

**ASX RELEASE**

**30 June 2008**

**Cancellation of Options and New Option Plan**

Two Way Limited announces that the following options are to be cancelled with immediate effect:

- 3.8 million options issued in 2005 and 2006, with exercise prices of \$1 and \$0.60; and
- 2.42 million options issued in 2007, with exercise prices of \$0.80 and \$1.

The Board has resolved to implement a new Employee Share Option Plan to provide incentives to retain and motivate staff over the next 12 to 36 months, while preserving the Company's cash position.

A total of 2.22 million options will be issued under this plan. These will be divided into two series:

1. Series A will comprise a minority of the options (28% of the total). These options will be granted on 1 July 2008. The exercise price for these options will be 7.5 cents, which is the volume weighted average price (VWAP) of shares in the Company traded on the ASX in the past 30 days. These options will vest on 30 June 2009.
2. Series B will comprise the majority of the options (72% of the total). These options will be granted progressively over the 2009 financial year, with 6% of the total being granted on the first day of each month during that year. The exercise price for each grant of options will be based on the VWAP of shares in the Company traded on the ASX in the month prior to each grant date. These options will vest two years after each grant date.

The above changes will result in no net dilution of shareholders. On the contrary, the net reduction of 4 million options will reduce the Company's fully diluted share base by 3.4%.

An Appendix 3B is attached.

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For further information:

Ben Reichel  
Chief Executive Officer and Managing Director  
Phone: +612 9017 7000 or 0412 060 281

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## **ABOUT TWO WAY LIMITED (ASX: TTV)**

Two Way creates advanced interactive media and gambling applications. Our competitive strengths include our specialised expertise, patented technology, and library of interactive applications, which can be deployed on TV, mobile or internet.

Two Way has developed an interactive TV wagering service with Tabcorp Holdings Limited (ASX:TAH) and FOXTEL, with 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, and utilises the latest synchronisation 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](http://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, Foxtel, Austar and Sky New Zealand.

To learn more about Two Way visit [www.twowaytv.com.au](http://www.twowaytv.com.au)

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# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Two Way Limited

ABN

28 007 424 777

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | Unquoted options to acquire ordinary shares. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 2,220,000 options.                           |

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+ See chapter 19 for defined terms.

<p>3 Principal terms of the <sup>+</sup>securities (eg, if options, exercise price and expiry date; if partly paid <sup>+</sup>securities, the amount outstanding and due dates for payment; if <sup>+</sup>convertible securities, the conversion price and dates for conversion)</p>	<p>Issue of up to 2,220,000 options to acquire an equivalent number of ordinary shares in the Company.</p> <p>Two series of options will be issued:</p> <p>Series A: 621,600 options with an exercise price of 7.5 cents. Granted on 1 July 2008 and vesting on 30 June 2009. Exercise period is two years from vesting date; and</p> <p>Series B: 1,598,400 options to be granted progressively in 12 equal monthly grants commencing 1 July 2008. The exercise price for each grant of options will be based on the Volume Weighted Average Price (VWAP) of shares in the Company traded on the ASX in the month prior to each grant date. These options will vest two years after each grant date, and will have an exercise period of two years after each vesting date.</p> <p>Options may be exercised in certain circumstances where an employee leaves the Company for reasons that do not involve fraud or dishonesty.</p>
<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Options are not quoted, but ordinary shares issued as a result of any exercise of the options will rank equally with existing ordinary shares.</p>
<p>5 Issue price or consideration</p>	<p>NIL</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Employee share option scheme.</p>
<p>7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates</p>	

	Number	+Class
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	109,192,090 Ordinary fully paid shares (TTV)

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<p>a) 580,000 Options expiring 28 April 2010, exercise price \$0.50 (TTVAO)</p> <p>b) 2,220,000 Comprising 2 series: Series A of 621,600; Series B of 1,598,400 Options expiring as follows: Series A expires 30 June 2011, exercise price \$0.075 Series B expires at various dates from 30 June 2011, exercise price varies.</p>

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Unchanged from that set out in the Company's IPO prospectus dated 19 November 2004
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## Part 2 - Bonus issue or pro rata issue

- 11 Is security holder approval required?
- 12 Is the issue renounceable or non-renounceable?
- 13 Ratio in which the +securities will be offered

+ See chapter 19 for defined terms.

- 14 +Class of +securities to which the offer relates
- 15 +Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has +security holders who will not be sent new issue documents  
Note: Security holders must be told how their entitlements are to be dealt with.  
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders
- 25 If the issue is contingent on +security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if

- applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

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+ See chapter 19 for defined terms.

- 1 - 1,000
- 1,001 - 5,000
- 5,001 - 10,000
- 10,001 - 100,000
- 100,001 and over

37  A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

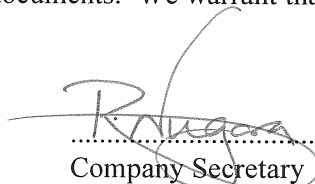
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

  
 .....  
 Company Secretary

Date: 30 June 2008

Print name:

Rointon Nugara

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+ See chapter 19 for defined terms.