

STATEMENT OF CORPORATE GOVERNANCE

The Company's Board of Directors and senior management of Kalimantan Gold Corporation Limited (the "Company") regards good corporate governance as fundamental to the effective and efficient operation of the Company. The following describes the Company's approach to corporate governance.

The Company's corporate governance policies take into account characteristics specific to a junior exploration company. The Board is responsible for the general supervision of the management of the Company's business and affairs with the objective of enhancing shareholder value.

The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The directors are kept informed of the Company's operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise on an ongoing basis.

The Board of Directors of Kalimantan is comprised of four directors. Mr. Clapham and Mr. Bojtos are considered to be independent. Rahman Connelly as Chairman of KIC and a member of management is not, and Doris Meyer as a member of management is not. In determining whether a director is independent, the Board chiefly considers whether the director has a relationship which could, or could be perceived to, interfere with the director's ability to objectively assess the performance of management.

The Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on Kalimantan's business in the ordinary course, managing Kalimantan's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

Ethical Business Conduct

The Board monitors the ethical conduct of Kalimantan and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by Kalimantan's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management, ethically and in the best interests of Kalimantan.

Nomination of Directors

The Board is responsible for identifying new candidates to serve as directors, including candidates to fill any vacancies on the Board. It will consider candidates submitted by directors, officers and others, and may retain search firms for the purposes of identifying suitable candidates who meet the level of personal and professional integrity and ability it deems appropriate for directors of the Company.

Compensation

The Board of Directors is responsible for determining all forms of compensation to be granted to the Chief Executive Officer of Kalimantan and the directors, and for reviewing the Chief Executive Officer's recommendations respecting compensation of the other senior executives of Kalimantan, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its executive officers, the Board considers the following issues: i) recruiting and retaining executives critical to the success of Kalimantan and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and Kalimantan's shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general. In order to achieve these objectives, the compensation paid to Kalimantan's executive officers consists of a base salary and long-term incentive in the form of stock options.

Committees of the Board of Directors

The Board has appointed an Audit Committee and no others. The Directors are responsible for reviewing and approving the annual audited financial statements and Management Discussion & Analysis ("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.

Assessments

The entire Board takes responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its committees, including reviewing the Board's decision-making processes and quality and adequacy of information provided by management.