

Thursday, September 10, 2009

Ms Kate Kidson
Principal Adviser, Issuers (Melbourne)
Level 45, 525 Collins Street
Melbourne VIC 3000
By email: kate.kidson@asx.com.au

Dear Kate

Re: Two Way Limited (the “Company”) Appendix 3Y – Change of Director’s Interest Notice

We refer your letter dated 9 September 2009, and provide our responses as set out in this letter. The numbered responses correspond to the questions in your letter.

1. The Appendix 3Y notices in relation to Mr Stuart McGregor, Mr Craig Connelly, Mr Benedict Reichel and Mr Christopher Grant-Foster were in relation to each Director’s participation in the Company’s non-renounceable rights issue in March 2009. As disclosed in the Rights Issue Offer Document which was despatched to shareholders on 13 March 2009, each of the Company’s Directors undertook to take up their full entitlements, and also agreed to subscribe for a certain number of any shortfall shares not taken up by other shareholders. All of the Directors did purchase shares as disclosed. As noted at the time of lodging the Appendices 3Y Notices, the Directors’ share purchases referred to in the Notices are as disclosed in the Rights Issue Offer Document. Unfortunately the Appendix 3Y notices themselves were not lodged at the time, due to an inadvertent oversight.
2. The Company does have arrangements in place with its Directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A.

The Company has entered in an agreement with each of its Directors to ensure that they provide the required details to the Company within the time frame required under listing rule 3.19A. This is specifically detailed in the *Director’s Access, Insurance and Indemnity Deed* signed by each Director. This agreement is in line with the pro forma agreement in Attachment 1 of ASX Guidance Note 22, “*Director Disclosure of Interests and Transactions in Securities – Obligations of Listed Entities*”.

3. The Company considers that the current arrangements are adequate, and are being enforced. The reason for the late lodgement of the Notices was not due to a lack of enforcement of these arrangements, or a lack of information provided by the Directors, but simply due to an inadvertent oversight by the Company. The Company will continue to comply with listing rule 3.19B by ensuring that the Company’s Directors disclose to the Company all the relevant details required by the Company to give ASX completed Notices within the time frame specified by listing rule 3.19A.

Yours faithfully

Rointon Nugara
Company Secretary

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9 September 2009

Mr Rointon Nugara
Company Secretary
Two Way Limited
Suite 2.05, 55 Miller Street
PYRMONT NSW 2009

By email only

Dear Mr Nugara

Two Way Limited (the "Company") Appendix 3Y – Change of Director's Interest Notice

We refer to the following;

1. The Appendix 3Y lodged by the Company with ASX on 3 September 2009 for Mr Stuart McGregor;
2. The Appendix 3Y lodged by the Company with ASX on 3 September 2009 for Mr Craig Connelly;
3. The Appendix 3Y lodged by the Company with ASX on 3 September 2009 for Mr Benedict Reichel;
4. The Appendix 3Y lodged by the Company with ASX on 3 September 2009 for Mr Christopher Roberts Grant-Foster.
5. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
 - On the date that the entity is admitted to the official list.
 - On the date that a director is appointed.The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
 - 3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
 - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.
6. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

7. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listing rules 3.19A and 3.19B.

As the Appendices 3Y indicate that changes in the directors' relevant interests occurred on 7 April 2009, it appears that the Directors' Notice should have been lodged with ASX by 16 April 2009. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B. It also appears the directors concerned may have breached section 205G of the Corporations Act.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendices were lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by return e-mail or by facsimile on facsimile number (03) 9614 0303. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. A.E.S.T.) on Monday, 14 September 2009.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Kate Kidson
Principal Adviser, Issuers (Melbourne)