

Axesstel, Inc.
Board Guidelines on
Significant Governance Issues

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TABLE OF CONTENTS

1.	Selection of Chairman and CEO.....	1
2.	Number of Committees.....	1
3.	Audit Committee.....	1
4.	Nominating and Governance Committee.....	1
5.	Compensation Committee.....	1
6.	Frequency, Length and Agenda of Committee Meetings.....	2
7.	Authority to Engage Independent Counsel and Advisors.....	2
8.	Selection of Agenda Items for Board Meetings.....	2
9.	Board Materials Distributed In Advance.....	2
10.	Attendance of Non-Directors at Board Meetings.....	2
11.	Executive Sessions of Board Meetings.....	2
12.	Board Access to Senior Management.....	3
13.	Size of the Board.....	3
14.	Mix of Inside and Outside Directors.....	3
15.	Former Chief Executive Officer Continuing As Board Member.....	3
16.	Shareholder Communications to the Board.....	3
17.	Board Membership Criteria.....	3
18.	Selection of New Director Candidates.....	4
19.	Director Orientation and Continuing Education.....	4
20.	Assessing the Board’s Performance.....	4
21.	Directors Who Change Their Job Responsibility or Whose Circumstances Change.....	4
22.	Term Limits.....	5
23.	Formal Evaluation of the Chief Executive Officer.....	5
24.	Succession Planning.....	5
25.	Management Development.....	5
26.	Board Interaction with Institutional Investors, Journalists, Customers, Etc.....	5
27.	Code of Conduct.....	5

AXESSTEL, INC.
BOARD GUIDELINES ON SIGNIFICANT GOVERNANCE ISSUES

The Board has ultimate responsibility for the management of the business and affairs of Axesstel, Inc. (the “Company”) in accordance with its Articles of Incorporation and Bylaws, and the provisions of Nevada law. These Guidelines are not intended as a summary of the legal duties of the Board, but rather cover a number of governance matters in a manner intended to assist the Board and its committees in carrying out their responsibilities.

1. Selection of Chairman and CEO

The Board should be free to make this choice any way that it deems is in the best interest of the Company and its shareholders at the time.

The Board does not have a policy on whether the roles of Chief Executive and Chairman should be separate or combined.

2. Number of Committees

All committees referred to in these Guidelines are appointed by the Board. The current committee structure seems appropriate. There will, from time to time, be occasions in which the Board may want to form a new committee or disband or suspend the activities of a current committee depending upon the circumstances. The current committees are Audit, Nominating and Governance, and Compensation.

3. Audit Committee

The Audit Committee is comprised exclusively of independent directors. Its composition and responsibilities are as set forth in the Audit Committee Charter, a copy of which is attached to these Guidelines, or in such subsequent revision as may from time to time be in effect.

4. Nominating and Governance Committee

The Nominating and Governance Committee is comprised exclusively of independent directors. Its composition and responsibilities are as set forth in the Nominating and Governance Committee Charter, a copy of which is attached to these Guidelines, or in such subsequent revision as may from time to time be in effect.

5. Compensation Committee

The Compensation Committee is comprised exclusively of independent directors and represents the Board of Directors with respect to compensation matters as set forth in the Compensation Committee Charter, a copy of which is attached to these Guidelines, or in such subsequent revision as may from time to time be in effect.

6. Frequency, Length and Agenda of Committee Meetings

The Chairman of each Committee, in consultation with Committee members, will determine the frequency and length of the meetings of the Committee, but, in all cases, will meet at least once annually or more frequently as required by law or stock exchange rules.

The Chairman of each Committee will develop the Committee's agenda and appoint a secretary to maintain minutes of each meeting and distribute them to the Board.

7. Authority to Engage Independent Counsel and Advisors

The Board and each Board Committee shall have the authority to engage and determine funding for independent counsel and other advisors at the expense of the Company to the extent set forth in the applicable Committee charter.

8. Selection of Agenda Items for Board Meetings

The Chairman of the Board and the Chief Executive Officer (if the Chairman is not the Chief Executive Officer) will establish the agenda for each Board meeting.

Any Board member may request the inclusion of items(s) on the agenda.

The Board expects the Chief Executive Officer to keep the Board informed of all developments of which it needs to be aware to carry out its responsibilities.

9. Board Materials Distributed In Advance

Information and data that deal with significant issues and that are important to the understanding of the Board or any Committee meeting of the Board of the matters to be discussed should be distributed to the Board or Committee in advance of the meeting at which those matters are to be considered. If the subject matter is sensitive or of confidential nature, the material will be distributed at the meeting if the confidentiality of advance distribution cannot be assured.

10. Attendance of Non-Directors at Board Meetings

The Board encourages the attendance at Board meetings, at the initiative of the Chief Executive Officer or at the request of a Board member, by members of Management and staff or other persons who have responsibilities relevant to the matter under consideration and can provide additional insight.

11. Executive Sessions of Board Meetings

The Board shall meet regularly in executive session where only independent directors are present. These sessions shall be held at least twice a year, which may be in conjunction with regularly scheduled Board meetings.

12. Board Access to Senior Management

Board members have complete access to the Company's senior Management. The CEO should, if appropriate, be informed of the purpose of such contacts. It is assumed that Board members will use judgment to assure that this contact is not distracting to the business operation of the Company and that such contact, if in writing, be copied to the Chairman and CEO. Board members should identify their role in these cases as either individual directors, as a representative of the Board as a whole, or as a member of a Board committee.

13. Size of the Board

The Board believes that its size should be appropriate to represent as many areas of expertise as practical.

14. Mix of Inside and Outside Directors

The Board will be composed of a majority of independent directors.

15. Former Chief Executive Officer Continuing As Board Member

The Board believes this is a matter to be decided by the Board in each individual instance. When the Chief Executive Officer resigns from that position, whether the individual continues to serve on the Board is a matter for discussion at that time with the new Chief Executive Officer and the Board. If it is determined that the resigning Chief Executive Officer should not continue to serve on the Board, the individual should immediately tender his/her resignation from the Board.

16. Shareholder Communications to the Board

The Nominating and Governance Committee shall establish and review annually with the Board the procedures for shareholders to send communications to the Board. Such procedures shall address the manner in which shareholders may deliver communications to the Board and the identity of the Board member or person to whom shareholders can send communications. If the Nominating and Governance Committee determines that communications should be sent initially to a person other than a Board member, the Nominating and Governance Committee shall establish the process for determining which communications will be relayed to a Board member.

17. Board Membership Criteria

The Nominating and Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board and to set those forth in writing. This assessment should include issues of diversity, experience, judgment, ability and willingness to devote the necessary time, and familiarity with domestic and/or international markets-all in the context of an assessment of the perceived needs of the Company.

18. Selection of New Director Candidates

In carrying out its responsibility to nominate new candidates for election to the Board, the Nominating and Governance Committee shall solicit suggestions from the Chairman of the Board, the Chief Executive Officer and other Board members, and from such outside sources as it deems appropriate, and shall consider suggestions from Company shareholders, all with the goal of finding candidates who best satisfy the criteria described in Section 17. The Nominating and Governance Committee will conduct the preliminary screening of candidates and will select the candidates to be nominated for election or appointment to the Board in accordance with the Nominating and Governance Charter, wherever feasible, the Nominating and Governance Committee should provide all Board members with an opportunity to meet finalist candidates before selecting final nominees. After a candidate has been approved, the invitation to join the Board shall be extended by the Chairman of the Board.

19. Director Orientation and Continuing Education.

The Company shall provide an orientation program for new directors and a continuing education program for all members of the Board. These programs shall include presentation by senior management on the Company's strategic plans, its significant financial, accounting, and risk management structure and executive officers and its internal and independent auditors. The orientation program may include visits to certain of the Company's significant facilities, to the extent practical. All directors are entitled to participate in the orientation and continuing education programs.

20. Assessing the Board's Performance

The Board shall engage in an evaluation process annually designed to increase and enhance the effectiveness of the Board as a whole. The evaluation process shall be administered by the Nominating and Governance Committee and evaluation results shall be shared with the full Board for discussion and deliberation. This assessment should be done following the end of each fiscal year and at the same time as the report on Board membership criteria. This assessment should be of the Board's contribution as a whole and specifically review areas in which the Board and/or Management believes a better contribution could be made.

21. Directors Who Change Their Job Responsibility or Whose Circumstances Change

A director of the Company who becomes a director or employee of a business that competes with the Company shall offer to resign from the Board.

If a director retires or otherwise changes the position of employment or other professional affiliations and responsibilities held upon first joining the Board, the Board should be so informed and the Board, through the Nominating and Governance Committee, shall then review the appropriateness of such director's continuation on the Board.

22. Term Limits

The Board does not believe it should establish term limits. Term limits might bring fresh ideas and viewpoints to the Board, but at a cost of losing the benefits of continuity and insight into the Company and its operations that come with longer service.

As an alternative to term limits, the Nominating and Governance Committee, in consultation with the Chairman of the Board and the Chief Executive Officer, will review each director's continuation on the Board every year prior to the nomination for reelection of the class of which such director is a member. This will also allow each director the opportunity to conveniently confirm his/her desire to continue as a member of the Board.

23. Formal Evaluation of the Chief Executive Officer

The formal evaluation will be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of Management, etc. These criteria will include both corporate and personal objectives.

The Compensation Committee, with input from the other directors and other individuals that they consider appropriate, will make this evaluation annually, and the evaluation will be communicated to the Chief Executive Officer and the other independent directors by the Chairman of the Compensation Committee or his or her designee.

24. Succession Planning

The Board shall approve and maintain a succession plan for the Chief Executive Officer and Management, based upon recommendations from the Nominating and Governance Committee.

25. Management Development

There should be an annual report to the Board by the Chief Executive Officer on the Company's program for Management development.

26. Board Interaction with Institutional Investors, Journalists, Customers, Etc.

The Board believes that the Management should speak for the Company. It is important that the Company control its outside communications for legal purposes and for reasons of consistency and continuity. Directors should follow the Company's Communications and Disclosure Policy. Without limiting the generality of the foregoing, directors should refer all media and other outside inquiries to a designated member of Management.

27. Code of Conduct.

The Board shall approve and periodically review the Company's code of conduct, which reflects the Company's commitment to lawful and ethical conduct. Board members, individually and collectively, are bound by the code. Only the Board can waive a code requirement covering a board member or an executive officer.