

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 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

KNEOMEDIA LIMITED

ABN

41 009 221 783

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 | 1. Fully paid ordinary shares (Shares)
2. Convertible notes (Notes)
3. Options to acquire fully paid ordinary shares (Options) |
| 2 Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. 18,994,342 Shares
2. 4 Notes
3. 25,518,517 Options |
| 3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Shares
The Shares are of the same class and rank equally with all other shares on issue.
Notes
The terms of the 4 Notes are as follows: <ul style="list-style-type: none">Each Note has a face value of \$25,000. The Notes are unsecured, unlisted and non-transferable.The Notes have a maturity date of 31 March 2016. The principal sum of the Notes will be repayable upon expiry if not redeemed prior to that time. |

+ See chapter 19 for defined terms.

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- Each Note entitles the holder to 833,333 free attaching options, which will be issued for nil consideration on the date that the Notes are issued (**Note Attaching Options**).
- Each Note bears interest at a rate of 10% per annum on the face value of the Note if interest is paid in cash; or 15% per annum on the face value of the Note if interest is capitalised and paid out in KNM shares. Interest will accrue and will be payable (whether in cash or shares) in arrears upon conversion or redemption.
- Conversion is at the election of the Note holder at a conversion price of \$0.03.

Options

The terms of the 25,518,517 Options are as follows:

- 333,333 Options are exercisable at \$0.06 on or before 5.00pm (Melbourne time) on 31 March 2016.
- 9,999,999 Options are exercisable at \$0.03 on or before 5.00pm (Melbourne time) on 31 March 2016.
- 15,185,185 Options are exercisable at \$0.045 on or before 5.00pm (Melbourne time) on 26 June 2018.

- 4 Do the +securities rank equally in all respects from the +issue date 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

1. The Shares are of the same class and rank equally with all other shares on issue.
2. The Notes will not be quoted or rank equally with any class or quoted securities. However, fully paid ordinary shares issued on conversion of the Notes will be quoted, and will rank equally with all other ordinary shares then on issue in the Company.
3. The Options will not be quoted or rank equally with any class or quoted securities. However, shares issued on exercise of the Options will rank equally with all other ordinary shares then on issue in the Company.

- 5 Issue price or consideration

Shares

- 891,475 Shares are issued in lieu of Director's fees (\$36,078) payable to a former Director of the Company at a

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deemed issue price of \$0.04047 per Share.

- 1,683,333 Shares are issued as part consideration for fees in relation to professional services provided to the Company by consultants, at a deemed issue price of \$0.03 per Share.
- 2,000,000 Shares are issued in lieu of fees for services provided to the Company by a professional adviser, at a deemed issue price of \$0.025 per Share.
- 1,529,713 Shares are issued upon the conversion of 1 convertible note, with a face value of \$25,000 (plus accrued interest capitalised and paid out in shares), at a conversion price of \$0.02336 per Share.
- 1,037,969 Shares are issued upon the conversion of 1 convertible note, with a face value of \$25,000 (plus accrued interest capitalised and paid out in shares), at a conversion price of \$0.03 per Share
- 11,851,852 Shares are issued in retirement of debt (total debt: \$200,000), at a deemed issue price of \$0.0169 per Share.

Notes

The 4 Notes are issued for \$25,000 per Note (aggregate subscription price: \$100,000).

Options

The 25,518,517 Options are issued for nil cash consideration, as free attaching options to shares issued to various parties, as described in the Company's Notice of Meeting dated 24 April 2015.

- 6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets)

Shares

- 891,475 Shares are issued to previous Director of the Company in lieu of Director's fees owed to the former Director.
- 3,683,333 Shares are issued in lieu of fees for professional services provided to the Company by various professional advisers.
- 2,567,682 Shares are issued upon conversion of 2 existing convertible notes and in lieu of payment of interest accrued on those notes.
- 11,851,852 Shares are issued in retirement of debt.

+ See chapter 19 for defined terms.

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	<p>Notes 4 Notes are issued to raise funds for the Company's working capital requirements.</p> <p>Options The 25,518,517 Options are issued for nil cash consideration, as free attaching options to shares issued to various parties. Refer to the Company's Notice of Meeting dated 24 April 2015.</p>	
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>
6b	<p>The date the security holder resolution under rule 7.1A was passed</p>	<p>15 December 2014</p>
6c	<p>Number of +securities issued without security holder approval under rule 7.1</p>	<p>13,851,852 Shares</p>
6d	<p>Number of +securities issued with security holder approval under rule 7.1A</p>	<p>N/A</p>
6e	<p>Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)</p>	<ul style="list-style-type: none"> ▪ 2,574,808 Shares (approved at Extraordinary General Meeting on 28 May 2015). ▪ 4 Notes (approved at Extraordinary General Meeting on 28 May 2015). ▪ 25,518,517 Options (approved at Extraordinary General Meeting on 28 May 2015).
6f	<p>Number of +securities issued under an exception in rule 7.2</p>	<p>2,567,682 Shares issued upon conversion of existing convertible notes.</p>
6g	<p>If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.</p>	<p>N/A</p>

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6h If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements

N/A

6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements

See Annexure 1

7 +Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

26 June 2015

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	114,073,593	Fully paid ordinary shares

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	46	Convertible Notes
	6,666,667	Options exercisable at \$0.03 on or before 28 February 2016
	4,670,000	Options exercisable at \$0.06 on or before 3 October 2015
	3,333,332	Options exercisable at \$0.06 on or before 31 October 2015
	1,166,666	Options exercisable at \$0.06 on or before 31 March 2016
	9,999,999	Options exercisable at \$0.03 on or before 31 March 2016
	15,185,185	Options exercisable at \$0.045 on or before 26 June 2018
	2,966,667	Performance Rights

+ See chapter 19 for defined terms.

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10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Rank equally
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Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
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12	Is the issue renounceable or non-renounceable?	N/A
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13	Ratio in which the +securities will be offered	N/A
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14	+Class of +securities to which the offer relates	N/A
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15	+Record date to determine entitlements	N/A
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16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
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17	Policy for deciding entitlements in relation to fractions	N/A
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18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
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19	Closing date for receipt of acceptances or renunciations	N/A
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20	Names of any underwriters	N/A
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21	Amount of any underwriting fee or commission	N/A
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22	Names of any brokers to the issue	N/A
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23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
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	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	*Issue date	N/A

+ See chapter 19 for defined terms.

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*

***The Company is only applying for quotation of the Shares the subject of this Appendix 3B**

(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
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

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40 Do the +securities rank equally in all respects from the +issue date 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

N/A

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)

N/A

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

+ See chapter 19 for defined terms.

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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.
 - 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 is not available now, we 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.



SOPHIE KARZIS
Company Secretary
26 June 2015

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid *ordinary securities on issue 12 months before the *issue date or date of agreement to issue	2,663,122,932 fully paid ordinary shares (pre-consolidation)
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid *ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid *ordinary securities issued in that 12 month period with shareholder approval <ul style="list-style-type: none"> • Number of partly paid *ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<ul style="list-style-type: none"> ▪ 108,200,000 shares issued on 30 July 2014 (pre-consolidation) ▪ 53,553,100 shares issued on 30 January 2015 (pre-consolidation) ▪ 27,500,000 shares issued on 12 March 2015 (pre-consolidation) <p><i>*On 11 June 2015, the Company consolidated its 2,852,376,032 shares on issue into 95,079,251 shares</i></p> <ul style="list-style-type: none"> ▪ 5,142,490 shares issued on 26 June 2015 <p>N/A</p>
Subtract the number of fully paid *ordinary securities cancelled during that 12 month period	Nil
“A”	100,221,741
Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	15,033,261

+ See chapter 19 for defined terms.

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Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<ul style="list-style-type: none"> ▪ 13,851,852 shares issued on 26 June 2015
“C”	13,851,852
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	15,033,261
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	13,851,852
<p>Total [“A” x 0.15] – “C”</p>	<p>1,181,409</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	100,221,742
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	10,022,174
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	0
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	10,022,174
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	0
Total [“A” x 0.10] – “E”	10,022,174 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.