

KGC joint venture with Freeport

As announced on April 19, 2011, Kalimantan Gold Corporation Limited (the "Company") entered into a joint venture agreement with a wholly owned subsidiary of Freeport-McMoRan Exploration Corporation in relation to the Company's KSK Contract of Work copper project in Kalimantan, Indonesia.

The Company is operator and Freeport is funding the KSK joint venture.

Extensive preparations are now complete to commence drilling once the necessary forestry permits are issued. The Company has submitted all the required documentation to apply for these permits which are expected to be issued shortly.

The Company intends to begin the program with shallow and deep drilling at Beruang. Field operations and mobilization of drill rigs will start immediately the forestry permits are issued.

PT Indobara Pratama ("PT IBP")

The Directors have been reviewing the allocation of resources following the recently announced joint ventures on its copper and gold prospects.

As shareholders will be aware, the Company was acting as a selling agent for the shareholders of IBP. Despite approaching numerous parties and entering into detailed negotiations with a large number of potential purchasers over the past 2 years, it has not been possible to conclude a sale of PT IBP on terms satisfactory to the owners of PT IBP.

In view of this, the Directors have decided to concentrate its much needed resources on the copper and gold projects. The Company will continue to seek, evaluate and identify new coal opportunities as and when they arise.

About Kalimantan Gold

Kalimantan Gold Corporation Limited is a junior exploration company listed on both the TSX Venture Exchange in Canada and on AIM in London.

The Company has two exploration projects in Kalimantan: the Jelai epithermal gold project in East Kalimantan (which is optioned to Tigers Realm Minerals) and the KSK Contract of Work in Central Kalimantan with multiple porphyry copper and gold prospects (which is optioned to Freeport).

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KGC has decided to concentrate its much needed resources on its copper and gold prospects.

YUM in Aceh and Kalimantan

PART 1 OF THE INTERVIEW WITH OLVIA REKSODIPOETRO

Olvia Reksodipoetro is the chairperson of Yayasan Usaha Mulia (YUM) a foundation in Indonesia which includes many social projects. It is one of Subud's longest running and most successful humanitarian endeavors. In Part One of this two-part series she talks about YUM's work in the tsunami-struck area of Aceh in Sumatra and YUM's projects in Central Kalimantan in Borneo....

Olvia: I came to Indonesia in 1974. Before that I had lived mostly in Paris. I had worked in Paris for about ten years, mostly in the fashion world. And when I arrived in Indonesia I thought I would stay only two months at Wisma Subud but then within ten days I got a job for the UN. So I worked for the UN for five years, and then after that in the private sector. While I was working for the UN I met my husband and in 1998 I established my own company. ▶

Harris: What was the company doing?

Olvia: Consulting. We were doing a lot of legal projects for the World Bank, the IMF also, doing research and training. We were doing also lots of translations for UNICEF. Then when my husband was sent to Norway as Ambassador, I closed the company.

I felt a lot more interested in social work. I had already done some while working with the UN. And since my salary was no longer really needed after Norway, I decided to close the company and concentrate on social work. And about two months after I came back from Norway I was asked to be the Chair of YUM. And at that time YUM needed a lot of help, so it was very challenging.

Harris: What year was that?

Olvia: 2005. And it was very challenging, but fortunately there was a good team. I was given a free hand to choose the other board members. And also a friend asked me, "How much do you need to put YUM back on its feet?" and so I was able to hire an accountant and an Executive Director and buy two computers. We immediately had the accounts audited, and I had to close quite a number of projects. For instance, two of our clinics were operating without a license and without a doctor.

When I took over the main thing for me was to establish a sound organization, with sound practices, and I contacted the Ford Foundation, because I had heard that they helped NGOs to be accountable and transparent. So I contacted them and they referred us to another organization, which is fully funded by George Soros, the Open Society Foundation. And they helped us.

We worked with them for two days to assess all the aspects of the organization that needed improvement, and it was everything, every aspect. The only thing that was clear was our mission and vision, to help the poor in every possible way, disregarding gender, religion, ethnicity. So from that we have had a road map of what was needed for the organization to have a solid basis. So we worked on that and now it's OK. But there was a lot of work leading to that. And also of course hiring new staff who could handle proper accounting, proper everything.

Harris: How did the work in Aceh begin?

Olvia: Through Murray Clapham, we were contacted by a very big Japanese organization, the Japan National Council of Social Welfare. They had a lot of money for countries that had been affected by the tsunami, and they wanted a project in Aceh.



Impact of the tsunami in Aceh. 'You are starting next month to build a community center.'

So their Director paid us a visit, and then went to Aceh, and came back and said, "You are starting next month to do a community center and we are sending you right away 7 million Yen and 1 million Yen will be for YUM itself, for its head office."

The project was for five years, and after one year they had some high level people come to check what was going on, and they were so happy they doubled our budget. And so this project continued for five years, and was only closed last year. The last three years were really used to train local people to take over what we were doing. At the beginning we were renting one of the few standing houses there, but the year before the project was closed, we built a community center that was handed over to the community.

Harris: What sort of services did that provide?

Olvia: Trauma relief in different forms. For children through sports, drawing activities, physiotherapy. Also providing micro-credit for people who had lost everything but had a background of running a small business. And providing school scholarships for children. We also opened a small library, and a care center for small children, so the mothers could have time to earn money or to have other activities. And the training of other social workers as well.

The main thing was to establish a sound organisation



Olvia Reksodipoetro.

A community center for tsunami victims in Aceh

The project manager was very good at networking, so we got projects with ILO also. This one was a really good project, and they wanted us to stay, but there was no more funding. However, it had been a great five years.

The Japan National Council of Social Welfare, who are an umbrella organization, employ one-and-a-half million people, and they usually do not do projects outside of Japan. But at the time of the tsunami they had 4,500 retirement homes and the Director told me that they received a lot of money from the people staying in these retirement homes, some very rich. So they had a lot of money to assist projects in countries most affected by the tsunami of 2004.

So when I went with the Director to the inauguration of the community center we built, the one that they were leaving as a legacy, I talked with him about Kalimantan, and he said he would have a little bit of funding for us.

He was particularly interested in keeping the local culture alive. And that's why we discussed with him this idea of doing books for children with local Dayak stories, dealing with local culture. And I am so glad that we are cooperating with you and BCU School on this.

And besides that project, through some miracle we also got a big project from Barclays Capital, for Kalimantan, where we now assist local schools. We had done a survey and 40% of the children could not afford school books, which is a major problem, because they can't do their homework without school books. Also, the teachers did not have reference material. Part of the funding was also for BCU, to train local teachers, and for us to establish a library for children in the area. And this has been going on now for three years.



Aceh Community Centre. Built by YUM, given to the community.

We also started a telecenter with their funding, where we could train young people how to use computers. And now



New school equipment in Central Kalimantan funded by Barclays.

that we have at last a good Internet access, they also learn how to use the Internet for school research. And at the moment we also have 100 kids who come for English lessons in the library. They have a very strong wish to learn and to improve their English.

And besides that we were also asked by friends in Germany whether we would be interested to apply to the German government for a project. One key problem in Kalimantan was malaria. We worked with our German friends for two years on a proposal to address the problem of malaria and now we are in our last year of that project. This also went very well.

We followed the implementation guidelines of The Global Fund and the Health Ministry. And while there were more than 900 people who tested positive for malaria two years ago, now every month the records of the local health clinic show that only one or two persons are infected and usually it's people who went into the jungle, outside the area we were servicing.

Harris: And is it like an eradication program, when you try and eradicate the mosquitoes?

Olvia: Yes. It's a really comprehensive program; distribution of mosquito nets was one of the key components because we used the kind which are impregnated with a chemical that kills mosquitoes instantly, even in a radius of a few 100 meters.

Harris: Really? That's powerful.

Olvia: Yes, very powerful, it's from Japan and another brand we use is from Germany.

Also, we spray houses where for malaria you need to spray twice a year. You spray the walls with larvicide where the larva are sticking, and also kill larva in all the ponds in the area. And we did a lot of health education, because people did not know it was malaria that affected them. They thought, OK, we have fever so we go and buy some Aspirin or Panadol and of course they would not be cured.

Fortunately, this type of malaria is not the kind that kills almost instantly, but it's debilitating and therefore people cannot work. The children miss school because of it and they can never fully recover. I mean, they get it several times. They can get it twice a year.

We had an external evaluation of our project from the Health Ministry in Jakarta. Three of them came here; one was an entomologist who with the help of some local people was catching mosquitoes for three nights in a row. They brought back the mosquitoes to analyze in their laboratories in Jakarta. No trace of active malaria was found.

There was also an expert in malarionometrics who took blood samples of 150 children and again no trace of malaria ►

anymore. And a doctor was always there. All the tests confirmed that malaria was no longer active in that area.

Harris: What area is that?

Olvia: It's Bukit Batu, a sub-district of which Rungan Sari is part. We have been working in six villages out of seven, because the seventh village is very difficult to access. So we did not work there, only in the other six villages where we calculate there are about 11,000 people.

Harris: 11,000 people, wow!

Olvia: Community health education is a big part of it, and our staff attend every Posyandu meeting at the health service post, 16 every month, so they are in contact with hundreds of women every month. And we explain again and again the importance of having mosquito netting over their beds, as a way to prevent being bitten by mosquitoes. And so now they understand and it has worked well. And we hope the malaria will not come back, but you can never be sure.

But fortunately, The Global Fund has started being active in Kalimantan though not yet in our area because there is no more malaria there at the moment. So they are starting with the most endemic areas, and we hope that by working in those other areas it will help this area not to restart the malaria problem.

Harris: The Global Fund – is that an UN agency?

Olvia: It's a mixture of different donors, USAID, the Gates Foundation and some governments.

Harris: And its focus is health programs?

Olvia: Yes. So there is a Global Fund for Malaria, for Tuberculosis, and for AIDS. So there are around eight projects for Kalimantan and Sulawesi, if I am not mistaken, and they are spending tens of millions of dollars. I mean, it's not a small project like with us, because they



Malaria eradication team. Right: Malaria fell from a peak of 976 cases in 1998, before YUM's program began, to just 7 cases in 2011.

are going to handle a huge area.

And now our staff are being asked to join meetings, to explain to other sub-districts how we did it, so that they follow the way we have been doing, which has been successful. So these are the major projects we have done in Kalimantan.

Harris: What about agriculture?

Olvia: That is something we started a year ago. YUM had a big place near Jakarta which had been a problem for a long time, so we agreed to sell it and instead invest in land here in Kalimantan, because one acute problem here is food shortage.



Sustainable agriculture project in Central Kalimantan.

Most of the vegetables are brought from either Java or South Kalimantan. But because of the soil degradation, after lots of the forest has been subjected to deforestation, much of the soil in Central Kalimantan has turned into sand. There are only a few places where the soil is fertile, and most of it is not good.

As a result, people are not able to grow vegetables, and those who try, have to spend a lot of money using chemicals and still it doesn't work.

So we bought two pieces of land; one was fertile soil, the other was sandy soil, and we are testing and researching simple methods for the people in the community to adopt, to restore the soil, using natural compost, bio-char, and other things. We are preparing in one location, a demonstration plot, growing different types of vegetables and also medicinal plants.

So once we get the funding again, it will be hopefully with the German government; we have been discussing this with them for a year-and-a-half. Then we will teach people in the communities how to do a home garden. And the idea is that this home garden will grow different types of legumes and that will help them to have better nutrition. ▶

We have run a very comprehensive anti-malaria program

DATA PENDERITA MALARIA DI PUSKESMAS TANGKILING KECAMATAN BUKIT BATU KOTA PALANGKA RAYA 2005 – 2011			
No	Tahun	Diperiksa Lab	Positif Malaria
1	2005	527	373
2	2006	507	421
3	2007	974	658
4	2008	1891	976
5	2009	1232	298
6	2010	555	20
7	2011	143	7



Community library. Giving young people from poor backgrounds access to education.

We know that there is a lot of malnutrition and under-nutrition, because vegetables there are more expensive than they are, for example, in Jakarta, because they have to be brought from far away. Standards of living are very low, because there is no business here, no big industry. So people barely survive. They have to spend a lot just to feed themselves and they don't feed themselves properly.

So we hope that through these home gardens they will be able to feed themselves properly. So that's their basic food needs taken care of, but also for those who have more land, later on they can earn more through cash crops.

Harris: What's the size of the land that you have currently; the good land and the bad land?

Olvia: The good land, we have two hectares; the bad land, I think we have 13 hectares.

Harris: OK, 15 altogether. Is that located on Kilometer 31 on the road to Rungan Sari?

Olvia: The good one is Kilometer 30; the bad one Kilometer 37. But they are prime location, both of them, because they're along the Trans-Kalimantan Highway. So eventually we hope to move our office there; and the library.

As part of our long-term plans we also hope to build a vocational training center because, again, a big problem here is that few people have skills, which makes it very difficult for them even to apply for micro-credit loans, because they would not know what to do with the money.

The big palm oil companies usually bring their workers from Java. They don't employ many local people. So we are hoping to do a survey to find out what are the needs of the big companies in Central Kalimantan and therefore to adjust our trainings to those needs. We have already identified a number of needs, but we hope to identify more.

One problem here in Kalimantan is to find good staff. It's very difficult because there are not many people with qualifications, and if they have qualifications they prefer to work in Palangkaraya rather than coming to our projects, 36 kilometers from Palangkaraya, with no bus, no public transport. So rain or shine they have to come by motorbike. The smoke is also a problem; there is smoke sometimes, that makes it difficult to move around. So it's not easy to find local staff.

And we have tried to bring staff from Java, with very limited success, because first, we have to pay them more, because they are working outside of Java and far from their family. And then they don't really adapt well. It's too remote for them; they can't go shopping, they can't go to the movies, not much of a nightlife.

So it's not been easy to find local staff, especially for malaria, because the University of Palangkaraya does not have any medical faculty. So we have had to work with the staff of the branch of the Health Ministry in Palangkaraya, because we could not get anyone qualified to work for us.

So we partnered with government institutions and some of their staff work part-time for us to assist us with our project, because at least they have some medical knowledge or some local knowledge.

In the second part of this interview Olvia talks about how YUM got started and about its projects in Java. To find out more about YUM and to donate to its work, go to www.yumindonesia.org

Financial Services Company

SESI News July 2011: WSC Endorses the Development of a Financial Services Company by SESI

The recent WSC meeting that took place in Rungan Sari, Kalimantan passed the following resolutions:

WSA AND ENTERPRISES

"That the WSC endorses, in principle, the proposal that WSA through SESI may have a direct and pioneering role to play in the development of financial and investment services which can support the growth and development of Subud enterprises; and

That the WSC empower SESI to establish an investment and financial services company to support the growth of Subud Enterprises and enterprises of Subud members with reference to enterprises particularly in Kalimantan. If determined to be feasible by SESI, the WSA Executive and the WSA Chair, then SESI will inform Subud members of the investment opportunities in the resultant Subud Enterprise. 1 July 2011"

We are acutely aware of Bapak's guidance:

- That for Subud to fulfill its obligations, to grow and to find its place in the world it is imperative that we develop Subud enterprises to provide funding for our Association's needs.

- That in this way Subud would become financially self-sufficient; able to serve the needs of our membership, and ►