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Corporate Governance Statement for the year ended 30 June, 2009

eBet Limited (the "Company") and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out below. They comply with the August 2007 ASX Principles of Good Corporate Governance and Best Practice Recommendations.

The business and management systems that support the Corporate Governance Framework are regularly reviewed and updated in line with the growth of the business:

Principal 1 Lay Solid Foundations for Management and Oversight

Recommendation 1.1 - Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Board has the following responsibilities:

- oversee the operation of the Company's businesses;
- approve the Company's strategy, business plans, budgets and financial direction, including review of management reporting of performance indicators compared with the strategy, plans, budgets and finances previously approved by the Board;
- oversee the Company's financial position, and its ability to meet its obligations as and when they fall due;
- oversee the role of the Chief Executive Officer and the Company Secretary, and put in place defined delegations of authority to enable them to perform their duties in accordance with the Board's wishes;
- work with the Company's management to identify the key risks, and ensure the implementation of appropriate risk management and reporting systems;
- oversee the external audit and ensure that proper audit procedures are in place, and (in conjunction with the Auditors) ensure that accounts comply with the current Australian Accounting Standards;
- ensure effective communication between the Company and its stakeholders, including shareholders, regulators and other interested parties; and
- review the Board's own processes, performance, composition and processes for the nomination of new Directors, remuneration of Directors and the retirement of Directors.

The CEO and other Senior Executives are responsible for:

- developing corporate strategy, business plans, budgets etc. for review and approval by the Board;
- developing appropriate policies and procedures for the management and control of the business; and
- the day to day management of the Company's affairs.

A copy of "Role of the Board" policy document is available on our website, www.ebetgroup.com.

Recommendation 1.2 & 1.3 - *Companies should disclose the process for evaluating the performance of senior executives and provide the information required in the guide to Principle 1.*

The Remuneration Committee is responsible for reviewing the performance of the Chief Executive Officer ("CEO") ensuring there is an appropriate process to review the performance of Senior Executive Officers and for setting and approving performance objectives for the CEO and Senior Executive Officers (including in relation to bonus payments and options).

Principal 2 Structure the Board to Add Value

Recommendation 2.1 - *A majority of the board should be independent directors*

The Board of Directors consists of four directors, including two non-executive directors, one of which is the non-executive chairman. Details of the skills, experience and expertise of each of our directors are set out in the Annual Report. The two non-executive Directors are independent for the purposes of the ASX Governance Principles. The Board regularly assesses director independence having regard to the criteria outlined in the ASX Governance Principles. Mr Toohey, as Chief Executive Officer is not considered independent, nor is Mr James, as a company he is associated with, is responsible for the provision of services on a fee retainer.

The Board has an agreed procedure for Directors and Board Committees to obtain independent professional advice at the Company's expense.

Recommendation 2.2 - *The chair should be an independent director.*

The Chairman of our Board is an independent director. The Corporate Governance Framework requires the Chairman to be independent.

Recommendation 2.3 - *The roles of the chair and the chief executive officer should not be exercised by the same individual.*

The role of Chairman and CEO are exercised by different individuals. The Corporate Governance Framework requires the Chairman to be a different individual to the CEO.

Recommendation 2.4 - *The board should establish a nomination committee.*

Due to the current size of the Board and the Company, the Board, as a whole, is responsible for:

- monitoring the ongoing development of the Board, consistent with the Company's growth and development prospects;
- making recommendations for the appointment and removal of Directors to the Board;
- evaluating the performance and contribution of individual Directors and the Board Committees; and
- assisting the Board in establishing remuneration policies and practices that enable the Company to attract, retain and motivate executives and Directors who will pursue the long-term growth and success of the Company.

The appointment of new directors and the re-appointment of existing directors will be based on the Board's recommendations.

Recommendation 2.5 - *Companies should disclose the process for evaluating the performance of the board, its committees and individual directors*

Due to the current size of the Board and Company, the Board, as a whole, is responsible for :-

- reviewing our current corporate governance practices, and identifying any requirements that required to be changed;
- reviewing the respective roles of the Board and management;
- reviewing the mix of experience and skills required by the Board;
- assessing the performance of the Board as a whole over the previous 12 months;
- assessing the effectiveness of Board processes; and
- examining ways of assisting the Board in performing its duties more effectively and efficiently.

Principal 3

Promote Ethical and Responsible Decision Making

Recommendation 3.1 - *Companies should establish a code of conduct and disclose the code or a summary of the code as to:*

- *the practices necessary to maintain confidence in the company's integrity;*
- *the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;*
- *the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

A copy of our "Code of Conduct" policy document is available from our website, www.ebetgroup.com.

Recommendation 3.2 - *Companies should establish a policy concerning trading company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.*

A copy of our "Share Trading" policy document is available from our website, www.ebetgroup.com.

Principle 4

Safeguard Integrity in Financial Reporting

Recommendation 4.1 - *The board should establish an audit committee.*

We have an Audit Committee.

Recommendation 4.2 - *The audit committee should be structured so that it:*

- *consists only of non-executive directors;*
- *consists of a majority of independent directors;*
- *is chaired by an independent chair, who is not chair of the board;*
- *has at least three members.*

Due to the current size of the Board and Company, the audit committee has only two members, of which one is independent. Otherwise the Audit Committee complies with the above recommendation and is responsible for :-

- the integrity of the financial reporting process and all other financial information published by us;
- the integrity of the our financial reporting system, including the management of risk and systems of internal control;
- our external audit process, including appointment of the external auditor and overseeing the independence of the external auditor; and
- our process for monitoring compliance with laws and regulations.

Recommendation 4.3 - *The audit committee should have a formal charter.*

Our "Audit Committee Charter" is available document is available from our website, www.ebetgroup.com.

Principle 5 Make Timely and Balanced Disclosure

Recommendation 5.1 - *Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance, and disclose those policies or a summary of those policies.*

A copy of our "Continuous Disclosure" policy document is available from our website, www.ebetgroup.com.

Principle 6 Respect the Rights of Shareholders

Recommendation 6.1 - *Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings, and disclose their policy or a summary of that policy.*

A copy of our "Shareholder Communications" policy document is available from our website, www.ebetgroup.com.

Principle 7 Recognise and Manage Risk

Recommendation 7.1 - *Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies*

The Audit Committee is responsible to the Board for oversight of material business risks and internal controls.

A copy of our "Risk management" policy document is available from our website, www.ebetgroup.com. The Statutory Annual Report also contains details of the material business risks relevant to us.

Recommendation 7.2 - *The board should require management to design and implement a risk management and internal control system to manage the company's material business risks, and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.*

The Audit Committee, as overseers of this area, requires management to establish appropriate systems and procedures to manage our material business risks, and to report on the management of those risks.

Recommendation 7.3 - *The board should disclose whether it has received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.*

The Board receives a written certification each year from both the Chief Executive Officer and the General Manager Finance & Administration that the declaration provided in accordance with section 295A of the Corporations Act (the integrity of financial statements) is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8 Remunerate Fairly and Responsibly

Recommendation 8.1 - *The board should establish a remuneration committee.*

The Remuneration Committee consists of independent directors.

A copy of our "Remuneration Committee" Charter policy document is available from our website, www.ebetgroup.com.

Recommendation 8.2 - *Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*

As non-executive Directors assess individual and Company performance, their remuneration does not have any variable incentive component. Only the Chief Executive Officer's remuneration includes a variable component such as the vesting of options or bonus payments linked to the achievement of performance targets.