

TWO WAY LIMITED

Corporate Governance Policies

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A. INTRODUCTION

Two Way Limited (Company) is committed to good corporate governance practices through the establishment of a corporate governance framework. This framework is reflected in the Company's policies and is designed to ensure that there are appropriate levels of disclosure and accountability.

The Company has endorsed the updated *Corporate Governance Principles and Recommendations* released by the ASX Corporate Governance Council, and seeks to follow them to the extent that it is practicable having regard to the size and nature of its operations.

The Board regularly reviews all corporate governance policies and practices to ensure that they remain current and in accordance with good practice appropriate for the Company's business environment. The Board and senior management ensure that employees are aware of the requirements for corporate compliance as it applies to their specific roles within the organisation.

The table below summaries the ASX *Corporate Governance Principles and Recommendations* and cross references these to the Company's Corporate Governance Policies:

| ASX Corporate Governance Principles and Recommendations | Two Way Limited Corporate Governance Policy |
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| Principle 1: Lay solid foundations for management and oversight | |
| 1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions. | Board Charter |
| 1.2 Companies should disclose the process for evaluating the performance of senior executives | Nominations, Remuneration & Corporate Governance Committee Charter |
| 1.3 Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> . | General compliance |
| Principle 2: Structure the Board to add value | |
| 2.1 A majority of the Board should be independent directors. | Board Charter (clause 5) |
| 2.2 The chairperson should be an independent director. | Not specifically noted |
| 2.3 The roles of the chairperson and chief executive officer should not be exercised by the same individual. | Not specifically noted |
| 2.4 The Board should establish a Nominations Committee. | Board Charter (clause 8) |
| 2.5 Disclose the process for evaluating the performance of the Board, its committees and individual directors. | Board Committee Standing Rules Nominations, Remuneration & Corporate Governance Committee Charter |
| 2.6 Provide the information indicated in <i>Guide to reporting on Principle 2</i> . | General compliance |
| Principle 3: Promote ethical and responsible decision-making | |
| 3.1 Establish a code of conduct and disclose the code or a summary as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. | Board Charter Directors' Code of Conduct Audit & Risk Management Committee Charter |
| 3.2 Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary. | Securities Trading Policy & Guidelines |
| 3.3 Provide the information indicated in <i>Guide to reporting on Principle 3</i> . | General compliance |

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| Principle 4: Safeguard integrity in financial reporting | |
| 4.1 The Board should establish an audit committee. | Board Charter (clause 8) |
| 4.2 The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chairperson, who is not the chairperson of the Board; and • has at least three members. | Audit & Risk Management Committee Charter (clause 6) |
| 4.3 The audit committee should have a formal Charter. | Audit & Risk Management Committee Charter |
| 4.4 Provide the information indicated in <i>Guide to reporting on Principle 4</i> . | General compliance |
| Principle 5: Make timely and balanced disclosure | |
| 5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies. | Directors' Code of Conduct Market Disclosure Policy Disclosures' Disclosure Policy & Policy for Handling Conflicts of Interest |
| 5.2 Provide the information indicated in <i>Guide to reporting on Principle 5</i> . | General compliance |
| Principle 6: Respect the rights of shareholders | |
| 6.1 Design a communications policy for promoting effective communication with shareholders and encourage their participation at general meeting and disclose the policy or a summary of the policy. | Market Disclosure Policy |
| 6.2 Provide the information indicated in <i>Guide to reporting on Principle 6</i> . | General compliance |
| Principle 7: Recognise and manage risk | |
| 7.1 Establish policies for oversight and management of material business risks and disclose a summary of those policies. | Audit & Risk Management Committee Charter |
| 7.2 The Board should require management to design and implement the 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. | Board Charter Audit & Risk Management Committee Charter |
| 7.3 The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) 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. | Board Charter (clause 4) |
| Principle 8: Remunerate fairly and responsibly | |
| 8.1 The Board should establish a remuneration committee. | Board Charter (clause 8) |
| 8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. | Nominations, Remuneration & Corporate Governance Committee Charter |
| 8.3 Provide the information indicated in <i>Guide to reporting on Principle 8</i> . | General compliance |

B. BOARD CHARTER

1. Introduction

- 1.1 In carrying out its responsibilities and powers as set out in this Charter, the Board of the Company will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company's shareholders, as well as its employees, customers, and the community. It will work to promote and maintain an environment within the Company that establishes these principles as basic guidelines for all of its employees and representatives.

2. Purpose and Role

- 2.1 The Board is responsible for:
- (a) overseeing and charting the direction, strategies and financial objectives for the Company and monitoring the implementation of those policies, strategies and financial objectives;
 - (b) monitoring compliance with regulatory requirements and ethical standards; and
 - (c) appointing, and reviewing the performance of, the chief executive officer.
- 2.2 In performing the responsibilities set out above the Board should act at all times:
- (a) in a manner designed to create and continue to build sustainable value for shareholders; and
 - (b) in accordance with the duties and obligations imposed upon them by the Constitution and by law.

3. Powers of the Board

- 3.1 In addition to matters expressly required by law to be approved by the Board, the Board specifically has the powers to:
- (a) appoint and remove the chief executive officer and determine his or her terms and conditions (including remuneration);
 - (b) appoint senior executives, such as the chief financial officer and company secretary;
 - (c) approve the issue of any shares, options, equity instruments or other securities in the Company;
 - (d) exercise any discretion that it may have from time to time delegated to the chief financial officer or senior management; and
 - (e) determine the remuneration and conditions of service including financial incentives for any executive directors or senior executives.

4. Specific Responsibilities

- 4.1 The Board has a specific responsibility to:
- (a) monitor and assess management's performance and implementation of strategies and budgets approved by the Board;
 - (b) set criteria for, and evaluate at least annually, the performance of the chief executive officer;
 - (c) provide input into and approve corporate strategy and performance objectives;
 - (d) approve and monitor:
 - (i) the progress of major capital expenditure and capital management;

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- (ii) significant changes to organisational structures;
 - (iii) financial and other reporting; and
 - (iv) any public statements which reflect significant issues of the Company policy or strategy.

4.2 In relation to item 4.1(d)(iii) above, the Board must ensure that they are provided with a written statement from the chief executive officer and chief financial officer that the Company's financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with recognised accounting standards.

4.3 The Board must also ensure that they are provided with an additional written statement from the chief executive officer and chief financial officer in relation to the Company's risk management systems and controls. This additional statement should state that:

- (a) the statement given in accordance with item 4.2 above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- (b) the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material aspects.

5. **Board Membership**

5.1 The Board should include an appropriate number of non-executive directors who satisfy the criteria for independence as stated in Section 6 below.

6. **Independence**

6.1 A director is only to be regarded as independent if:

- (a) the Board resolves that the director has no material relationship with the Company (either directly, or as a partner, shareholder, or executive officer of an organisation that has a material relationship with the Company);
- (b) the director is not a substantial shareholder of the Company or an officer of, or otherwise directly associated with, a substantial shareholder of the Company;
- (c) the director is not, and has not been within the previous three years:
 - (i) employed by the Company;
 - (ii) a principal of a material professional adviser or a material consultant to the Company; or
 - (iii) employed by, or a partner in, any firm that in the past three years has been the Company's external auditor; and
- (d) no immediate family member of the director is an executive officer of the Company or, except where the immediate family member has died or become incapacitated, has been an executive officer of the Company within the previous five years.

6.2 For the purpose of this Section 6, "executive officer" means a chief executive officer or a chief financial officer (or persons carrying out any equivalent functions), a head of a division or function, and any person who performs a significant policy-making function, but does not include a non-executive director.

7. **Meetings**

7.1 Board and Committee papers should where possible be provided to directors at least 7 days prior to the relevant meeting.

7.2 The non-executive directors should meet at least twice each year for private discussion of management issues.

8. **Board Committees**

8.1 The Board may from time to time establish Committees to assist it in carrying out its responsibilities, and shall adopt Charters setting out matters relevant to the composition, responsibilities and administration of such Committees, and other matters that the Board may consider appropriate.

8.2 The Board shall as a minimum establish the following Committees, and shall adopt Charters setting out matters relevant to the composition, responsibilities and administration of those Committees:

- (a) an Audit Committee;
- (b) a Risk Management Committee;
- (c) a Remuneration Committee; and
- (d) a Nominations Committee; and
- (e) a Governance Committee.

(Some of these could be combined if appropriate).

9. **Self Assessment**

9.1 The Board shall undertake an annual performance evaluation of itself that:

- (a) assesses the performance of the Board with the requirements of its Charter;
- (b) sets forth the goals and objectives of the Board for the upcoming year;
- (c) considers the skill set of the Board; and
- (d) effects any improvements to the Board charter deemed necessary or desirable.

The performance evaluation shall be conducted in such manner as the Board deems appropriate.

C. DIRECTORS CODE OF CONDUCT

This Code of Conduct sets ethical standards for the directors of the Company. Directors are expected to pursue the highest standards of ethical conduct in the interests of shareholders and all other stakeholders.

The following six principles govern their conduct.

1. **Honesty and Integrity**

Directors must act honestly and with integrity in all of their dealings for the Company.

Directors must not discriminate on the grounds of people's race, religion, gender, marital status, sexual orientation or disability.

Directors must not make promises or commitments that the Company does not intend, or would be unable, to honour.

Directors' conduct, at all times is expected to be such that their honesty is beyond question.

Directors must adhere to the truth, and not mislead directly or indirectly nor make false statements, nor mislead by omission.

2. **Personal Transactions**

Directors personal or other business dealings must be kept separate from their dealings as a director of the Company.

Directors must not use the name of the Company to further any personal or other business transaction.

Directors must use goods, services and facilities provided to them by the Company, strictly in accordance with the terms on which they are provided.

3. **Confidentiality of Information**

Directors must ensure that confidential information relating to customers, the Company staff and the Company's operations is not given either inadvertently or deliberately to third parties without the consent of the Company.

Directors must not use information obtained by them as a Director of the Company for personal financial gain, nor will that information be used to obtain financial benefit for any other person or business.

Directors must respect the privacy of others.

4. **Disclosure of Interests**

Directors must fully disclose active private or other business interests promptly and any other matters which may lead to potential or actual conflicts of interest in accordance with such policies that the Directors may adopt from time to time.

Directors must fully disclose all relationships they have with the Company in accordance with policies on independence that Directors may adopt from time to time.

Directors' dealings with the Company must always be at arm's length to avoid the possibility of actual or perceived conflicts of interest.

5. **Abiding by the Law**

Directors must abide by the law at all times.

6. **Payments, Gifts, Entertainment and Travel**

Directors must not use their status as a director to seek personal gain from those doing business or seeking to do business with the Company.

Directors must not accept any personal gain of any material significance if offered.

D. DIRECTORS DISCLOSURE POLICY & POLICY FOR HANDLING CONFLICTS OF INTEREST

1. Purpose

- 1.1 Directors must ensure that they comply with their legal obligations to disclose any material personal interest that they have in a matter that relates to the affairs of the company. The law requires that Directors do not allow a conflict of interest to compromise their position as a director of the company.
- 1.2 This policy sets out the procedures that Directors have agreed that they will follow:
 - (a) to disclose interests that they have; and
 - (b) should an actual, perceived or potential conflict of interest occur.

2. Status of Policy

- 2.1 This policy will be reviewed annually or more frequently if changes to legal or regulatory requirements dictate.
- 2.2 Each Director is responsible for ensuring that they comply with this policy.

3. Disclosure of Interests

- 3.1 A Director should disclose to all Directors:
 - (a) any material personal interest they have in a matter which relates to the affairs of the company; and
 - (b) any other interest which the Director believes is appropriate to disclose in order to avoid an actual, perceived or potential conflict of interest.
- 3.2 The disclosure should be made either:
 - (a) as soon as practicable after the Director becomes aware of their interest; or
 - (b) in the Standing Notice of Disclosure of Interest.
- 3.3 Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.
- 3.4 A Standing Notice of Disclosure of Interest for each Director shall be distributed to all Directors at least annually and shall be tabled at a meeting of Directors and recorded in the minutes of that meeting.
- 3.5 Directors shall disclose any changes to the Standing Notice of Disclosure as soon as practicable. Such changes shall be recorded in the minutes of the meeting at which Directors are advised of the change.

4. Procedures for Handling a Conflict of Interest

- 4.1 A Director who has:
 - (a) a material personal interest in a matter which relates to the affairs of the company; or
 - (b) any other interest which the Director believes is appropriate to disclose in order to avoid an actual, perceived or potential conflict of interest,may not be present at a meeting, while the matter is being considered nor vote on the matter unless Directors who do not have such an interest in the matter agree that the interest should not disqualify such Director from being present while the matter is being considered, and from voting on the matter. The minutes of the meeting should record the decision taken by the Directors who do not have an Interest in the matter.

E. BOARD COMMITTEE STANDING RULES

1. Application of these Rules

1.1 These rules shall apply to, and be deemed incorporated into the Charter of:

- (a) the Audit and Risk Management Committee; and
- (b) the Nominations, Remuneration and Governance Committee.

2. Committee Membership

- 2.1 Each Standing Committee will exclusively comprise non-executive directors who satisfy the criteria for independence as stated in Section 6 of the Board Charter.
- 2.2 The Chairman of the Board shall be a member of each Standing Committee provided that he or she satisfies the criteria for independence as stated in Section 6 of the Board Charter, but is not eligible to be the chairman of the Audit and Risk Management Committee.
- 2.3 Minimum membership of each Standing Committee will be two directors.
- 2.4 The quorum for any Standing Committee meeting shall be any two members, which may include the Chairman of the Board.
- 2.5 Members will be appointed by the Board, and shall serve at the discretion of the Board and for a term determined by the Board. The Board shall appoint one member of each Standing Committee as its chairperson.
- 2.6 Any director may attend (but not vote at) a meeting of a Standing Committee of which he or she is not a member, for discussion on particular areas of interest to that director.

3. Meetings

- 3.1 Standing Committee meetings may be held by means of conference call or similar communications equipment by means of which Board meetings may be held under the relevant provisions of the Corporations Law.

4. Performance Evaluation

- 4.1 Each Standing Committee shall provide to the Board an annual performance evaluation report of that Committee, which may be either oral or written, that:
 - (a) assesses the performance of the Committee with the requirements of its Charter;
 - (b) sets forth the goals and objectives of the Committee for the upcoming year;
 - (c) considers the skill set of the Committee; and
 - (d) recommends to the Board any improvements to the Committee's charter.

F. AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

1. Standing Rules for the Company Board Committees

- 1.1 The Standing Rules for the Company Board Committees apply to the Audit and Risk Management Committee, and are incorporated into this Charter.

2. Purpose

- 2.1 The Audit and Risk Management Committee is established by the Board of Directors. The role of the Audit and Risk Management Committee is to assist the Board of Directors in ensuring effective management of all material business risks. Specifically:
- (a) develop the roles and respective accountabilities, and of the Board and management;
 - (b) the review of:
 - (i) the Company's financial reporting principles and policies, controls and procedures;
 - (ii) the integrity of the Company's financial statements and the independent audit of those financial statements;
 - (iii) the Company's compliance with legal and regulatory requirements in relation to financial statements; and
 - (iv) any due diligence and prudential supervision procedures required by regulatory bodies.
- 2.2 The Audit and Risk Management Committee will report regularly to the Board on each of the matters referred to in clause 2.1.
- 2.3 The Audit and Risk Management Committee is also responsible, on the Board's behalf, for:
- (a) the appointment, evaluation and oversight of the external auditor;
 - (b) remuneration of the external auditor; and
 - (c) where deemed appropriate, replacement of the external auditor.

3. Powers of the Audit and Risk Management Committee

- 3.1 The Committee is required to make recommendations to the Board and does not have any executive powers to commit the Board or management to the implementation of these recommendations, other than:
- (a) where the Board has delegated power to the Audit and Risk Management Committee, including powers:
 - (i) to approve principles, policies, strategies, processes and control frameworks for the management of risk; and
 - (ii) to approve credit transactions beyond the approval discretion of executive management; and
 - (b) for matters relating to the appointment, remuneration, oversight and replacement of the external auditor.
- 3.2 The Committee has unrestricted access to executives of the Company, and to the external auditors in order to fulfil its purpose and undertake its duties.
- 3.3 The Committee has the ability to direct any special investigations deemed necessary and to consult independent experts where considered necessary to carry out its duties and to rely on the advice of such experts. Costs of such consultations are borne by the Company.

4. **Duties of the Audit and Risk Management Committee**

4.1 Subject to any resolution of the Board, the duties of the Audit and Risk Management Committee are to:

- (a) Receive reports from management concerning:
 - (i) the Company's risk management principles, policies, strategies, processes and controls in order to oversee their effectiveness;
 - (ii) credit, market, balance sheet and operating risk in order to oversee these risks;
 - (iii) anticipated changes for the economic and business environment and other factors relevant to future strategy;
 - (iv) the risk implications of new and emerging risks, organisational change and major initiatives;
 - (v) resolution of significant risk exposures and risk events; and
 - (vi) the Company's insurance strategy, including the coverage and limits of the insurance policies.
- (b) Ensure the Company implement and maintain:
 - (i) appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations; and
 - (ii) appropriate risk management principles and policies and internal controls and processes designed to identify and address unacceptable risk.

4.2 The external auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing standards. The external auditors are accountable to shareholders through the Audit and Risk Management Committee on behalf of the Board.

5. **Further Duties of the Audit and Risk Management Committee**

5.1 The following duties are structured in accordance with the Committee's purposes:

- (a) With respect to the external auditors:
 - (i) select, evaluate and replace as necessary the external auditor;
 - (ii) review and agree the annual audit engagement letter;
 - (iii) review the annual audit plan and approve the fees charged for audit and review services;
 - (iv) determine categories of non-audit services that may be provided by the external auditor;
 - (v) provide pre-approval or otherwise of all specific non-audit services that are to be undertaken by the external auditor;
 - (vi) ensure disclosure to shareholders of the Committee's approval of all non-audit services provided by the external auditor;
 - (vii) review and provide oversight of audit reports prepared and issued by the external auditors on Group financial statements and activities;
 - (viii) consider and review reports prepared by the external auditor on critical accounting policies, all alternative treatments of financial information permitted under Australian and US GAAP, International Financial Reporting Standards (IFRS) and all other written communication between the external auditor and management;

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- (ix) resolve any disagreements between the external auditor and management regarding the Company's financial reporting;
 - (x) discuss with the external auditors any relationship that may impact their objectivity and independence;
 - (xi) ensure that the external auditors prepare and deliver an annual statement as to their independence which includes details of all relationships with the Company; and
 - (xii) annually review the effectiveness of the external auditor.
- (b) With respect to financial reporting:
- (i) receive from management, and the external auditors a timely analysis of significant financial reporting issues and practices and review such analyses;
 - (ii) discuss the audited (half year: reviewed) financial statements, earnings press releases, other financial information being made public, any significant matters arising from the audit, management judgements and accounting estimates, and significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices with management, internal audit and external auditors;
 - (iii) discuss the critical accounting policies with external auditors and management;
 - (iv) review the certification provided by the chief executive officer and the chief financial officer on annual and half yearly financial reports and review the processes that were used to reach the opinion provided in the certification;
 - (v) ensure the financial statements include disclosure covering governance issues in accordance with the requirements of regulators; and
 - (vi) review the form of opinion that the external auditors propose to render.
- (c) With respect to handling accounting complaints:
- (i) establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters;
 - (ii) ensure employees can make confidential, anonymous submissions regarding questionable accounting or auditing matters; and
 - (iii) ensure procedures are in place to prohibit the Company from firing, demoting or otherwise discriminating against any employee who lawfully provides information to a regulatory body or other nominated party regarding any information about the Company that the employee reasonably believes may be relevant to a securities fraud, investigation or proceeding.
- (d) With respect to due diligence procedures:
- (i) discuss any reports prepared in relation to issues of shares, debt securities, or other instruments requiring the issue of a prospectus, where the prospectus is issued by the Company;
 - (ii) discuss reports on the Company prepared for prudential supervisors or other regulators; and
 - (iii) consider any reports prepared by external auditors in relation to the above due diligence procedures.
- (e) With respect to corporate governance:
- (i) ensure that the Company's corporate governance policies adhere with Corporate Governance best practice, unless there is sound justification why not, and Board approval has been obtained;

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- (ii) develop and promulgate rules on the employment by the Company of members of the external audit firm; and
 - (iii) ensure that the Company has adopted a code of ethics that is applicable to the chief financial officer, and other senior financial officers.
 - (f) With respect to reporting:
 - (i) review the Audit and Risk Management Committee Charter annually, and recommend any changes to the Board of Directors; and
 - (ii) report regularly to the Board on the activities of the Audit and Risk Management Committee.
 - (g) Discuss and review in a general manner the Company's policies with respect to risk assessment and risk management.
- 5.2 Each member of the Audit and Risk Management Committee is entitled to rely on executives of the company, on matters within their responsibility, and on external professionals on matters within their areas of expertise, and may assume the accuracy of information provided by such persons, so long as he or she is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.
- 5.3 The Board may rely upon information provided by the Committee and its members, in relation to matters within the Committee's responsibility under the terms of this charter, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.
- 5.4 Management of the Group is responsible for the preparation, presentation and integrity of the Group's financial statements and all matters about which the Committee should be informed.
6. **Eligibility**
- 6.1 The Audit and Risk Management Committee shall appoint one of its members, other than the Chairman of the Board, to serve as its chairman for a period of no more than three years.
- 6.2 In addition to the independence criteria set out in the the Company Board Charter, the following rules apply to eligibility for membership of the Audit and Risk Management Committee:
- (a) A director who sits on the Audit and Risk Management Committee cannot be an officer, employee or substantial shareholder of the Company or any subsidiary or related company or receive fees from the Company other than in the capacity as a director or member of a committee of the Board;
 - (b) Each member of the Audit and Risk Management Committee must be appropriately financially literate (as such qualification is interpreted by the Board in its business judgment); and
 - (c) At least one member of the Audit and Risk Management Committee must be a 'financial expert'. A financial expert is a person who, as a result of education and experience as a public accountant or auditor or as the principal financial officer, comptroller or principal accounting officer of a Company, has an understanding of financial statements, and Australian GAAP and IFRS, and experience in preparing or auditing financial statements of companies comparable to the Company, in the application of GAAP and IFRS to accounting for estimates, accruals and reserves, in internal accounting controls and in the functioning of Audit and Risk Management Committees.

7. **Meetings**

- 7.1 The Audit and Risk Management Committee will meet at least two times annually, and more frequently if necessary.
- 7.2 Representatives of management or any employee or officer of the company may be invited to attend part or all of any meeting of the Audit and Risk Management Committee. The Committee may request certain parties to withdraw from any part of the meeting. The Committee may also request any officer or employee of the external auditors to attend a meeting.
- 7.3 The Audit and Risk Management Committee will meet regularly with the external auditors, in the absence of management. The Audit and Risk Management Committee will request the external auditor to advise it whether any officer of the Company has taken any action to improperly influence, coerce, manipulate or mislead any member of the external audit team for the purpose of rendering the financial statements materially misleading.

G. POLICY ON RELATIONSHIP WITH EXTERNAL AUDITOR

1. General

Auditor independence is fundamental to the credibility and reliability of auditors' reports. The Company has adopted this policy on auditor independence to ensure that the Company's external auditor is independent and is perceived to be independent. The policy is subject to the specific requirements of the Australian Corporations Act 2001. The policy should also be read in conjunction with the Audit and Risk Management Committee Charter.

- The Audit and Risk Management Committee must pre-approve all audit and non-audit services either on an engagement by engagement basis or pursuant to specific pre-approval policies adopted by the Audit and Risk Management Committee.
- The Audit and Risk Management Committee will assess regularly the independence of the external auditor, with at least one formal review per year.
- The Audit and Risk Management Committee will evaluate regularly the effectiveness of the external audit, with at least one formal review per year.
- The Audit and Risk Management Committee will maintain a policy on the provision of non-audit services by the external auditor. This policy is included below.
- The Audit and Risk Management Committee must ensure that the external auditor is available to attend the annual general meeting of the Company and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
- The Company requires a minimum of a two year "cooling off" period before any partner or employee of the external auditor is appointed as a Director or Senior Executive of the Company.
- The Company requires that the lead partner and any other employee who has played a significant role in the external audit should not remain in a key audit role beyond a period of 5 years and should not return to the audit team for a further five years.
- Any potential appointments of ex-partners or ex-employees of the external auditor to Company finance staff, at Senior Manager level or higher, must be approved in advance of the appointment being made by the Chairman of the Audit and Risk Management Committee.
- All Company management who receive gifts or entertainment from the external auditor, or provide gifts or entertainment to the external auditor, shall disclose the type and approximate value of the entertainment to the Audit and Risk Management Committee.

2. Non-audit services that may be provided by external auditor

2.1 The Audit and Risk Management Committee may pre-approve the provision of the following non-audit services by the external auditor:

- (a) Provision of accounting advice - The external auditor may advise on the appropriate accounting measurement and disclosure of matters recorded in the Company's financial statements;
- (b) Audit, assurance or review services required for regulatory returns or requirements - Such services are normally completed by the external auditor;
- (c) Compilation of taxation returns for the Company legal entities and of financial reports of subsidiary entities - Compilation is restricted to transformation of data into an appropriate format, and excludes the alteration of that data (for example, by way of journal entry) or gathering data;

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- (d) Provision of comfort letters relating to the financial position or performance of the Company - Such services are normally required to be performed by the external auditor;
 - (e) Assistance with regulatory and taxation returns - Data gathering and review of historic records; and
 - (f) Review of the adequacy of controls and recommendations for improvements for procedures such as audits of compliance plans and balance sheet reviews.

These services are not perceived to impair or impact the independence of the external auditor. These services do not have the potential to put the auditor in the position of auditing their own work. All such services undertaken by the external auditor must be pre-approved and reported to the Audit and Risk Management Committee. All such services undertaken by the external auditor must be reported to the Audit Committee at its next meeting.

3. **Non-audit services that may not be provided by the external auditor**

3.1 A number of services must not be provided by the external auditor as they may be perceived to impair or impact on the independence of the external auditor or be prohibited by applicable law. These services include investigations and consulting advice and subcontracting of operational activities normally undertaken by management, on which the auditor may ultimately be required to express an opinion on its own work.

3.2 In addition the external auditor must not provide the following services:

- (a) Investigating accountant work on potential or existing clients;
- (b) Receiver, voluntary administration or liquidator related investigation work;
- (c) Involvement in proposed mergers or acquisitions including:
 - (i) Due diligence on potential acquisitions or investments;
 - (ii) Valuations;
 - (iii) Advice on deal structuring and assistance in deal documentation; or
 - (iv) Tax planning and strategy;
- (d) Designing or implementing new IT or financial systems or financial controls;
- (e) Analysis and advice on impact of new financial services legislation;
- (f) Advice on product structuring;
- (g) Book-keeping;
- (h) All services related to the accounting records or financial statements;
- (i) Appraisal or valuation services, actuarial services;
- (j) Human resources including recruitment of the Company staff and secondments to the Company of any employee from the external auditor;
- (k) Broker, dealer, investment adviser or investment banking services;
- (l) Legal services; and
- (m) Internal audit work relating to accounting controls, financial systems or financial statements.

H. NOMINATIONS, REMUNERATION & CORPORATE GOVERNANCE COMMITTEE CHARTER

1. Standing Rules for the Company Board Committees

- 1.1 The Standing Rules for the Company Board Committees apply to the Nominations, Remuneration & Corporate Governance Committee and are incorporated into this Charter.

2. Purpose

- 2.1 The Nominations, Remuneration & Corporate Governance Committee is established by the Board of Directors. The purpose of the Nominations, Remuneration & Corporate Governance Committee is to:
- (a) identify individuals qualified to become Board members;
 - (b) recommend individuals to the Board for nomination as members of the Board and its committees;
 - (c) ensure performance of members of the Board is reviewed;
 - (d) review and recommend to the Board for approval policies for remuneration and remuneration programs;
 - (e) prepare for approval by the Board any report on executive remuneration that may be:
 - (i) required by any listing rule, legislation, regulatory body, or other regulatory requirement; or
 - (ii) proposed for inclusion in the Company's annual report;
 - (f) the development and recommendation to the Board of corporate governance principles applicable to the Company; and
 - (g) ensuring an appropriate Board and Committee structure is in place so that the Board can perform a proper review function.

3. Powers of the Committee

- 3.1 The Nominations, Remuneration & Corporate Governance Committee has the ability to direct any special investigations deemed necessary and to consult independent experts where considered necessary to carry out its duties. Costs of such consultations are borne by the Company.

4. Duties of the Committee

- 4.1 The following duties are structured in accordance with the Nominations, Remuneration & Corporate Governance Committee's purposes:
- (a) To make recommendations to the Board from time to time as to changes that the Committee believes to be desirable to the size of the Board;
 - (b) To identify individuals believed to be qualified to become Board members and to recommend such candidates to the Board. In nominating candidates, the Committee shall take into consideration such factors as it deems appropriate. These factors may include judgement, skill, diversity, experience with businesses and other organisations of comparable size, the interplay of the candidate's experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board;
 - (c) To identify Board members qualified to fill vacancies on any committee of the Board (including the Committee) and to recommend that the Board appoint the identified member or members to the respective committee. In nominating a candidate for committee membership, the Committee shall take into consideration the factors set

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- forth in the charter of the committee, if any, as well as any other factors it deems appropriate, including without limitation the consistency of the candidate's experience with the goals of the committee and the interplay of the candidate's experience with the experience of other committee members;
- (d) Establish procedures for the Committee to exercise oversight of the evaluation of the Board and management;
 - (e) Recommend to the Chairman of the Board the appropriate process for evaluation of the performance of each director;
 - (f) In consultation with senior management, review and recommend to the Board for approval the Company's general approach towards remuneration, and oversee the development and implementation of remuneration programs;
 - (g) Review and recommend to the Board for approval corporate goals and objectives relevant to the remuneration of the chief executive officer, evaluate the performance of the chief executive officer in light of those goals and objectives, and recommend to the Board the chief executive officer's remuneration level based on this evaluation. In determining the long-term incentive component of chief executive officer remuneration, the committee shall consider, among other factors, the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, the awards given to the chief executive officer in past years, and any other factors that the committee determines is appropriate;
 - (h) Review and recommend to the Board for approval remuneration programs applicable to the Company executives and ensure that these programs differ from the structure of non-executive directors' remuneration;
 - (i) Approve any statements on the Company's remuneration policy and executive remuneration disclosures that may be:
 - (i) required by any listing rule, legislation, regulatory body, or other regulatory requirement; or
 - (ii) proposed for inclusion in the Company's annual report;
 - (j) Ensure that any disclosures of the Company's remuneration policies required under item 4.1(i) enable investors to understand:
 - (i) the costs and benefits of those policies; and
 - (ii) the link between remuneration paid to directors and key executives and corporate performance.
 - (k) review the remuneration of non-executive directors annually and ensure that the structure of non-executive directors' remuneration is clearly distinguished from that of executives by ensuring that non-executive directors:
 - (i) are remunerated by way of fees;
 - (ii) do not participate in schemes designed for the remuneration of executives;
 - (iii) do not receive options or bonus payments; and
 - (iv) are not provided with retirement benefits other than statutory superannuation.
 - (l) Develop and recommend to the Board a set of corporate governance principles applicable to the Company, and to review those principles at least once a year.
 - (m) Review and recommend to the Board for approval the Corporate Governance Statement contained in the companies Annual Report or any other statutory report or document.

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- (n) Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the nomination of Board and committee members, or corporate governance.

5. Meetings

- 5.1 The Nominations, Remuneration & Corporate Governance Committee will meet at least two times annually, and more frequently if necessary.
- 5.2 Representatives of management may be invited to attend part or all of any meeting of the committee. The committee may request certain parties to withdraw from any part of the meeting. No employee, including the chief executive officer, should attend any meeting where his or her performance or remuneration are discussed, unless specifically invited by the committee.

6. Delegation to Subcommittee

- 6.1 The Nominations, Remuneration & Corporate Governance Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

I. MARKET DISCLOSURE POLICY

1. Purpose of the Disclosure Policy

- 1.1 The Market Disclosure Policy is designed to ensure that:
 - (a) there is full and timely disclosure of the Company's activities to shareholders and the market, in accordance with the Company's legal and regulatory obligations; and
 - (b) all stakeholders (including shareholders, the market and other interested parties) have an equal opportunity to receive and obtain externally available information issued by the Company.
- 1.2 The Policy reflects the Company's obligation to comply with the disclosure requirements of the listing rules of the Australian Stock Exchange ("ASX") as well as relevant corporations and securities legislation.
- 1.3 The Policy is reviewed regularly to ensure that the Policy reflects any legislative or regulatory requirements or "best practice" developments.

2. Disclosure Principle

- 2.1 The Company will immediately notify the market of any "price-sensitive" information concerning the Company in accordance with legislative and regulatory disclosure requirements.
- 2.2 Information will be "price-sensitive" if a reasonable person would expect that information to have a material effect on the price or value of the Company's securities.
- 2.3 A reasonable person would be taken to expect information to have a material effect on the price of the Company's securities, if the information would, or would be likely to, influence investors in deciding whether to buy, hold or sell the Company securities.
- 2.4 Price-sensitive information will be disclosed, in the first instance, to the Australian Stock Exchange. Disclosures to the market will then be placed on the Company's website.

3. Exceptions to the Disclosure Principle

- 3.1 In accordance with the ASX Listing Rule 3.1, the Company is not required to disclose price sensitive information concerning the Company if:
 - (a) a reasonable person would not expect the information to be disclosed; and
 - (b) the information is confidential; and
 - (c) the information is of a kind exempted by Listing Rule 3.1 (eg. where the information is insufficiently definitive to warrant disclosure; concerns an incomplete negotiation or proposal; is generated for internal management purposes; or its disclosure would breach a law).

4. Disclosure responsibilities and procedures

- 4.1 The Company has designated the chief executive officer and chief financial officer as "Disclosure Officers".
- 4.2 Disclosure Officers have responsibility for reviewing proposed disclosures and making decisions in relation to what information can or should be disclosed to the market.
- 4.3 All the Company staff are required to inform a Disclosure Officer of any potentially "price-sensitive" information concerning the Company as soon as they become aware of it. Staff may speak to a Disclosure Officer if they are in doubt as to whether information is potentially "price-sensitive".

5. **Market speculation**

5.1 The Policy provides that, in general, the Company will not respond to market speculation and rumours unless required to do so by law or the ASX.

6. **External communications**

6.1 Under the Policy, only those the Company employees who have been authorised by a Disclosure Officer can speak on behalf of the Company to the media, analysts and investors.

6.2 The Company will not disclose price-sensitive information to any investor or analyst before formally disclosing the information to the market.

6.3 Because of the Company's obligations to notify the ASX before giving information to any other party, the Policy recognises that the Company will not release price sensitive information under an embargo arrangement.

7. **Trading halts**

7.1 The Company may request a trading halt from the ASX in order to prevent trading in the Company's securities by an inefficient and uninformed market.

7.2 The Disclosure Officers are authorised to determine whether a trading halt will be requested.

J. SECURITIES TRADING POLICY AND GUIDELINES

1. INTRODUCTION TO THE POLICY

1.1 Objectives of the Policy

This document details the Company's policy in relation to trading in Company securities and related matters and applies to all Group Personnel.

1.2 Board Approval

The Board approved this Policy on 18 March 2010, and it takes effect from that date. This Policy supercedes any previous securities trading policy of the Company. The Board may approve amendments to this Policy as may be required.

1.3 Definitions

Unless the contrary intention is expressed in this Policy, the following words (when used in this Policy) have the meaning set out below:

- ASX means the Australian Stock Exchange Limited.
- ASX Listing Rules means the rules issued by the ASX from time to time for the listing of an entity's securities on the ASX.
- Board means the Board of directors of the Company.
- Chairman means the Director appointed to the position of chairman of the Board from time to time.
- Chief Executive Officer means the person appointed by the Board to the position of chief executive officer and/or managing director of the Company from time to time.
- Company means Two Way Limited ABN 28 007 424 777, having its registered office at Suite 2.05, 55 Miller Street, Pyrmont NSW 2009 Australia.
- Company Secretary means the person appointed by the Board to the position of company secretary from time to time.
- Corporations Act means the *Corporations Act 2001* (Cth).
- Deal means apply for, acquire, dispose of, or enter into an agreement to apply for, acquire or dispose of securities, as agent or principal, and whether or not securities are held in a person's own name or by affiliates (including spouses and children, family trusts, controlled companies and Related Parties).
- Director means a director of the Company.
- Employee means a person employed by the Company or any company in the Group, either on a permanent full time or permanent part time basis.
- Group means the Company and its subsidiaries.
- Group Personnel means Employees, Senior Management, the Chief Executive Officer and Directors of the Group.
- Inside Information means information which:
 - (i) is not generally available; and
 - (ii) if it were generally available, a reasonable person would expect to have a material effect on the price or value of particular securities.
- Related Party has the meaning given to that term in section 228 of the Corporations Act.

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- Senior Management means those employees who report directly to the Chief Executive Officer.

2. INSIDER TRADING PROHIBITED

- 2.1 If a person possesses Inside Information, where the person knows or ought reasonably to know that the information is Inside Information, it is a criminal and civil offence to:
- (a) Deal in the relevant securities (including Company securities);
 - (b) Procure or encourage anyone else to Deal in the relevant securities (including Company securities); or
 - (c) Communicate or pass the information to anyone else you know, or ought reasonably to know, will or is likely to Deal in the relevant securities (including Company securities) or procure or encourage someone else to do so.
- 2.2 It does not matter how a person comes to possess Inside Information (including whether it is in the course of carrying out work-related responsibilities or otherwise).
- 2.3 In determining whether information is Inside Information, the financial impact of the information is important, but strategic and other implications can be equally important. The definition of information is broad enough to include rumours, matters of supposition, intentions of a person (including the Company) and information which is insufficiently definite to warrant disclosure to the public.
- 2.4 The following list is illustrative only. Inside Information could include information about:
- (a) the financial performance of the Group against its budget;
 - (b) a possible acquisition or sale of any assets by the Group;
 - (c) a possible change in the Group's capital structure;
 - (d) a proposed dividend;
 - (e) Senior Management changes;
 - (f) development of a new product; or
 - (g) any possible claim against the Group or other unexpected liability.
- 2.5 This prohibition applies to all people, regardless of whether they are Group Personnel, Directors, Senior Management, Employees or contractors.

3. CONFIDENTIAL INFORMATION

Group Personnel have a duty of confidentiality to the Group and must not:

- (a) reveal any confidential information concerning the Group (other than as is appropriate or permitted in connection with work-related responsibilities);
- (b) use any confidential information in any way which may injure or cause loss to the Company or the Group; or
- (c) use any confidential information in any way to gain a personal advantage or an advantage for others.

When any confidential information concerning the Group is disclosed to external advisors, or other third parties, those advisors and third parties must be made aware of the confidential nature of the information.

4. DEALING IN COMPANY SECURITIES

4.1 Trading Windows

Subject to the overriding prohibition on insider trading above, Group Personnel may only Deal in Company securities during the following Trading Windows, unless approval is obtained at other times in accordance with paragraph 4.2:

- a) the period of four (4) months commencing on the next trading day after the half year results announcement; and
- b) the period of four (4) months commencing on the next trading day after the full year results announcement.

However, Group Personnel must not trade in Company securities at any time, including during a Trading Window, if in possession of Inside Information.

4.2 Trading at Other Times

If, due to a genuine and pressing requirement for funds, any member of Group Personnel needs to sell Company securities, and this need arises outside a designated Trading Window, the Chairman may grant a waiver to allow the sale of Company securities to satisfy that need. Such a waiver will not be granted by the Chairman unless he is satisfied that the person does not possess Inside Information. A request to sell Company securities outside the Trading Windows must be made in writing in advance of the proposed sale, through the Company Secretary. The Company Secretary will keep a record of all such waivers granted.

4.3 Trading Procedure for Directors and Senior Management

Directors and Senior Management are in positions where it may be assumed that they have access to Inside Information and, as a result, any Dealings in Company securities by these persons may embarrass or reflect badly on them or on the Company (even if they have no actual Inside Information at the time). This Policy is designed to avoid the possibility that such misconceptions, misunderstandings or suspicions might arise.

For this reason, if Directors and Senior Management wish to Deal in Company securities at any time of the year, including during designated Trading Windows, they must:

- a) if a Director, first advise the Chairman, and if a member of Senior Management, advise the Company Secretary, of their intention to Deal in Company securities;
- b) confirm that they do not possess any Inside Information; and
- c) wait to be advised by the Chairman, or Company Secretary, that they can Deal in Company securities.

4.4 Notification to ASX by Directors

The Corporations Act requires Directors to give written notice to the ASX of all Dealings in Company securities. Furthermore, the ASX Listing Rules require this notice be given within five (5) business days of such dealings. Directors must ensure they notify the Company Secretary of any Dealings as soon as reasonably possible, and in any event within two (2) business days of the Dealing, whether or not it occurs during a Trading Window. The Company will then give notice to the ASX on behalf of the Director.

4.5 Notification by Senior Management

All members of Senior Management are required to notify the Company of Dealings in Company securities within 14 days of such Dealings, whether or not it occurs during a Trading Window. Notification must be made in writing to the Company Secretary detailing:

- a) name of Senior Manager;
- b) date of transaction;

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- c) type of transaction (such as sale or purchase);
 - d) number of securities; and
 - e) price per security.

4.6 **Restrictions extend to Securities in addition to Shares**

The restriction on Dealing in securities in this Policy applies to all Dealing in the Company's shares and extends to trading in other types of securities, including options, warrant contracts, debentures or notes issued by the Company.

4.7 **Exceptions**

The requirement in paragraph 4.1 that Group Personnel only Deal in Company securities during the defined Trading Windows does not apply to participation in any Employee Share Option Plan, Employee Share Plan, Dividend Reinvestment Plan or any other similar plan which the Company may implement. However the requirement does apply to Dealing in Company securities to which Group Personnel may become entitled under those Plans. Participation in any Plan is subject to insider trading laws at all times.

5. **COMPLIANCE WITH INSIDER TRADING LAWS**

- 5.1 Compliance with this Policy does not imply approval by the Board of any transaction, as it is the individual responsibility of Group Personnel to ensure that they comply with all provisions of the relevant insider trading laws.
- 5.2 Under the Corporations Act, any person who contravenes the prohibition against insider trading may be found liable to civil and criminal penalties. The current criminal penalty in Australia is a maximum fine of \$220,000 or five years imprisonment (or both) for an individual, and a maximum fine of \$1,000,000 for a corporation.

6. **BREACHES OF POLICY**

- 6.1 Strict compliance with this Policy is a condition of employment. Breaches of this Policy will be subject to disciplinary action, which may include termination of employment.

7. **ACCESS TO THIS POLICY**

- 7.1 This policy will be available for viewing by all Group Personnel, in both hard copy, and on one of the following Company server, "*Corporate on'ttv-aus-svr01*" (N:drive). The Policy is also available for viewing by any other person on the Company's website.

8. **REVIEW OF THIS POLICY**

- 8.1 This Policy is subject to regular review by the Board and will be amended as appropriate, from time to time.

9. **COMPANY CONTACTS**

- 9.1 Group Personnel should direct their questions about this Policy to the Company Secretary.