

ASX RELEASE

19 July 2012

Update on Proposed Merger with Priority One

Two Way Limited refers to its previous announcements to the market on 26 June and 29 June 2012 ("ASX Announcements"), in relation to the proposed merger with Priority One Network Group Limited ("Priority One"). In accordance with those announcements, Two Way has been conducting due diligence on Priority One.

Two Way considers that the Priority One concept has significant potential. The proposed combination of the ease and convenience of a debit card, together with an advanced global payment system, and a rewards program based on instant cash rebates, together with free access to exciting content, is a compelling proposition for both consumers and merchants.

However, Two Way has today given notice to Priority One of a number of material breaches of the representations and warranties made by Priority One in the Merger Implementation Agreement. If the circumstances resulting in the material breaches continue to exist for 5 business days from the date of the notice, Two Way intends to terminate the Merger Implementation Agreement and not to proceed with the proposed transaction outlined in the ASX Announcements.

For further information:

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ABOUT TWO WAY LIMITED (ASX: TTV)

Two Way creates, develops and builds advanced interactive media and gambling applications for mobile, internet, TV and IPTV platforms. Our competitive strengths include our specialised expertise, patented technology and library of interactive applications which have been deployed on all devices.

Two Way has developed an award-winning interactive TV wagering service with Tabcorp Holdings Limited (ASX:TAH) taking in New South Wales and Victoria in conjunction with FOXTEL, and seen on Sky Racing 1, Sky Racing 2 and Sky Racing World. This has now been extended to include Racing and Wagering Western Australia (RWWA) and TattsBet Limited (ASX:TTS) covering Queensland & South Australia. Two Way has the potential to establish similar relationships with other wagering and broadcasting partners throughout Australia and overseas.



Our interactive wagering technology offers advanced betting features and related information, utilising the red button on the Foxtel remote providing the latest synchronization techniques to enhance the user experience. This technology can be applied to both racing and sports betting applications.

Our Way2Bet portal offers an extensive range of information resources to help punters bet better. These services are available via online and mobile platforms at www.way2bet.com.au and way2bet.mobi.

Two Way's products are currently being deployed by leading wagering and interactive TV operators in Australia and New Zealand. Our clients include Tabcorp, RWWA, TattsBet, Centrebet, IAS Bet, Luxbet, Sportingbet, Betfair, Optus TV, LG, Samsung and Sky New Zealand.

To learn more about Two Way visit www.twowaytv.com.au

