

ASX RELEASE

20 July 2012

Further Update on Proposed Merger with Priority One

Two Way Limited refers to its announcement to the market dated 19 July 2012, in relation to the proposed merger with Priority One Network Group Limited ("Priority One").

Following further discussion between Two Way and Priority One, both parties have agreed to release each other from their obligations under the Merger Implementation Agreement dated 29 June 2012 ("the Agreement").

Both parties have agreed that circumstances exist that were not known, and could not reasonably have been expected to be known, by Two Way at the time of making its announcements to the market on 26 and 29 June 2012.

As a result of the circumstances that Two Way is now aware of, the parties have agreed that Two Way cannot reasonably be expected to proceed with making a takeover bid of Priority One, and Two Way will not proceed to make the offers contemplated in the Agreement.

Priority One has informed Two Way that it shall proceed to a listing on the ASX and upon achieving that, shall complete its earlier arrangements with Two Way, as previously announced to the market on 12 March 2012, which would see Priority One become a major shareholder in Two Way.

In addition, Two Way and Priority One will continue to explore commercial activities together, particularly in the areas of media and wagering, as originally envisaged.

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

