

ASX RELEASE

21 December 2012

Letter to Ineligible Shareholders (Bonus Offer)

Please find attached a copy of a letter which was dispatched to those shareholders who are ineligible to participate in the Bonus Offer, detailed in the Company's Prospectus dated 13 December 2012.

For further information:

Rointon Nugara
Company Secretary
Phone: +612 9017 7000

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





21 December 2012

Dear Shareholder,

Two Way Limited – Bonus Offer

On 13 December 2012, Two Way Limited (**TTV**) announced its intention to undertake a 1 for 2 bonus issue of options (**Bonus Offer**), at anytime during the 24 months after their issue at \$0.30 per option (**Bonus Options**).

This letter is to inform you about the Bonus Offer and to explain why you will not be issued Bonus Options under the Bonus Offer. This letter is not an offer to issue securities to you, nor an invitation for you to apply for Bonus Options or ordinary shares in TTV. You are not required to do anything in response to this letter.

Documents relating to the Bonus Offer were lodged with ASX and ASIC on 13 December 2012 and are being mailed to Eligible Shareholders (as defined below in the section headed Eligibility Criteria) on 21 December 2012.

Details of the Bonus Offer

The Company is undertaking a bonus issue of options to existing Shareholders on a 1 for 2 basis.

Each Bonus Option will give its holder the opportunity, but not the obligation, to subscribe for one additional Share, at \$0.30 per Bonus Option, on the date it is exercised.

The Bonus Options will be exercisable at anytime during the 24 months after their date of issue (currently expected to be 11 February 2015) but not thereafter.

No funds will be raised by the grant of Bonus Options. It is intended that money raised from the exercise of Bonus Options (up to approximately \$2,138,989.80 assuming 7,129,936 Bonus Options are issued and all of those Bonus Options are exercised) will be used for working capital purposes.

The Bonus Offer is to be implemented under a prospectus dated 13 December 2012 prepared in accordance with Chapter 6D of the Corporations Act 2001 (**Corporations Act**) (as modified by ASIC Class Order [CO2/275]).

Eligibility Criteria

TTV has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules that it would be unreasonable to offer to Bonus Offer to shareholders in all countries.

This determination was made due to legal limitations on making or extending an offer of Bonus Options in some countries, the relatively small number of shareholders in those countries, the small number of securities they hold and the potential cost of complying with regulatory requirements in those countries.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b), TTV wishes to advise you that it will not be extending the Bonus Offer to you and you will not be issued Bonus Options under the Bonus Offer.

Shareholders who are eligible to participate in the Bonus Offer (**Eligible Shareholders**) are shareholders who:

- (a) are registered as holders of existing shares as at 5:00pm (Sydney time) on the Bonus Offer Record Date; and
- (b) as at the Bonus Offer Record Date, have a registered address in Australia, New Zealand, or other countries determined by TTV in which it is lawful to make the Bonus Offer; and
- (c) are not in the United States.

Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Shareholder stated above, you will not be issued Bonus Options under the Bonus Offer. You will not be sent documents relating to the Bonus Offer.

If you have any questions regarding the Bonus Offer you can contact Mr Rointon Nugara, the Company Secretary, on +61 2 9017 7000.

On behalf of the Board and management of TTV, thank you for your continued support.

By order of the Board

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. Person" (as defined in Regulation S under the United States Securities Act of 1933, as amended ("Securities Act") ("U.S. Person")).

Neither the Bonus Options nor shares issued when the Bonus Options are exercised have been or will be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons, absent registration or an exemption from registration under the Securities Act or pursuant to a transaction not subject to the registration requirements of the Securities Act.

The provision of this document is not, and should not be considered as, financial product advice.

Neither this notice nor any other documents relating to the offer of securities in TTV may be sent or distributed to persons in the United States.

The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax adviser, stockbroker or other professional adviser.