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ASX/Media Release

(ASX: KNM)

KNM completes \$550,200 placement to fund growth

- Placement to sophisticated investors through issue of 39,300,000 new shares at \$0.014 per share
- Funds used to drive growth and revenue from KNeoMedia's operations in Australia, China and the US
- New Capital give KNeoMedia financial flexibility to fully leverage current opportunities

Online education publisher **KNeoMedia Limited (KNeoMedia or the Company)** (ASX: KNM) is pleased to announce that the Company has raised \$552,000 through a share placement (**Placement**) to a number of sophisticated investors in Australia and overseas. KNeoMedia has issued 39,300,000 new ordinary shares at \$0.014 per share.

The funds raised from the Placement will be used to further capitalise on the Company's current operations in Australia, China and the US, in order to fast track the uptake of its edutainment (education + entertainment) products in these markets and deliver revenue in the near term.

In Australia, KNeoMedia is currently focused on the roll out of its HeroWORLD edutainment content in partnership with Mobile Embrace (ASX: MBE) via the latter's market leading MobiPay platform. KNeoMedia and MBE have now finessed the sign up and download process for HeroWORLD and are encouraged by the increase in download rates.

In China, KNeoMedia recently commenced national distribution of the first Mandarin version of its KNeoJUNIOR product in conjunction with SmartTrans Holdings (ASX: SMA). KNeoMedia is utilising SMA's Direct Carrier Billing agreement with China Mobile to start rolling this out into major provinces following a successful trial and launch in Guangdong.

The Company is also pursuing opportunities in the US, with a particular focus on the school sector, and further building on the success that the Company has had with extensive trials of its KNeoWORLD platform in public, private and Catholic schools in the New York area.

KNeoMedia's Chief Executive Officer, James Kellett commented: "The support we have had from local and overseas investors for this capital raising is very pleasing and represents a vote of confidence in the Company and our edutainment product offerings."

"I am confident that with this injection of capital we will now be able to fully capitalise on the current opportunities we have in Australia, China and the US and deliver revenue in the near term."

"I look forward to updating shareholders on our progress in all these markets, along with our quarterly report towards the end of January 2016."

In accordance with Listing Rule 3.10.5A, the Company advises that dilution to existing shareholders as a result of the shares issued pursuant to the Placement under Listing Rule 7.1A (being 17,407,359 shares) (**7.1A Placement**) will be 9.09%. In addition, the Company confirms that there were no underwriting arrangements entered into in relation to the 7.1A Placement, and that no fees or other costs were incurred in connection with the 7.1A Placement. The Company considered the alternative options for capital raising available to it in order to raise the funds for the purposes referred to above, and determined to raise such funds under the 7.1A Placement as this was considered to be a more efficient and expedient manner to raise the funds than through other alternatives.

– ENDS –

About KNeoMedia Limited:

KNeoMedia Limited is an online games publishing company that delivers world-class edutainment games to global educational and consumer markets (education + entertainment = edutainment).

KNeoMedia publishes and markets from its US-based subsidiary, KNeoWORLD Inc., and sells on a micro-subscription and Apps basis through the KNeoWORLD.com games portal, Apps Stores and via distribution agreements and education departments.

Games Based Learning is an integral part of childhood education. Growth in educational markets, combined with advances in mobile devices and connectivity, will continue to accelerate innovation, adoption, and affordability of our products around the world.

KNeoWORLD is a fun education games portal where young students play their way through a futuristic and epic world. They do this by playing compelling games that are subtly infused with validated educational content including numeracy, literacy, science and arts. KNeoWORLD Apps comply with child online protection and the parent approved simple subscription model provides KNeoWORLD with a global opportunity to quickly deploy in a product vacuum and become a market leader.

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