



KALIMANTAN GOLD CORPORATION LIMITED

Third Quarter Report

For the nine months ended September 30, 2009

Kalimantan Gold Corporation Limited
MANAGEMENT DISCUSSION AND ANALYSIS
For the nine months ended September 30, 2009

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, 2009 and related notes therein and with the audited consolidated financial statements for the year ended December 31, 2008 and 2007, 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.

The effective date of this report is November 25, 2009.

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 three areas of interest: the Jelai epithermal gold prospect in East Kalimantan; coal opportunities, also in East Kalimantan and a Contract of Work (the "KSK CoW") in Central Kalimantan with multiple porphyry copper and gold prospects.

The highlights of the third quarter and up to the date of this report include:

- KSK CoW: airborne magnetic data re-processed using advanced inversion techniques identified multiple buried magnetic bodies that are coincident with surface geochemistry, geology and previous drilling results confirming the potential for major porphyry copper deposits within the KSK CoW.
- Jelai Gold project: in recent months four companies have completed comprehensive reviews of the project and advanced negotiations are underway with one potential partner
- IBP Coal project: advanced negotiations are in process for the sale of an 80% interest in the IBP Coal Concession
- Peter Bojtos, a director of the Company, was appointed non-executive chairman of the board upon the retirement and resignation of Murray Clapham as a director. Mr. Faldi Ismail was welcomed as a new director.
- In May 2009 the Company appointed Alexander David Securities Limited as its new broker.
- On November 25, 2009 the Company's Broker, Alexander David Securities Limited, raised £350,000 from a private placement financing from the sale of 12,068,965 common shares at a price of £0.029 per share. Finders' fees on the private placement will be paid within TSX Venture Exchange guidelines. Subject to receipt of regulatory approval, the shares are scheduled to be issued on December 1, 2009 into the Crest system on the London Stock Exchange AIM market to settle for payment on December 14, 2009.

KSK Contract of Work

On November 11, 2009 the Company reported encouraging results from the reprocessing of geophysical data from its KSK CoW by experts in Australia using advanced "inversion" processing techniques. Combined with a comprehensive review of all historic data, the inversion modeling has produced new insights as to the location of multiple buried IP and magnetic bodies, confirming the potential for major porphyry copper deposits within the KSK CoW below the level of drilling to date.

The KSK CoW is located in Central Kalimantan, Indonesia within the Central Kalimantan magmatic arc which hosts the Kelian (5.1M oz Au) and Mt Muro (2.2M oz Au) low-sulphidation gold deposits. Exploration to date has identified extensive copper porphyry style alteration and mineralization across the KSK CoW. Better drill results have included 167m @ 0.59% copper (from 4.5m) in porphyry style alteration mineralization at the Beruang Kanan prospect and 83m @ 2.6% copper, 61g/t silver and 0.22g/t gold (from 2.4m) drilled down dip in vein material at the Baroi prospect.

One priority target identified from the new study is a deeper target at the Mansur prospect where a previous drill hole, displaying strong porphyry alteration, appears to have fallen short of intercepting the top of a large magnetic body with a diameter of around 800 meters and vertical depth of 1,000 meters. The reprocessed information provides an excellent tool for defining a program of deeper drill holes at Mansur and elsewhere on the KSK CoW. The new internally prepared study may be viewed in the Technical Reports section of our web site at www.kalimantan.com.

The Company is actively showing the KSK CoW to a number of interested large mining companies. Testing the deeper levels of the Beruang and Mansur prospects are top priorities (5000m of drilling), while at the same time exploring the high priority porphyry target in the northern KSK CoW area.

KSK CoW Work Tenure

The KSK CoW is a 6th generation Contract of Work that is 100% held by the Company and is in good standing with two full years of exploration remaining on the "exploration clock". There are very few undeveloped CoW's remaining in Indonesia with such favourable conditions. There is some forestry issues over parts of the KSK CoW that will need to be addressed as part of any mining development, but Kalimantan Gold have developed an excellent relationship with the local government and community over many years of responsibly exploring in Kalimantan.

Technical Background

Work by the Company and others have confirmed porphyry Copper-Gold-Molybdenum style mineralization and alteration at the Mansur and Beruang prospects and a high sulphidation system at Beruang Kanan. These are three of more than eight main targets identified for follow-up exploration within the KSK CoW. Grid soil samples have defined numerous copper anomalies at the Beruang prospects and at Mansur. The copper minerals, chalcopyrite, covellite and minor malachite are present as disseminations and within fracture fillings of quartz stockwork and sheeted veins. The recent inversion reprocessing of the geophysical data over the KSK CoW shows numerous magnetic anomalies coincident with copper in soil, rock chip and stream sediment anomalies. Although some of the magnetic anomalies are deep seated, they are still attractive targets given their potential size and shape.

High-sulphidation alteration and copper mineralization at the Beruang Kanan prospect are localized by structurally controlled breccia/shear zones within steeply dipping dacitic and andesitic volcanics and volcanoclastics. Surface sampling has defined a 1,100m long by 400-600m wide zone of >0.1% copper and broad spaced drilling has delineated copper mineralization to a depth of about 200m.

Although the geology, structural evolution and the hydrothermal processes at both porphyry prospects are not well understood, the interpreted data supports the possibility that the magnetic bodies may represent significant copper deposits as their locations are coincident with surface geochemistry, geology and previous drilling results.

All data, as disclosed in this MD&A, have been verified by the Company's Qualified Person for the KSK CoW project, Dr. Peter Pollard.

Management changes

On September 17, 2009 the Company announced the appointment of Peter Bojtos as non-executive Chairman of the Board following the resignation of Murray Clapham as Chairman and a director of the Company for personal reasons. The Company is also pleased to announce the appointment of Faldi Ismail who joins the Board as a non-executive director of the Company.

Peter Bojtos has been a director of KLG since August 2002 and holds directorships of a number of other junior mining companies. He is a mining executive with entrepreneurial, commercial and public company management skills, coupled with a background in all facets of the industry, from exploration and acquisitions through production, financing and investor relations. Mr Bojtos is a geologist and professional engineer with over 36 years of worldwide experience in the mining industry, including production experience in Indonesia.

Mr Ismail has extensive current experience of the coal sector in Kalimantan, Indonesia where KLG is active. Prior to this he has worked as a corporate consultant specialising in the restructure and recapitalisation of a wide range of ASX-listed companies. Mr Ismail is currently a director of several ASX-Listed companies (Kangaroo Resources Limited, Coventry Resources Limited and Cape Range Wireless Limited), and is also a director of Kalimantan Investment Corporation a significant KLG shareholder. He will replace Mr Clapham on the audit committee and qualifies as a financial expert.

The Company would like to thank Mr Clapham for his contribution to the Company through his investor and industry contacts. During his period as Chairman, Mr Clapham provided strong moral support to the management team but will perhaps best be remembered for his belief and specific actions towards the goal of ensuring that mining benefits local people along with shareholders and other stakeholders; something which is now widely appreciated by investors and potential partners alike. Mr Clapham remains a major KLG shareholder in his own right.

Financing

Subsequent to September 30, 2009, Rahman Connelly loaned the Company C\$100,000 on an unsecured promissory note. The note shall accrue interest and be paid when demanded for payment at the rate of 8% per annum.

On November 25, 2009 the Company's Broker, Alexander David Securities Limited, raised £350,000 from a private placement financing from the sale of 12,068,965 common shares at a price of £0.029 per share. Finders' fees on the private placement will be paid within TSX Venture Exchange guidelines. Subject to receipt of regulatory approval, the shares are scheduled to be issued on December 1, 2009 into the Crest system on the London Stock Exchange AIM market to settle for payment on December 14, 2009.

Coal

The Company undertook drilling and had an option at the PT Indobara Pratama ("IBP") coal concession in East Kalimantan and it has been actively working on negotiating an agreement to sell the IBP coal concession on behalf of the shareholders IBP for which it will be paid a fee and earn a royalty on any coal produced from the IBP coal concession. This is a non-dilutive move designed to establish a presence for the Company in Indonesia's rapidly growing coal industry.

Advanced negotiations for the sale of an 80% interest in the IBP coal concessions is in process.

Gold

The Company has exploration rights over the Jelai Gold Project in East Kalimantan. The Company is actively seeking a joint venture partner to fund and continue exploring this epithermal gold prospect. We are presenting the Jelai property to mining companies to earn an interest by funding continued exploration and if reasonable terms can be agreed we will enter into an agreement with one.

In recent months four companies have completed comprehensive reviews of the project with joint venture negotiations being underway with one of them.

However, our preferred route however, remains to go it alone. One alternative we're investigating is to develop a small scale mine, for which purpose we may endeavor to secure a direct minority investor into our subsidiary, PT Jelai Cahaya Minerals.

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 three and nine months ended September 30, 2009

The Company incurred a loss for the nine months ended September 30, 2009 of \$1,087,726 (2008 - \$2,206,399).

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

Most of the cost categories were reduced from the comparative period due to implementation of cost saving initiatives and reduced expenditure levels on exploration activities. Legal costs have increased over the comparative period as a result of the focus on securing a coal project.

The Company recovered \$16,835 from the sale of land delivered as security for a former employee's defalcation.

Summary of quarterly results

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

	3 months ended September 30, 2009 US\$	3 months ended June 30, 2009 US\$	3 months ended March 31, 2009 US\$	3 months ended Dec. 31, 2008 US\$	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\$
Total revenues	-	-	-	-	-	-	-	-
Loss for the quarter	(364,064)	(274,146)	(449,516)	(4,471,439)	(952,231)	(690,863)	(563,305)	(220,544)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.06)	(0.01)	(0.01)	(0.01)	(0.00)

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 \$313,663 cash and cash equivalents. The Company used \$904,730 to fund operations, and recovered a net \$9,430 from the sale of equipment net of the purchase of field equipment. The Company raised net proceeds of \$685,236 from the issue of 17,024,268 common shares. The Company ended the period with \$103,599 cash and cash equivalents.

On December 14, 2009 a private placement of £350,000 (approximately US\$577,000) will settle and in November the Company's CEO loaned the Company C\$100,000 (approximately US\$94,000).

The Company has sufficient funds to meet corporate overhead expenditures for the next twelve months, however, additional equity financings, asset disposals or joint venture agreements will be required to develop the Company's mineral properties. While the Company has been successful in raising the necessary funds in the past, there can be no assurance it can continue to do so in the future.

Capital Resources

At November 25, 2009 the Company has 4,352,000 stock options outstanding. Upon an increase in the Company's share price and volume traded the 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.

Contingency

During 2008 the Indonesian tax authorities conducted audits of the Company's Indonesian subsidiaries and delivered assessments on several levels of withholding tax, employee income tax and value added tax. The outcome of the tax assessments is not determinable. The Company believes the tax assessments are without basis and the Company has filed notices of objection.

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. In 2009, the Company paid Golden Oak \$53,348 (\$75,624 in 2008). Either party may terminate the agreement at any time upon 90 days notice.

The Company paid or accrued \$33,600 consulting fees to Rahman Connelly, Deputy Chairman and Chief Executive Officer (\$48,600 in 2008).

The Company paid or accrued to its two non-management director's fees totalling \$18,000 in 2009 (\$18,000 in 2008).

Amounts owed to related parties at September 30, 2009 of \$42,006 (September 30, 2008 - \$47,407) were in the normal course of business most of which was paid shortly after September 30, 2009.

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 5 to the interim consolidated financial statements for the nine months ended September 30, 2009.

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, 2009 and November 25, 2009 *	121,478,191	-	4,352,000

* On December 1, 2009 the Company will issue an additional 12,068,965 in connection with the private placement that completed on November 25, 2009.

Financial Instruments and related risks

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash. The Company places its cash with high quality financial institutions, thereby minimizing exposure for deposits in excess of federally insured amounts. The Company believes that credit risk associated with cash is remote.

In conducting business, the principal risks and uncertainties faced by the Company centre on exploration and development, resource and commodity prices and market sentiment.

The prices of resource and commodity markets fluctuate wildly and are affected by many factors outside of the Company's control. The relative prices of metals and minerals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and resource exploration companies. The Company relies on equity financing for its working capital requirements and to fund its exploration programs. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

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

Mineral exploration is subject to a high degree of risk, which a combination of experience, knowledge, and careful evaluation may fail to overcome. Exploration activities seldom result in the discovery of a commercially viable mineral resource. Exploration activities are also expensive. The Company will therefore require additional financing to carry on its business and such financing may not be available when it is needed.

Changes in Accounting Policy and Presentation

Recent Accounting Pronouncements

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, Goodwill and Other Intangible Assets. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, EIC 27, Revenue and Expenditures in the Pre-operating Period, will be withdrawn. The adoption of this standard did not have any impact in our financial statements.

On January 1, 2009, the Company adopted EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which provides guidance on how to take into account an entity's own credit risk and the credit risk of the counter party in determining the fair value of financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes. The application of this EIC did not have a material impact on the Company's financial statements.

On January 1, 2009, the Company adopted EIC-174, Mining Exploration Costs, which provides guidance on the accounting and the impairment review of exploration costs. The application of this EIC did not have an effect on the Company's financial statements.

Future accounting pronouncements

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The CICA has issued the following standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning on or after January 1, 2011:

In January 2009, the CICA adopted sections 1582, Business Combinations, 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests, which superseded current sections 1581, Business Combinations and 1600, Consolidated Financial Statements. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. These new sections were created to converge Canadian GAAP to IFRS.

In May 2009, the CICA amended Section 3862, Financial Instruments – Disclosures, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The Company is assessing the impact of these amendments on its consolidated financial statements.

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, 2009

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
See Nature of Operations – Note 1
INTERIM CONSOLIDATED BALANCE SHEETS
(In United States Dollars)

As at	September 30, 2009	December 31, 2008
	(unaudited)	
ASSETS		
Current assets		
Cash and equivalents	\$ 103,599	\$ 313,663
Prepaid items and advances	54,338	62,092
	157,937	375,755
Security deposit - mineral property	24,059	22,452
Equipment (note 4)	74,174	124,870
	\$ 256,170	\$ 523,077
 LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 316,007	\$ 407,456
Provision for employee service entitlements	38,650	31,424
	354,657	438,880
 SHAREHOLDERS' EQUITY		
Share capital (note 6)	1,185,274	964,385
Contributed surplus (note 6)	22,128,694	21,444,541
Deficit	(23,412,455)	(22,324,729)
	(98,487)	84,197
	\$ 256,170	\$ 523,077

Approved by the Board of Directors

/s/ Faldi Ismail
Faldi Ismail

/s/ Rahman Connelly
Rahman Connelly

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

KALIMANTAN GOLD CORPORATION LIMITED
See Nature of Operations – Note 1
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(In United States Dollars)

	three months ended		nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
EXPENSES				
General and administrative				
Accounting and audit	\$ -	\$ 5,050	\$ 12,743	\$ 5,965
Amortization	-	294	-	883
Consultants (note 7)	62,999	109,408	185,435	381,536
Defalcation recovery	-	-	(16,835)	-
Directors fees (note 7)	6,000	6,000	18,000	18,000
Investor relations	1,280	7,406	12,966	54,315
Legal	25,791	13,794	47,808	25,860
Office and administrative services	2,980	3,387	9,952	13,663
Stock compensation expense	-	130,225	-	137,517
Telephone and facsimile	1,396	1,334	4,221	4,213
Transfer agent, filing and exchange fees	15,368	18,743	51,728	91,153
Travel and accommodation	7,641	29,255	26,830	58,923
	123,455	324,896	352,848	792,028
Current exploration (note 5)	251,853	607,031	734,052	1,361,824
Foreign exchange loss (gain)	(11,244)	21,646	826	60,200
Interest income	-	(1,342)	-	(7,653)
Loss and comprehensive loss	(364,064)	(952,231)	(1,087,726)	(2,206,399)
Deficit - beginning of period	(23,048,391)	(16,901,059)	(22,324,729)	(15,646,891)
Deficit - end of period	\$ (23,412,455)	\$ (17,853,290)	\$ (23,412,455)	\$ (17,853,290)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.03)
Weighted average number of shares outstanding	121,478,191	75,004,030	111,807,437	68,323,487

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

KALIMANTAN GOLD CORPORATION LIMITED
See Nature of Operations – Note 1
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In United States Dollars)

	three months ended		nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash provided from (used for)				
Operating activities				
Loss for the period	\$ (364,064)	\$ (952,231)	\$ (1,087,726)	\$ (2,206,399)
Add charges to operations not involving a current payment of cash:				
Amortization	11,938	13,872	41,266	41,051
Stock compensation expense	-	130,225	-	137,517
Unrealized foreign exchange loss (gain)	(12,574)	21,627	953	60,201
Changes in non-working capital items:				
Prepaid items and advances	3,857	(50,229)	7,754	(95,852)
Accounts payable and accrued liabilities	85,700	51,320	128,357	26,983
Provision for employee service entitlements	2,391	(11,075)	7,226	(20,219)
	<u>(272,752)</u>	<u>(796,491)</u>	<u>(902,170)</u>	<u>(2,056,718)</u>
Investing activities				
Deferred acquisition of mineral property	-	194	-	(5,722)
Proceeds on sale of equipment	-	-	9,896	-
Equipment	(339)	(1,636)	(466)	(39,856)
	<u>(339)</u>	<u>(1,442)</u>	<u>9,430</u>	<u>(45,578)</u>
Financing activities				
Share issues	-	50,960	685,236	1,891,257
	<u>-</u>	<u>50,960</u>	<u>685,236</u>	<u>1,891,257</u>
Unrealized foreign exchange loss (gain) on cash and cash equivalents	9,510	(21,627)	(2,560)	(60,201)
	<u>9,510</u>	<u>(21,627)</u>	<u>(2,560)</u>	<u>(60,201)</u>
Net change in cash and cash equivalents	(263,581)	(768,600)	(210,064)	(271,240)
Cash and cash equivalents, beginning of period	367,180	1,370,099	313,663	872,739
Cash and cash equivalents, end of period	\$ 103,599	\$ 601,499	\$ 103,599	\$ 601,499

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

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Nature of operations

Kalimantan Gold Corporation Limited (the "Company" or "Kalimantan Gold") 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. SIGNIFICANT ACCOUNTING POLICIES

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, 2008 which may be found on www.sedar.com.

Changes in Accounting Policy and Presentation

Recent Accounting Pronouncements

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On January 1, 2009, the Company adopted EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which provides guidance on how to take into account an entity's own credit risk and the credit risk of the counter party in determining the fair value of financial assets and financial liabilities, including

derivative instruments, for presentation and disclosure purposes. The application of this EIC did not have a material impact on the Company's financial statements.

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In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The CICA has issued the following standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning on or after January 1, 2011:

In January 2009, the CICA adopted sections 1582, Business Combinations, 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests, which superseded current sections 1581, Business Combinations and 1600, Consolidated Financial Statements. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. These new sections were created to converge Canadian GAAP to IFRS.

In May 2009, the CICA amended Section 3862, Financial Instruments – Disclosures, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The Company is assessing the impact of these amendments on its consolidated financial statements.

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

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 Company has classified cash as held-for-trading. Prepaid items and advances are classified as loans and receivables, and accounts payable and accrued liabilities as other liabilities, all of which are measured at amortized cost.

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, 2009 the majority of the Company's cash and cash equivalents were 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.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

4. EQUIPMENT

	September 30, 2009			December 31, 2008	
	Cost	Accumulated amortization	Net book value	Net book value	
Office and field equipment	\$ 428,299	\$ 354,125	\$ 74,174	\$ 124,870	

5. MINERAL PROPERTIES

	For the nine months ended September 30, 2009 \$ (unaudited)	Cumulative exploration since inception \$
KSK CoW		
Exploration costs assumed from a predecessor	-	2,038,322
Exploration costs recovered from a previous funding partner	-	(2,330,360)
Write down of acquisition costs	-	3,496,809
Exploration costs during the period:		
Community development	15,000	338,011
Consultants and contractors	-	815,147
Contracted drilling	-	1,741,242
Field support	13,188	1,570,134
Land tax and dead rent	27,966	385,140
Salaries, wages and related costs	164,324	4,036,604
Sample preparation and analysis	-	550,818
Supplies and equipment	-	1,276,238
Transport (including helicopters)	2,386	1,705,072
Travel and accommodation	5,884	534,720
	228,748	16,157,897
Amortization	3,749	280,725
KSK exploration	232,497	16,438,622
Jelai Mewet KP		
Exploration costs during the period:		
Community development	(1,542)	86,525
Consultants and contractors	-	123,158
Drilling	-	119,579
Field support	25,954	458,498
Land tax and dead rent	2,450	9,994
Road and bridge repairs	-	8,922
Salaries, wages and related costs	121,331	705,949
Sample preparation and analysis	253	53,120
Supplies and equipment	-	15,290
Transport (including helicopters)	12,739	165,048
Travel and accommodation	19,444	145,074
	180,629	1,891,157
Amortization	35,761	101,085
Jelai Mewet exploration	216,390	1,992,242
Coal		
Project investigations	283,409	606,347
Amortization	1,756	3,286
Coal project investigations	285,165	609,633
Total current period exploration	734,052	19,040,497
Expensed during period	(734,052)	(19,040,497)
Mineral properties, end of period	-	-

5. MINERAL PROPERTIES (continued)

Details on the Company's mineral properties are found in note 6 to the audited consolidated financial statements for the year ended December 31, 2008.

On April 28, 2009 the Mines Department agreed that the Company's KSK Contract of Work has on that day begun the first year extension of exploration so that the Company has two full years of exploration remaining before it is required to move to the two year feasibility period.

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.

(6a) Common shares issued and outstanding:

	Common Shares Issued and Outstanding	Share Capital Par Value \$0.01	Contributed Surplus \$	Total Share Capital and Contributed Surplus \$
Balance December 31, 2008	99,389,262	964,385	21,444,541	22,408,926
Private placement	17,024,268	170,243	540,302	710,545
Shares for debt	5,064,661	50,646	169,160	219,806
Share issue costs	-	-	(25,309)	(25,309)
Balance, September 30, 2009	121,478,191	1,185,274	22,128,694	23,313,968

a) the Company issued a total of 17,024,268 common shares at a price of \$0.041 (C\$0.05) per share raising gross proceeds of \$710,545 and the Company paid a finder's fee of approximately \$19,250 and incurred other cash costs of the share issue of \$6,059;

b) the Company issued a total of 5,064,661 common shares at a price of \$0.0434 (C\$0.05) per share to extinguish \$219,806 accounts payable owed at March 31, 2009 of which \$126,673 was owed to related parties (note 7).

(6b) 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, 2008	Granted	Exercised	Expired	Cancelled	Balance, September 30, 2009
March 29, 2009	\$ 0.55	\$ 0.51	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	-	-	-	(50,000)	1,420,000
			6,392,000	-	-	(1,970,000)	(70,000)	4,352,000
Weighted average exercise price			\$ 0.22	\$ -	\$ -	\$ 0.34	\$ 0.15	\$ 0.21

(1) The US to Canadian dollar exchange rate at September 30, 2009 was \$1.0707

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 ("GST") which is not recoverable by the Company. On April 1, 2009 by agreement the fees were reduced to C\$6,000 per month plus GST until such time as the Company is well funded and active. In 2009, the Company has paid Golden Oak \$53,348 (\$75,624 in 2008). Either party may terminate the agreement at any time upon 90 days notice.

The Company paid or accrued \$33,600 consulting fees to Rahman Connelly, Deputy Chairman and Chief Executive Officer (\$48,600 in 2008).

The Company paid or accrued to its two non-management director's fees totalling \$18,000 in 2009 (\$18,000 in 2008).

Amounts owed to related parties at September 30, 2009 of \$42,006 (September 30, 2008 - \$47,407) were in the normal course of business most of which was paid shortly after the period 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. MANAGEMENT OF CAPITAL

The Company manages its 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.

9. SUBSEQUENT EVENTS

Subsequent to September 30, 2009:

- a) Rahman Connelly loaned the Company C\$100,000 on an unsecured promissory note. The note shall accrue interest and be paid when demanded for payment at the rate of 8% per annum.
- b) On November 25, 2009 the Company's Broker, Alexander David Securities Limited, raised £350,000 from a private placement financing from the sale of 12,068,965 common shares at a price of £0.029 per share. Finders' fees on the private placement will be paid within TSX Venture Exchange guidelines. Subject to receipt of regulatory approval, the shares are scheduled to be issued on December 1, 2009 into the Crest system on the London Stock Exchange AIM market to settle for payment on December 14, 2009.