.

Qualified Person

All data, as disclosed in this MD&A, has been verified by Brett Dennis Gunter, the Company's Qualified Person for the Jelai gold project and the coal prospects and a principal of PT GMT. Mr Gunter, who acts as a technical consultant to the Company, is a geologist with over 18 years experience in exploration and mining and has more than 12 years experience in Indonesia in various commodities, including epithermal gold systems and coal. He is a member of the Australasian Institute of Mining and Metallurgy.

Aim Rule 26

We confirm that we have updated our website (www.kalimantan.com) so that it includes the information required by AIM Rule 26.

Results of operations

Results of operations for the nine months ended September 30, 2008 and 2007

The Company incurred a loss for the nine months ended September 30, 2008 of \$2,206,399 (2007 - \$1,044,349).

The more significant changes between the current period and the comparative period are discussed below.

Consulting fees were \$381,536 compared to \$223,570. The Company has increased its use of consultants by retaining the London based Gerald Cheyne as the Company's Director Corporate Development and Dr. Peter Pollard as the Company's Technical Advisor. The Company also used Vancouver based Proactive Communications to help keep our North American investors informed about the Company's activities for six months of the period.

Investor relations and travel and accommodation included the cost of our technical directors travel to tour the Company's properties and make presentations on them to potential investors in Europe.

Transfer agent, filing and exchange fees were \$91,153 compared to \$52,886. The annual listing fees for the AIM and TSX listings have increased and the annual filing fees in Bermuda also increased. The Company disseminated more press releases in the period which also contributed to the increase.

Exploration costs in the nine months ended September 30, 2008 totaled \$1,361,824 (2007 - \$432,700). Note 4 of the interim consolidated financial statements provide details of the expenses. At this time last year Oxiana was covering the majority of the exploration programs the Company was active on at that time.

Summary of quarterly results

The unaudited financial results for each of the eight most recently completed quarters are summarized below:

	3 months ended Sept, 30, 2008 US\$	3 months ended June 30, 2008 US\$	3 months ended March 31, 2008 US\$	3 months ended Dec. 31, 2007 US\$	3 months ended Sept, 30, 2007 US\$	3 months ended June 30, 2007 US\$	3 months ended March 31, 2007 US\$	3 months ended Dec, 31, 2006 US\$
Total revenues	-	-	-	-	-	-	-	-
Loss for the quarter	(952,231)	(690,863)	(563,305)	(220,544)	(520,201)	(525,667)	(260,744)	(959,239)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.02)

The Company is an exploration stage enterprise. At this time any issues of seasonality or market fluctuations have no impact. The Company currently expenses all its mineral exploration costs and general and administration costs and these amounts are included in the loss for each quarter. The Company's finances determine the levels of exploration.

Liquidity

The Company began the current fiscal year with \$872,739 cash and cash equivalents. The Company received proceeds net of issue costs of \$1,848,824 from the issue of 14,283,333 common shares pursuant to two non-brokered private placements and an additional \$42,433 from the exercise of common share purchase warrants. The Company used \$2,056,718 to fund operations, and \$39,856 to purchase field equipment and \$5,722 deferred mineral property acquisition costs. The Company's cash was eroded by an unrealized foreign exchange loss of \$60,201 relating to the Company's cash held in Canadian dollars. The Company ended the quarter with \$601,499 cash and cash equivalents.

The Company's working capital at September 30, 2008 is \$583,426.

On October 17, 2008 the Company announced plans to raise up to C\$1,000,000 from a non-brokered private placement financing from the sale of up to 10,000,000 common shares at a price of C\$0.10 per share. The private placement is subject to compliance with applicable securities laws and to receipt of regulatory approval.

Rahman Connelly, Deputy Chairman and CEO of Kalimantan Gold commented, *“Notwithstanding current market conditions I have confidence in the fundamentals of the Company and I am subscribing for \$100,000 in this private placement”*.

The Company intends to use the proceeds from the private placement to fund its ongoing gold and coal exploration programs in Indonesia, as well as general working capital purposes.

Capital Resources

At November 26, 2008 the Company has 650,000 share purchase warrants and 6,852,000 stock options outstanding. Upon an increase in the Company’s share price and volume traded the share purchase warrants and stock options would be expected to be exercised and would contribute additional cash to the treasury.

The Company has met its expenditure requirements pursuant to its KSK COW for the entire exploration phases of the contract due to the ability to carry over excess work expenditures.

Transactions with related parties

The Company pays consulting fees to Golden Oak Corporate Services Ltd., a company owned by Doris Meyer, Chief Financial Officer for financial reporting and corporate compliance services. The fees are C\$8,000 per month plus Canada’s goods and services tax which is not recoverable by the Company. During the nine months ended September 30, 2008, the Company paid Golden Oak \$75,624 (C\$75,600) compared to \$70,101 (C\$75,600) during the same nine month period in 2007. Either party may terminate the agreement at any time upon 90 days notice.

The Company paid or accrued \$48,600 consulting fees to Rahman Connelly, Deputy Chairman and Chief Executive Officer (\$28,800 in 2007).

The Company paid or accrued to its two non-management director’s fees totalling \$18,000 in the nine months ended September 30, 2008 (\$18,000 in 2007).

Amounts owed to related parties at September 30, 2008 of \$47,407 (September 30, 2007 \$23,249) were in the normal course of business and paid shortly after quarter end.

All of the above noted transactions have been in the normal course of business and undertaken with the same terms and conditions as transactions with unrelated parties.

Additional disclosure for Venture Issuers without significant revenue

The components of exploration costs are described in note 4 to the interim consolidated financial statements for the nine months ended September 30, 2008.

Outstanding share data

Authorized share capital \$2,000,000 divided into 200,000,000 common shares at a par value of \$0.01 each.

	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Common Share Purchase Options
Balance September 30, 2008	75,105,117	650,000	6,852,000

Common shares issued for mineral property acquisition	20,000,000	-	-
Balance, November 26, 2008	95,105,117	650,000	6,852,000

Forward looking statements

This MD&A contains certain forward-looking statements related to, among other things, expected future events, future spending levels and the future financial and operating results of the Company. Forward-looking statements are encouraged to enhance communication but are subject to inherent risks and uncertainties including but not limited to, market and general economic conditions, changes arising as drilling results are received, changes in regulatory environments affecting the Company and the availability and terms of subsequent financings. Other risks and uncertainties are detailed below. Consequently, actual results and events may differ materially from those included in, contemplated or implied by such forward looking statements for a wide variety of reasons.

Risks

The securities of the Company must be considered speculative, generally due to the nature of the Company's business and the stage of development of the properties in which it has an interest. The Company incorporates by reference the risk factors included in Part B of the Company's December 2006 AIM Admission Document as filed in the Company's profile on Sedar on January 16, 2007.

Changes in Accounting Policy and Presentation

On January 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

(a) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories (see Note 3 to the interim consolidated financial statements).

(b) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows (see Note 3 to the interim consolidated financial statements).

(c) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed (see Note 9 to the interim consolidated financial statements). Under this standard, the Company will be required to disclose the following:

- qualitative information about its objectives, policies and processes for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any externally imposed capital requirement to which it is subject; and
- when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

(d) Section 1400 – General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going concern (see Note 1 to the interim consolidated financial statements).

Disclosure and Internal Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the

period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

The Chief Executive Officer and Chief Financial Officer have designed the internal controls over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management has concluded that, as of September 30, 2008, a weakness existed in the design of internal control over financial reporting caused by a lack of adequate segregation of duties between (a) the recording, review and reconciliation of purchases and (b) the recording of cash receipts and the reconciliation of bank accounts. This weakness should also be considered a weakness in the Company's disclosure controls and procedures.

Management has concluded and the board of directors (the "Directors") has agreed that, taking into account the present stage of the Company's development and the best interests of its shareholders, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this weakness at this time. To help mitigate the impact of this weakness, senior management will continue their monitoring process and the advice of external advisors will be sought to determine if other cost effective compensating measures can be employed. The Company's Directors is active and there are open lines of communication to management and all employees. While the Company believes it has adequate disclosure controls and procedures in place, lapses in the disclosure controls and procedures could occur and/or mistakes could happen. The Company will take whatever steps necessary to minimize the consequence of any such mistakes.

Corporate Governance

Management of the Company is responsible for the preparation and presentation of the interim financial statements and notes thereto, MD&A and other information contained in this quarterly report. Additionally, it is management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the Directors, each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the annual audited financial statements and MD&A. Responsibility for the review and approval of the Company's quarterly unaudited interim financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

Other information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.kalimantan.com.



KALIMANTAN GOLD CORPORATION LIMITED

Interim Financial Statements

(unaudited and prepared by Management)

(expressed in US dollars)

September 30, 2008

Notice to Reader

These interim financial statements of Kalimantan Gold Corporation Limited have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

KALIMANTAN GOLD CORPORATION LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS
(In United States Dollars)

As at	September 30, 2008	December 31, 2007
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 601,499	\$ 872,739
Prepaid items and advances	197,414	101,562
	798,913	974,301
Security deposit - mineral property (note 4)	24,517	24,517
Deferred mineral property acquisition (note 4)	101,557	95,835
Equipment (note 5)	136,598	137,793
	\$ 1,061,585	\$ 1,232,446
 LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 215,487	\$ 188,504
Provision for employee service entitlements	21,057	41,276
	236,544	229,780
 SHAREHOLDERS' EQUITY		
Share capital (note 6)	721,544	606,716
Contributed surplus (note 6)	17,956,787	16,042,841
Deficit	(17,853,290)	(15,646,891)
	825,041	1,002,666
	\$ 1,061,585	\$ 1,232,446
 Nature of operations (note 1) Commitments (note 8) Subsequent events (note 10)		

Approved by the Board of Directors

/s/ Murray Clapham
Murray Clapham

/s/ Rahman Connelly
Rahman Connelly

The accompanying notes form an integral part of these interim consolidated financial statements

KALIMANTAN GOLD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(In United States Dollars)

	three months ended		nine months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
EXPENSES				
General and administrative				
Accounting and audit	\$ 5,050	\$ -	\$ 5,965	\$ 5,466
Amortization	294	294	883	883
Consultants (note 7)	109,408	87,196	381,536	223,570
Directors fees (note 7)	6,000	6,000	18,000	18,000
Investor relations	7,406	951	54,315	38,879
Legal	13,794	717	25,860	14,894
Office and administrative services	3,387	2,801	13,663	7,269
Stock compensation expense	130,225	6,603	137,517	357,571
Telephone and facsimile	1,334	1,334	4,213	4,495
Transfer agent, filing and exchange fees	18,743	24,820	91,153	52,886
Travel and accommodation	29,255	26,908	58,923	70,831
	<u>324,896</u>	<u>157,624</u>	<u>792,028</u>	<u>794,744</u>
Current exploration (note 4)	607,031	179,769	1,361,824	432,700
Foreign exchange loss (gain)	21,646	(74,331)	60,200	(159,581)
Interest income	<u>(1,342)</u>	<u>(5,124)</u>	<u>(7,653)</u>	<u>(23,514)</u>
Loss and comprehensive loss	<u>(952,231)</u>	<u>(257,938)</u>	<u>(2,206,399)</u>	<u>(1,044,349)</u>
Deficit - beginning of period	<u>(16,901,059)</u>	<u>(14,906,146)</u>	<u>(15,646,891)</u>	<u>(14,119,735)</u>
Deficit - end of period	<u>\$ (17,853,290)</u>	<u>\$ (15,164,084)</u>	<u>\$ (17,853,290)</u>	<u>\$ (15,164,084)</u>
Loss per share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Weighted average number of shares outstanding	<u>75,004,030</u>	<u>60,181,353</u>	<u>68,323,487</u>	<u>58,709,872</u>

The accompanying notes form an integral part of these interim consolidated financial statements

KALIMANTAN GOLD CORPORATION LIMITED
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In United States Dollars)

	three months ended		nine months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash provided from (used for)				
Operating activities				
Loss for the period	\$ (952,231)	\$ (257,938)	\$ (2,206,399)	\$ (1,044,349)
Add charges to operations not involving a current payment of cash:				
Amortization	13,872	11,121	41,051	22,800
Stock compensation expense	130,225	6,603	137,517	357,571
Unrealized foreign exchange loss (gain)	21,627	-	60,201	-
Changes in non-working capital items:				
Prepaid items and advances	(50,229)	15,758	(95,852)	(11,998)
Accounts payable and accrued liabilities	51,320	304,311	26,983	68,420
Provision for employee service entitlements	(11,075)	-	(20,219)	-
	<u>(796,491)</u>	<u>79,855</u>	<u>(2,056,718)</u>	<u>(607,556)</u>
Investing activities				
Deferred acquisition of mineral property	194	-	(5,722)	-
Security deposits	-	-	-	(10,000)
Equipment	(1,636)	(27,485)	(39,856)	(94,034)
	<u>(1,442)</u>	<u>(27,485)</u>	<u>(45,578)</u>	<u>(104,034)</u>
Financing activities				
Share issues	50,960	637,162	1,891,257	637,162
	<u>50,960</u>	<u>637,162</u>	<u>1,891,257</u>	<u>637,162</u>
Unrealized foreign exchange loss (gain) on cash and cash equivalents	(21,627)	-	(60,201)	-
Net change in cash and cash equivalents	(768,600)	689,532	(271,240)	(74,428)
Cash and cash equivalents, beginning of period	1,370,099	970,984	872,739	1,734,944
Cash and cash equivalents, end of period	\$ <u>601,499</u>	\$ <u>1,660,516</u>	\$ <u>601,499</u>	\$ <u>1,660,516</u>

The accompanying notes form an integral part of these interim consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Nature of operations

Kalimantan Gold Corporation Limited (the "Company") is in the business of acquiring and exploring mineral properties in Indonesia and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts spent for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise additional funds to continue operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The operations of the Company will require various licenses and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

Going concern uncertainty

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. The ability of the Company to continue as a going concern is uncertain and dependent upon obtaining the financing necessary to meet its financial commitments and to complete the development of its properties and/or realizing proceeds from the sale of one or more of the properties. These consolidated financial statements do not reflect any adjustments related to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. INTERIM FINANCIAL STATEMENTS

These interim consolidated financial statements for the Company have been prepared in accordance with generally accepted accounting principles in Canada. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements including the notes thereto for the year ended December 31, 2007 which may be found on www.sedar.com.

Changes in accounting policies

On January 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

- (a) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories (see Note 3).
- (b) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows (see Note 3).
- (c) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed (see Note 9). Under this standard, the Company will be required to disclose the following:

- qualitative information about its objectives, policies and processes for managing capital;

- summary quantitative data about what it manages as capital;
- whether during the period it complied with any externally imposed capital requirement to which it is subject; and
- when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

(d) Section 1400 – General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going concern (see Note 1).

3. FINANCIAL INSTRUMENTS

All financial instruments are recorded initially at estimated fair value on the balance sheet and classified into one of five categories: held for trading, held to maturity, available for sale, loans and receivables and other liabilities

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities.

The fair values of cash and cash equivalents and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

The Company's only exposure to credit risk is on its bank accounts. Bank accounts are with a Canadian Schedule 1 bank with a \$20 million counterparty credit limit.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash and cash equivalents is invested in business accounts which are available on demand.

Market Risk

The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its cash equivalents is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

Exchange Risk

As at September 30, 2008 the majority of the Company's cash and cash equivalents was held in Canada in Canadian dollars. The Company's significant operations are carried out in Indonesia. As a result a portion of the Company's cash and accounts payable and accrued liabilities are denominated in United States Dollars, the Indonesian Rupiah and Australian dollars are therefore subject to fluctuation in exchange rates.

4. MINERAL PROPERTIES

KSK CoW	For the nine months ended September 30, 2008 \$ (unaudited)	For the year 2007 \$	Cumulative exploration since inception \$
Exploration costs assumed from a predecessor			2,038,322
Exploration costs during the period:			
Community development	59,400	74,401	316,411
Consultants and contractors	-	-	815,147
Contracted drilling	-	735,726	1,740,246
Field support	16,381	335,356	1,509,739
Land tax and dead rent	61,470	12,242	274,768
Salaries, wages and related costs	234,712	560,472	3,904,660
Sample preparation and analysis	-	90,670	550,818
Supplies and equipment	34,543	78,699	1,302,693
Transport (including helicopters)	11,529	690,516	1,687,365
Travel and accommodation	13,074	63,960	541,910
	431,109	2,642,042	14,682,079
Amortization	11,345	14,783	273,280
Current period exploration	442,454	2,656,825	14,955,359
Oxiana cost recoveries during period	-	(2,330,360)	(2,330,360)
	442,454	326,465	12,624,999
Jelai Mewet KP			
Exploration costs during the period:			
Community development	14,108	26,229	40,337
Consultants and contractors	23,451	23,084	90,645
Drilling	47,107	37,082	84,189
Field support	222,382	78,776	301,171
Land tax and dead rent	1,338	4,477	7,451
Road and bridge repairs	6,186	5,132	11,318
Salaries, wages and related costs	232,468	105,092	339,337
Sample preparation and analysis	24,311	4,008	28,319
Supplies and equipment	14,185	2,228	21,218
Transport (including helicopters)	62,217	46,842	119,682
Travel and accommodation	58,427	33,650	103,744
	706,180	366,600	1,147,411
Amortization	27,911	23,279	51,431
Current period exploration	734,091	389,879	1,198,842
Coal KP			
Project investigations		8,269	8,269
Consultants and contractors	3,328	-	3,328
Drilling	51,736	-	51,736
Field support	31,006	-	31,006
Salaries, wages and related costs	25,085	-	25,085
Sample preparation and analysis	3,003	-	3,003
Supplies and equipment	13,932	-	13,932
Transport (including helicopters)	41,782	-	41,782
Travel and accommodation	14,495	-	14,495
	184,367	8,269	192,636
Amortization	912	-	912
Current period exploration	185,279	8,269	193,548
Total current period exploration (net)	1,361,824	724,613	14,017,389
Expensed during period	(1,361,824)	(724,613)	(14,017,389)
Mineral properties, end of period	-	-	-

KSK COW – Central Kalimantan

The holder of the KSK COW is PT Kalimantan Surya Kencana (“KSK”) that is 75% owned by Indokal Limited, a wholly owned subsidiary of Kalimantan Gold. The remaining 25% is owned by PT Pancaran Cahaya Kahaya (“PCK”) which was a wholly owned subsidiary of Kalimantan Investment Corporation (“KIC”). The acquisition of PCK was approved by the regulatory authorities and the shareholders of the Company and KIC in December 2007. The transfer of the shares of PCK to Indokal was approved by the Indonesian regulatory authorities and completed on October 6, 2008. As consideration for the acquisition the Company issued 20 million of its common shares to KIC so that KIC now holds a total of 31,802,329 common shares representing 33.4% of the Company’s issued and outstanding shares. KIC is a private British Virgin Islands company with about 400 shareholders many of whom hold shares of both the Company and KIC. It is the understanding of the Company that KIC will dissolve itself and distribute its only asset, being the shares it owns of the Company to its shareholders.

At September 30, 2008 the Company had deferred mineral property acquisition costs of \$101,557 (December 31, 2007 - \$95,835) associated with the PCK acquisition.

The KSK COW was initially entered into in April 1997 and it is currently within what is designated as the “Exploration” period. Following the Exploration period there is a two year feasibility period, then a three year construction period, then operations for thirty years.

The KSK COW is divided into Block A and Block B. The Exploration stages for both Block A and Block B are operating on different “clocks”.

Through a series of relinquishments and suspension of the “clock” as of September 30, 2008:

- (a) Block A 33,170 hectares - the Central Government Ministry of Energy and Mineral Resources (“MEMR”) authorized the suspension of the “clock” on Block A that is effective from August 27th, 2007 until April 26th, 2008 at which time it’s exploration period clock will resume and it will match that of Block B;
- (b) Block B 63,530 hectares started its first one year Extension of Exploration Period on April 28, 2007; and
- (c) On April 28, 2008 both blocks were merged into one and the second one year Extension of Exploration Period began on April 28, 2008.

A portion of the KSK COW is within a Hutan Lindung (protected/reserved forest) area. The KSK COW was granted prior to the enactment of the 1999 Government of Indonesia Law No. 41 (“Law No. 41”) on Forestry which prohibits open pit mining in Hutan Lindung (protected/reserved forest) areas. A subsequent Presidential Decree has confirmed that when the Company’s property fits the necessary criteria it may apply for a permit to exploit that portion of the properties within the KSK COW that fall within the Hutan Lindung. On April 3, 2007 KSK received a two year permit from the Minister of Forests to explore the entire KSK COW including the Hutan Lindung areas.

The Director General of Mines for Indonesia recently announced that another Presidential Decree has been drafted that will provide that all COWs granted prior to the enactment of Law No. 41 be allowed to operate within Hutan Lindung areas within each individual COW.

Pending the enactment of this draft Presidential Decree the Company has submitted a request to the Director General that the KSK COW be placed into suspension starting on April 28, 2008 and that the suspension remain in place until the Presidential Decree is enacted.

KPs – East Kalimantan

On March 23, 2006 the Company organized the incorporation of a 100% beneficially owned domestic Indonesian subsidiary, PT Jelai Cahaya Minerals (“JCM”). The Company has entered into certain contractual arrangements with JCM and its shareholders, pursuant to which the Company (either by itself or through a

wholly owned mining services company) has agreed to provide all necessary financial, technical and managerial requirements for the development and operation of a mine within the JCM KP area, and in return JCM has agreed to pay to the Company (or its subsidiary) the net proceeds of the sale of minerals from the JCM KP area.

JCM paid a refundable security deposit of \$3 per hectare, for a \$14,999 deposit, and obtained a KP (*Kuasa Pertambangan*) on August 28, 2006 for the General Survey phase that was valid until August 28, 2007. JCM subsequently moved to the Exploration phase of the KP and accordingly increased the size of the deposit by \$2 per hectare to a total of \$5 per hectare, for a \$24,517 deposit. The KP gives JCM the right to conduct exploration over an approximate 5,000 hectare area including drilling. The Exploration KP which is granted for a maximum of three years and is capable of being extended twice, each for a period one year. An Exploitation KP can subsequently be applied for and is granted for up to 30 years, and may be extended for further 10 year terms. On April 13, 2007 JCM was issued the final permit necessary to allow the commencement of drilling.

KPs - Coal

On April 21, 2008 the Company executed an option agreement dated effective April 12, 2008 with Yusi Ananda, an Indonesian individual and five KP companies and all of the KP company's shareholders (the "Option Agreement").

Pursuant to the Option Agreement, the Company will have exclusivity for a six month period in which to conduct its due diligence on the five companies that hold the KP's and carry out a minimum of 3,000 metres of drilling on the KP areas to assess the potential for coal reserves. To this end, the Company will work in close association with PT GMT Indonesia, an Indonesian-based consulting group which manages a number of coal exploration projects in East Kalimantan. If the Company elects to exercise its option then the shares of each of the KP companies will be transferred to a new nominee company with the vendors retaining 25% of the shares in the new company. The Company will allocate 5% of its 75% interest to GMT as an incentive payment. Upon a decision to mine, the KP companies shall pay a cash bonus to the vendors based on the amount of coal reserves in each KP at the rate of US \$0.25 per tonne, with a minimum bonus of US\$3 million and maximum of \$25 million.

5. EQUIPMENT

	September 30, 2008			December 31, 2007
	Cost	Accumulated amortization	Net book value	Net book value
Office and field equipment	\$ 438,923	\$ 302,325	\$ 136,598	137,793

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Authorized share capital \$2,000,000 divided into 200,000,000 common shares at a par value of \$0.01 each.

	Common Shares Issued and Outstanding	Share Capital Par Value \$0.01	Contributed Surplus \$	Total Share Capital and Contributed Surplus \$
Balance December 31, 2007	60,671,784	606,716	16,042,841	16,649,557
Private placement	14,283,333	113,328	1,742,456	1,855,784
Share purchase warrants exercised	150,000	1,500	40,933	42,433
Share issue costs	-	-	(6,960)	(6,960)
Stock-compensation expense	-	-	137,517	137,517
Balance September 30, 2008	75,105,117	721,544	17,956,787	18,678,331

On January 2, 2008, pursuant to a non-brokered private placement, the Company issued 3,283,333 common shares of the Company at a price of 12 pence per common share for gross proceeds of £394,000 the equivalent of \$777,720.

On June 13, 2008, pursuant to a non-brokered private placement, the Company issued 11,000,000 common shares of the Company at a price of C\$0.10 per common share for gross proceeds of C\$1,100,000. The Company incurred share issue costs of \$6,960 in connection with this non-brokered private placement.

(6b) The continuity schedule for share purchase warrants is as follows:

Expiry date	Exercise price Cdn \$	Exercise price US \$ ⁽¹⁾	Balance, December 31, 2007	Issued	Exercised	Expired	Balance, September 30, 2008
August 16, 2008	\$ 0.30	\$ 0.28	11,070,890	-	(150,000)	(10,920,890)	-
August 16, 2008	\$ 0.23	\$ 0.22	398,127	-	-	(398,127)	-
December 12, 2008	\$ 0.27	\$ 0.25	650,000	-	-	-	650,000
			12,119,017	-	(150,000)	(11,319,017)	650,000
Weighted average exercise price - US\$			\$ 0.30	\$ -	\$ 0.28	\$ 0.28	\$ 0.25

(1) The US to Canadian dollar exchange rate at September 30, 2008 was \$1.0642

(6c) The Company has a shareholder approved "rolling" stock option plan (the "Plan") in compliance with the TSX Venture Exchange's policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company's stock at the date of grant.

The continuity for stock options, all of which are exercisable, is as follows:

Expiry date	Exercise price Cdn \$	Exercise price US \$ ⁽¹⁾	Balance, December 31, 2007	Granted	Exercised	Expired	Balance, September 30, 2008
November 28, 2008	\$ 0.33	\$ 0.31	395,000	-	-	-	395,000
November 28, 2008	\$ 0.43	\$ 0.40	65,000	-	-	-	65,000
March 29, 2009	\$ 0.55	\$ 0.52	950,000	-	-	-	950,000
September 15, 2009	\$ 0.20	\$ 0.19	1,020,000	-	-	-	1,020,000
June 1, 2011	\$ 0.25	\$ 0.23	27,000	-	-	-	27,000
August 8, 2011	\$ 0.20	\$ 0.19	1,395,000	-	-	-	1,395,000
April 25, 2012	\$ 0.35	\$ 0.33	1,410,000	-	-	-	1,410,000
July 15, 2012	\$ 0.30	\$ 0.28	20,000	-	-	-	20,000
January 23, 2013	\$ 0.20	\$ 0.19	-	50,000	-	-	50,000
April 1, 2013	\$ 0.20	\$ 0.19	-	50,000	-	-	50,000
July 25, 2013	\$ 0.11	\$ 0.10	-	1,470,000	-	-	1,470,000
			5,282,000	1,570,000	-	-	6,852,000
Weighted average exercise price			\$ 0.32	\$ 0.11	\$ -	\$ -	\$ 0.25

(1) The US to Canadian dollar exchange rate at September 30, 2008 was \$1.0642

A non-cash stock compensation expense was \$8,166 or \$0.11 per share, for the vested portion of the grant of stock options to consultants and an additional \$129,351 or \$0.09 per share for grant of 1,470,000 stock options that vested upon grant. Contributed surplus was increased by the same amount. The Black-Scholes model was used to fair value these options based on the following weighted average assumptions: a risk free interest rate of 3.05% to 3.48%, an expected dividend yield of zero, an expected stock price volatility of from 109% to 116% and an expected life of the option of 5 years. The non-cash stock compensation expense for the nine months ended September 30, 2007 was \$357,571.

7. RELATED PARTY TRANSACTIONS

The Company pays consulting fees to Golden Oak Corporate Services Ltd., a company owned by Doris Meyer, Chief Financial Officer for financial reporting and corporate compliance services. The fees are C\$8,000 per month plus Canada's goods and services tax which is not recoverable by the Company. During the nine months ended September 30, 2008, the Company paid Golden Oak \$75,624 (C\$75,600) compared to \$70,101 (C\$75,600) during the same nine month period in 2007. Either party may terminate the agreement at any time upon 90 days notice.

The Company paid or accrued \$48,600 consulting fees to Rahman Connelly, Deputy Chairman and Chief Executive Officer (\$28,800 in 2007).

The Company paid or accrued to its two non-management director's fees totalling \$18,000 in the nine months ended September 30, 2008 (\$18,000 in 2007).

Amounts owed to related parties at September 30, 2008 of \$47,407 (September 30, 2007 \$23,249) were in the normal course of business and paid shortly after quarter end.

All of the above noted transactions have been in the normal course of business and undertaken with the same terms and conditions as transactions with unrelated parties.

8. COMMITMENTS

On December 13, 2006 the Company's shares were admitted for trading on the AIM Market of the London Stock Exchange under the ticker code "KLG", the same symbol used for the Company's share listing by the TSX Venture Exchange.

The AIM Rules require the Company to have a Nominated Adviser ("Nomad") and Broker at all times.

RFC Corporate Finance Limited ("RFC") is the Company's Nomad for the purpose of the AIM Rules. In the nine months ended September 30, 2008, the Company paid or accrued \$42,992 (AUD\$45,000) in consulting fees to RFC (2007 - \$40,362).

Keith, Bayley, Rogers & Co. Limited ("KBR") is the Company's broker for the purpose of the AIM Rules. The Company paid or accrued \$30,041 (£15,000) consulting fees to KBR in the nine months ended September 30, 2008 (2007 - \$33,478).

9. MANAGEMENT OF CAPITAL

The Company manages its cash and cash equivalents, common shares, stock options and warrants as capital (see Note 6). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. Cash and cash equivalents consist of cash on hand, balances with banks and investments in highly liquid instruments. The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents and the fair value approximates carrying value.

The Company does not expect its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period and will attempt to raise additional capital through an equity transaction.

10. SUBSEQUENT EVENTS

Subsequent to September 30, 2008:

- a) On October 10, 2008 the Company closed the purchase of PCK and issued 20 million of its common shares to KIC so that KIC now holds a total of 31,802,329 common shares representing 33.4% of the issued and outstanding shares of the Company (note 4) and the Company owns 100% of the KSK COW.