

ASX RELEASE

26 June 2012

Proposed Merger with Priority One

Two Way Limited is pleased to announce that it has signed a non-binding Letter of Intent (“**LOI**”) to merge the Company with Priority One Network Group Limited (“**Priority One**”).

In accordance with the LOI, Two Way intends to make an off-market takeover bid for 100% of Priority One’s shares in an all scrip deal (“**the Offer**”).

The proposed Offer values the equity in Two Way at **4 cents** per share. This is a **premium of 100%** to the last traded price of Two Way shares, and a **premium of 91%** to the 30-day volume weighted average price of Two Way shares on the ASX.

Priority One has indicated to Two Way that, in the absence of a superior offer, the Directors of Priority One intend to:

- recommend that Priority One shareholders accept the Offer; and
- intend to accept the Offer in respect of any Priority One shares they own or control.

Under its business model, Priority One intends to establish a network of affiliated merchants who are able to connect and transact with a subscriber base of debit card holders via the use of a multi-currency payments platform. The business model is based on Priority One earning an agreed percentage of the value of each transaction effected using debit cards issued under its program.

In practical effect, Priority One will be seeking to take advantage of the change in purchasing attitudes of the consumer in favour of online transacting. It intends to do this in two primary ways. First, Priority One’s infrastructure will accommodate online interaction between merchants and consumers, whether it is by fixed internet, smartphone, tablet or internet protocol television (IPTV). Second, by offering rebates, it will be seeking to encourage holders of its debit cards to transact with its affiliated merchants.

The key driver for growing the business of Priority One will be the establishment of merchant agreements which increase the range of products and services able to be offered to the Priority One members. The initial focus will be on extending and establishing arrangements with merchants in areas such as music, movies, financial services, insurance, interactive games, sports and on-line gaming, entertainment and events ticketing.

Two Way has substantial expertise in deploying applications and services via IPTV, online and mobile platforms, and will bring this expertise to accelerate the roll-out of Priority One’s services. Further, a key element of Priority One’s offering will relate to online wagering, on both racing and sports, which is a primary area of expertise for Two Way.



Priority One has entered into a number of significant agreements with a number of large-scale domestic and international merchants and service providers. These relationships are an ideal fit with Two Way's interactive applications, which may be deployed as an interface between merchant affiliates and members of the Priority One account and associated debit card.

Further details about Priority One and its network of relationships are provided in the "About Priority One" section at the end of this document.

Key terms

- Non-binding Letter of Intent to acquire all the issued capital of public unlisted company Priority One Network Group Limited
- Negotiation of a binding Merger Implementation Agreement
- If the Offer is successful, a capital raising of a minimum \$15 million (up to \$18 million) is planned
- If the Offer is successful, a 10:1 share consolidation of expanded capital base is planned

Offer summary

Two Way will offer Priority One shareholders 7.5 ordinary Two Way shares for each Priority One ordinary share.

The Offer is subject to a number of conditions set out in **Schedule 1** of this announcement, including:

- Two Way acquiring a relevant interest in at least 90% of the Priority One shares on issue; and
- approval by Two Way shareholders at a general meeting

The parties will negotiate a binding Merger Implementation Agreement which will set out the terms of the proposed merger. Further details will be announced once the Merger Implementation Agreement has been executed.

Indicative timetable

The parties are intending to execute a binding Merger Implementation Agreement by 29 June 2012. Details of the merger timetable will be announced following execution of that agreement.

Proposed share consolidation

Should the Offer be successful, Two Way intends to consolidate its share capital on the basis that every 10 ordinary shares of Two Way will be consolidated into one ordinary share.

Due Diligence

Under the LOI, each party has agreed to allow the other to conduct due diligence investigations on the assets and the businesses of each party. The due diligence arrangements are binding obligations.



Exclusivity

Two Way and Priority One have agreed to exclusive arrangements in relation to the Offer. Under the LOI, the parties have agreed that until 31 July 2012 (or such other date agreed by the parties in writing), the shareholders of Priority One must negotiate exclusively with Two Way with respect to the Offer and that:

- Priority One must terminate any current discussions concerning any financial involvement in Priority One or its business or material assets (excluding certain discussions specified in the LOI); and
- Two Way may not solicit or respond to any enquiries or proposals concerning any financial involved in Priority One, other than from the Priority One shareholders.

The exclusivity arrangements in the LOI are binding obligations.

Profile of the consolidated company

Two Way currently has 253,530,760 shares on issue. Based on the closing price of Two Way shares on 20 June 2012 (\$0.02), the Company has a market capitalization of \$5,070,615.

Priority One currently has 970,000,001 shares on issue. Accordingly, under the Offer, Two Way will issue 7,275,000,008 Two Way shares to the existing shareholders of Priority One.

Priority One has also entered into a number of agreements to take an interest or to acquire complimentary business assets from other parties, and Priority One will need to advise those other parties regarding this proposed transaction. Assuming all of those transactions proceed, Priority One will issue a further 55,085,831 shares to those other parties. Under the Offer, Two Way will then acquire those shares by issuing a further 413,143,733 Two Way shares to those parties, bringing the total issue to 7,688,143,741 Two Way shares.

Based on a share price of \$0.04 per Two Way share, if the Offer is successful, the consolidated company will have a pro-forma market capitalization of \$317.66 million, based on total share capital of 7,941,674,501 ordinary shares.

Prior to the completion of the share issue and the capital raising referred to below, Two Way shareholders will hold approximately 3.19% and Priority One shareholders 96.81% of the consolidated entity.

Post the consolidation of share capital on a 10:1 basis, the consolidated entity will have 794,167,450 shares on issue.

If the Offer is successful, Two Way intends to issue a further 37,500,000 shares to sophisticated investors at a price of \$0.40 per share (post consolidation) to raise \$15m.

Assuming the Offer is successful, the share consolidation and the issue of further shares in accordance with the \$15m placement will mean that the consolidated entity will have a total of 831,667,450 shares on issue at a price of \$0.40 per share, providing an indicative market capitalization of approximately \$333m. Two Way shareholders will hold approximately 3.05% of



the consolidated entity, new shareholders under the capital raising will equate to approximately 4.51%, and Priority One shareholders approximately 92.44% as represented in the following table:

Pro Forma new capital structure	Shares	Holding	Indicative price	Indicative value
Existing Two Way Ltd shareholders	25,353,076	3.05%	\$0.40	\$ 10,141,230
Priority One Network Group Ltd Vendors	768,814,374	92.44%	\$0.40	\$ 307,525,750
New shares pursuant to capital raise	37,500,000	4.51%	\$0.40	\$ 15,000,000
	831,667,450	100.00%		\$ 332,666,980

Benefits of the consolidated entity

The Board of Two Way believes that the consolidated entity will provide improved shareholder value to both Two Way and Priority One Shareholders through:

- Consolidation of complimentary assets
- Improved international reach and relationships
- Strengthened share register
- Greater market liquidity
- Greater range of relevant skill sets at Board level
- Improved access to funding

Offer Conditions

The Offer will be subject to a number of conditions which are set out in **Schedule 1** to this announcement.

Comments

Chairman of Two Way, Mr Stuart McGregor, said “This is a Company-transforming deal, which provides Two Way shareholders with an attractive opportunity to become part of a much larger and well-capitalised business, with significant international opportunities. We view the consolidation of the Priority One and Two Way business as an ideal corporate fit. The combination of technology, corporate relationships and business processes as detailed in this offer are ideally suited to advance the commercial prospects of the consolidated entity both from a geographic perspective as well as underpinning the revenue and profit generating ability of both parties. The assets, technology and relationships derived from this proposed collaboration are easily intertwined and should prove to be a winning combination. I certainly welcome the proposal and look forward to the consummation of the merger.”

Chairman of Priority One Network Group Limited, Mr Barry Driscoll, said “This is an exciting opportunity for both Two Way and Priority One shareholders. Combined Two Way and Priority One can offer a compelling suite of technological applications applicable to a wide range of various sectors. Providing interaction between merchants and consumers is of the utmost importance to our business, and Two Way Limited has proven ability and track record to not just provide these services efficiently and profitably, but most importantly the quality of Two Way’s major corporate customers is a testament to their status as a trusted provider in the interactive application space. We believe our business and process ideally suit the applications administered



by Two Way and welcome the offer and the opportunity to partner with Two Way on a consolidated basis.”

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

ABOUT PRIORITY ONE NETWORK GROUP LIMITED

Priority One holds Accredited Corporate Merchant (“ACM”) with Ezybonds Inc. This accreditation allows Priority One to receive up to 37.00% of all transaction fees associated with the Priority One account and its associated Debit Card in addition to weekly membership fees associated with the account. Priority One provides a split of associated account and transaction fees with partnering merchants which forms a key driver of affiliate merchant acquisition and retention and also provides merchants a strong incentive to promote the Priority One account to its customers.



The Priority One account is administered by Ezybonds and is able to be used to transact online and at any of the 32 million locations who accept MasterCard and Visa. The Priority One account is highly secure and protected by patented "Splitlock" data protection technology and enables account holders to;

- Transact in multiple currencies
- Access cash at ATM outlets
- Facilitate point of sale and online transactions as well as e-mail and SMS transfer of funds in the predominance of currencies

To consummate the corporate relationship with Ezybonds Inc. Priority One will, under terms proposed, secure 10.80% of Ezybonds (UK) plc – the official marketing company of Ezybonds Inc. Recent updates by the company suggest increasing interest in Ezybonds products from the United States, India, China, Australia, Europe and Philippines – all of which form core desired operational markets for Priority One.

Priority One account holders will receive cash back rebates when they purchase goods and services from affiliated merchants with the cash amounts rebated ranging from 5.00% to 10.00%.

As an added benefit, Priority One account holders are also provided exclusive and free access to a wide range of media content including:

- Films
- Music
- Sports & Sports Betting
- Video Games
- Social Media U|ME|US
- Life Leisure & Fashion
- News, Weather, Financial Services, Business & Stock Reports
- Shopping and Daily Deals tv
- Television shows as well as preferential and discounted ticketing access to live Concerts, stage productions & theatre.

These benefits may be accessed via Internet connected television set, smartphone, and other Internet enabled devices including tablet PC devices via relationships with GoConnect Limited (see: www.goconnect.com.au) (ASX code: GCN) and TTV. GoConnect and Two Way have relationships with Samsung, Sony BRAVIA and LG Smart TV.

GoConnect distributes Content via its IPTV network including the web on www.uctv.fm, www.undercover.fm, smartphones on m.uctv.fm, and major brands of internet connected TVs. GoConnect has entered into global distribution agreements to distribute its content on uctv.fm via connected TVs of Sony BRAVIA Internet Video Service worldwide. Discussions at different stages are currently being held to expand the distribution of uctv.fm to other major Smart TV brands and to expand the audience reach globally.

GoConnect and Priority One have entered into an equal partnership whereby GoConnect will assist Priority One to develop 7 new IPTV channels which, with the launch of the new uctv.fm, will be part of the expanded program mix of the uctv.fm IPTV network. uctv.fm will be accessible via the three screens of web TV, Smartphone TV and connected TV of a number of major TV brands worldwide.

GoConnect and Priority One have entered into a series of partnerships related to the China market. It is expected that these relationships will be activated once the Priority One Two Way merger is consummated, delivering to the GoConnect Priority One partnership a significant new market which already hosts the largest Internet and mobile phone user population in the world.



The major restructuring of uctv.fm is now completed, streamlining the licensing of uctv.fm to additional Smart TV platforms as well as simplifying the process of expanding the program mix of uctv.fm to also include program subscription services.

The acquisition of the Bollywood.tv, a library consisting of 5,500 titles, music and e-magazines is expected to provide a significant promotional tool for international fans of Indian content given the library will be accessible to Priority One members free of charge. Bollywood.tv is a 360 degree e-commerce portal, which will offer cricket, news, entertainment and sport for the global Indian population. Priority One will launch Bollywood Bazaar to ensure that our members can purchase all of their favourite Indian goods online at the one place.

Priority One has partnered with Northvale Capital Pte Ltd and has established a number of joint venture entities for the promotion of the Priority One account and services. These entities include;

- Priority One Network India Private Limited
- Priority One Network Singapore Private Limited
- Priority One Network Malaysia Private Limited
- Priority One Network Indonesia Private Limited
- Priority One Network Sri Lanka Private Limited and;
- Priority One Network Middle East (MENA) LLC

Northvale have dedicated significant I.T. and Human Resources functions to Priority One via the establishment of "Priority One Global Support Services and Technology Hub India.

The support center has an initial target of establishing and delivering 15,000,000 new Priority One accounts which it believes it will deliver within 12 months and a medium term target of 30,000,000 new accounts.

Other important relationships:

Because Group International (see: www.becausegroup.com) is the parent company of Skyhub Digital Pty Ltd (www.skyhubdigital.com), the developer and operator of a proprietary platform that enables the direct sale of digital media from content owners to consumers in a unique business model that is an alternative to traditional licenses. In addition, BGIL has developed a wholly owned platform enabling its corporate clients and content owners to transact directly with consumers or engage in joint venture models alongside telco's, cable TV, Free2Air and Internet Service Providers (ISP's).

Australia Stock Report (see: www.australianstockreport.com.au) is the nation's leading provider of financial services to the retail sector.

Their product offering includes Australian share market research and analysis, trading and investing education courses and broking services.

Comprising a team of highly skilled and experienced research analysts and traders, Australia Stock Report provides a range of comprehensive research reports, providing both long-term investment and short-term trading recommendations.

Their reports cover a range of markets including Share Trading, Contracts for Difference (CFD's), Foreign Exchange (FX) & Options.



Jardine Lloyd Thompson for Global insurances is an international group of Insurance Brokers, Risk Consultants and Employee Benefits Specialists and one of the largest companies of its type in the world.

They will offer Priority One members a distinctive choice through their combination of independence, scale and specialism, to deliver an innovative, customised, total solution for member risk and insurance needs.

A number of other strategic acquisitions, joint ventures and agreements will be outlined further in the coming weeks.

Information on Priority One

All information relating to Priority One in this announcement has been supplied by Priority One and has not been independently verified by Two Way. Two Way does not make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

Forward-Looking Statements

This announcement contains forward-looking statements concerning Two Way and Priority One. Such forward-looking statements are subject to inherent risks and uncertainties as they may be affected by a variety of variables and risks, including variables and risks which may be outside the control of, or not known to, Two Way or Priority One.

Outcomes, results or future events may differ materially from outcomes, results or future events expressed or implied in any forward-looking statement.

Forward-looking statements in this announcement are based on Two Way's and Priority One's respective beliefs, opinions and estimates as of the dates the forward looking statements are made. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Two Way and its officers and Priority One and its officers), including in relation to any underlying assumption or that any forward-looking statement will be achieved. Given these uncertainties, readers are cautioned to not place undue reliance on such forward-looking statements.

Subject to any continuing obligations under law or the ASX listing rules, Two Way disclaims any obligation or undertaking to provide any updates or revisions to any forward looking statements in this announcement to reflect any change in expectation in relation to any forward looking statements.



Schedule 1

The Offer and any contracts resulting from acceptance of the Offer are subject to fulfilment of the following conditions:

1. **(90% minimum acceptance)** During, or at the end of, the Offer Period:
 - (a) Two Way has acquired a Relevant Interest in at least 90% (by number) of Priority One Shares; and
 - (b) Two Way becomes entitled to compulsorily acquire all remaining Priority One Shares in accordance with Chapter 6A of the Corporations Act.
2. **(Two Way Shareholder approval in general meeting)** If required, approval by Two Way Shareholders in general meeting to comply with Listing Rule 11.1.2 (and any other approvals required by ASX).
3. **(No other outstanding securities)** At the end of the Offer Period there are no Priority One securities on issue other than the Priority One Shares and there are no outstanding agreements to issue Priority One Shares or any other Priority One securities.
4. **(No action by a Governmental Agency)** Between the Announcement Date and the end of the Offer Period:
 - (a) there is not in effect any preliminary or final decision, order or decree issued by a Governmental Agency; and
 - (b) no application is made to any Governmental Agency (other than by any member of the Two Way Group), or action or investigation is announced, threatened or commenced by a Governmental Agency; and
 - (c) in consequence of, or in connection with, the Bid (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:
 - (i) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Bid or the completion of any transaction contemplated by the Bid (whether subject to conditions or not) or the rights of Two Way in respect of Priority One and the Priority One Shares to be acquired under the Bid; or
 - (ii) requires the divestiture by Two Way of any Priority One Shares or requires the divestiture of any assets of the Priority One Group.
5. **(No Material Adverse Change)** Between the Announcement Date and the end of the Offer Period:
 - (a) no event, change, condition, matter or thing occurs, and Priority One does not make information known to Two Way concerning any event, matter or thing, which has, will or is reasonably likely to have a material adverse effect on the assets, liabilities, business,



financial or trading position, performance, profitability or prospects of the Priority One Group taken as a whole (whether individually or when aggregated with one or more other events, matters or things); or

- (b) no event, matter or thing, as described in sub-paragraph (a), which occurred before the Announcement Date but was not made known in writing to Two Way before then, becomes known to Two Way.

Without limitation to any other part of this condition:

- (c) the following events will have the effect referred to in sub-paragraph (a):
 - (i) a person exercises rights under an agreement, arrangement or understanding to which any member of the Priority One Group is a party where that exercise has, will have or is reasonably likely to have the effect of accelerating or adversely modifying the performance of any of the obligations of the relevant Priority One Group member under the agreement, arrangement or understanding;
 - (ii) a Governmental Agency or other body withdraws, revokes, cancels, suspends or otherwise modifies an Approval, consent, licence or permit granted to or held by the Priority One Group (or expresses an intention to do any of these things); or
 - (iii) an outbreak of hostilities (whether war is declared or not) or terrorism, mobilisation of armed forces, civil or political unrest or labour disturbance, fire or natural disaster or a material increase in the intensity of any such event existing as at the Announcement Date which affects the assets, liabilities, financial position, performance, profitability or prospects of the Priority One Group taken as a whole; and

an event, matter or thing will have the effect referred to in sub-paragraph (a) if it (either individually or when aggregated with one or more other events, matters or things) has reduced, will reduce or is reasonably likely to reduce the value of the consolidated net assets of the Priority One Group, taken as a whole, by at least \$8 million.

- 6. **(No persons entitled to exercise or exercising rights under certain agreements or instruments)** Between the Announcement Date and the end of the Offer Period (each inclusive), there is no person entitled to exercise, exercising or purporting to exercise, stating an intention to exercise (whether or not that intention is stated to be a final or determined decision of that person), or asserting a right to exercise, any rights under any provision of any agreement or other instrument to which any member of the Priority One Group is a party, or by or to which any member of the Priority One Group or any of its assets or businesses may be bound or be subject, which results, or could result, to an extent to which is material in the context of the Priority One Group taken as a whole, in:

- (a) any moneys borrowed by any member of the Priority One Group being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;



- (b) any such agreement or other such instrument being terminated or modified or not renewed or any action being taken or arising thereunder (including, but not limited to Priority One's Accredited Corporate Merchant Agreement with Ezybonds Inc);
 - (c) the interest of any member of the Priority One Group in any firm, joint venture, trust corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
 - (d) the assets of any member of the Priority One Group being sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions.
7. **(No additional capital expenditure, material acquisitions or disposals)** Other than any transaction or expenditure disclosed in writing to Two Way before the Announcement Date, between the Announcement Date and the end of the Offer Period (each inclusive), neither Priority One nor any of its subsidiaries incurs or commits to incur capital expenditure, acquires or disposes, offers to acquire or dispose or enters into or announces any agreement to acquire or dispose one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) or enters into any corporate transaction, which would or would be likely to involve a material change in:
- (a) the manner in which Priority One conducts its business;
 - (b) the nature, extent or value of the assets or liabilities of Priority One,
- including, without limitation, any transaction which would or (subject to one or more conditions) may involve:
- (c) Priority One or any subsidiary of Priority One acquiring, or agreeing to acquire, one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$1 million;
 - (d) Priority One or any subsidiary of Priority One disposing, or agreeing to dispose of, one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$1 million; or
 - (e) the Priority One Group incurring or committing to incur, in aggregate, an amount of capital expenditure in excess of \$1 million which is not in the ordinary course of business of Priority One and its subsidiaries conducted in the same manner as before the Announcement Date.
8. **(No inaccurate information)** Two Way does not become aware, during the period from the Announcement Date to the end of the Offer Period (each inclusive) that:
- (a) any document filed by or announcement made by or on behalf of Priority One, or by or on behalf of any person in relation to Priority One, with ASIC or anywhere in the public domain, contains a statement which is incorrect or misleading in any material way or from which there is a material omission; or
 - (b) if section 675 of the Corporations Act is applicable to Priority One, Priority One has failed to comply with its obligations under section 675 of the Corporations Act; or



- (c) any document or information made available to Two Way by or on behalf of Priority One contains a statement which is incorrect or misleading in any material way or from which there is a material omission.
9. **(Prescribed Occurrence)** Between the Announcement Date and the end of the Offer Period, none of the following occur:
- (a) Priority One converts all or any of its shares into a larger or smaller number of shares;
 - (b) Priority One or a subsidiary resolves to reduce its capital in any way;
 - (c) Priority One or a subsidiary:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
 - (d) Priority One issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
 - (e) a subsidiary of Priority One issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
 - (f) Priority One or a subsidiary issues, or agrees to issue, convertible notes;
 - (g) Priority One or a subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
 - (h) Priority One or a subsidiary grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
 - (i) Priority One or a subsidiary resolves to be wound up;
 - (j) a liquidator or provisional liquidator of Priority One or a subsidiary is appointed;
 - (k) a court makes an order for the winding up of Priority One or of a subsidiary;
 - (l) an administrator of Priority One or a subsidiary is appointed under section 436A, 436B or 436C of the Corporations Act;
 - (m) Priority One or a subsidiary executes a deed of company arrangement; or
 - (n) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Priority One or of a subsidiary.
10. **(Withdrawal of Priority One support)** That during the period from the Announcement Date to the end of the Offer Period:
- (a) the Priority One Board does not make any public statement that it no longer supports the Bid; or



- (b) a director on the Priority One Board does not withdraw a recommendation previously made or indicate that the director or any Associate of the director does not intend to accept the Offer.
11. **(No dividends and distributions)** Between the Announcement Date and the end of the Offer Period, no member of the Priority One Group makes, determines as payable or declares any distribution (whether by way of dividend, capital reduction or otherwise and whether cash or in specie).
12. **(Regulatory Approvals)** Before the end of the Offer Period, all Approvals or consents that are required by law, or by any Governmental Agency, as are necessary to permit:
- (a) the Offer to be lawfully made to, and accepted by, Priority One Shareholders; and
- (b) the transactions contemplated by the Bidder's Statement to be completed,
- are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.
13. **(No litigation on foot or pending)** Between the Announcement Date and the end of the Offer Period (each inclusive):
- (a) no litigation against Priority One which may reasonably result in a judgement of more than \$1 million is commenced, is threatened to be commenced or is made known to Two Way or Priority One; and
- (b) no litigation against Priority One which in aggregate may reasonably result in judgements of more than \$1 million are commenced, threatened to be commenced or made known to Two Way or Priority One,
- other than that which has been made known to Two Way in writing before the Announcement Date.
14. **(Equal access)** Between the Announcement Date and the end of the Offer Period, Priority One promptly, and in any event within 2 Business Days, provides to Two Way a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to Priority One or any of its subsidiaries, or their respective assets, liabilities or operations, that has been provided by any member of the Priority One Group or any of their directors, officers, advisors, agents or representatives to any person other than Two Way, other than in the ordinary course of ordinary business, including (without limitation) for the purposes of soliciting, encouraging or facilitating any proposal with respect to:
- (a) a takeover bid for, or scheme of arrangement proposed by, Priority One;
- (b) the acquisition by that person or an associate of substantially all the assets and operations of Priority One; or
- (c) any transaction having a similar economic effect.



15. **(Liabilities Confirmation)** The Target's Statement containing a statement (**Liabilities Confirmation**), expressed to be made with the approval of the Priority One Board, which confirms as at the date of the Liabilities Confirmation, to the best of the knowledge and belief of the Priority One Board after having made due enquiry, each of the matters set out below, and the Liabilities Confirmation not being materially varied, revoked or qualified (whether in any supplementary Target's Statement or otherwise) prior to the close of the Offer:
- (a) the Priority One Group has no liability or contingent liability with a value greater than \$1 million, and no liabilities or contingent liabilities which in aggregate have a value greater than \$1 million, the nature, size and existence of which has not been disclosed in writing to Two Way prior to the Announcement Date;
 - (b) no liability or contingent liability which has been disclosed in writing to Two Way prior to the Announcement Date has increased by a value greater than \$1 million, and no liabilities or contingent liabilities previously disclosed in writing to Two Way have, in aggregate, increased by a value greater than \$1 million;
 - (c) the net debt of the Priority One Group is not or will not at 30 June 2012 be more than \$1.5 million, and any increase in the net debt from \$1 million (as at 21 June 2012) arises in the ordinary course of business consistent with past practice.
16. **(Confirmation of Net Asset Value)** The Target's Statement containing a statement (**Net Asset Value Confirmation**), expressed to be made with the approval of the Priority One Board, which confirms, to the best of the knowledge and belief of the Priority One Board after having made due enquiry, each of the matters set out below in respect of the Priority One Investigating Accountants Report as at 13 June 2012 as previously disclosed in writing to Two Way (on the basis of the application of accounting principles consistent with those applied to previous Priority One financial assessments), and the Net Asset Value Confirmation not being materially varied, revoked or qualified (whether in any supplementary Target's Statement or otherwise) prior to the close of the Offer:
- (a) consolidated assets of the Priority One Group before the acquisitions as contemplated by the group and before the receipt of a minimum of \$15m under the proposed capital raising will be more than \$88 million; and
 - (b) consolidated net assets of the Priority One Group will be more than \$166 million assuming all acquisitions (partial or otherwise) are completed and a minimum amount of \$15m is raised under the proposed capital raising; and
 - (c) consolidated net assets of the Priority One Group will be more than \$169 million assuming all acquisitions (partial or otherwise) are completed and a minimum amount of \$18m is raised under the proposed capital raising.

Capitalised terms in in this Schedule 1 have the meanings below:

Announcement Date means 26 June 2012 being the date on which Two Way announced its intention of making the Bid.

Approval means a licence, authority, consent, approval, order, exemption, waiver,



ruling or decision.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in the Corporations Act.

ASX means ASX Limited (ACN 008 624 691) or the securities market operated by that company.

Bid means the off-market takeover bid under which Two Way offers to acquire all of the Priority One Shares as referred to in this announcement.

Bidder's Statement means the bidder's statement to be issued by Two Way which will contain the Offer.

Corporations Act means the *Corporations Act 2001* (Cth).

Governmental Agency means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia, or elsewhere. It also includes any self-regulatory organisation established under any statute and any stock exchange.

Listing Rules means the official listing rules of the ASX.

Offer means the offers made by Two Way under the Bid.

Offer Period means the period during which the Offers are open for acceptance.

Priority One Board means the board of directors of Priority One.

Priority One Group means Priority One and its subsidiaries (as defined in the Corporations Act).

Priority One Shareholders means the registered holders of the Priority One Shares.

Priority One Shares means all of the ordinary shares on issue in Priority One as at the Announcement Date.

Relevant Interest has the meaning given in the Corporations Act.

Target's Statement means the target's statement to be issued by Priority One in response to the Two Way Bidder's Statement and the Offer.

Two Way Group means Two Way and its subsidiaries (as defined in the Corporations Act).

Two Way Shareholders means the holders of ordinary shares in Two Way.

