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ASX/Media Release

(ASX:KNM)

KNeoMedia to offer KNeoWorld Apps in Spanish, English and Mandarin versions

- **Spanish version of KNeoWorld completed for US and Spanish Apps near completion – South American market being assessed**
- **English language KNeoWorld Apps being completed for release in US and other regions**
- **Development of Mandarin full episodic version of KNeoWorld Android App well advanced – KNeoMedia anticipates nationwide launch of the App in China in coming months**
- **All versions of KNeoWorld Apps will have repeat in-App purchasing embedded and be suitable for Android and iOS smartphones and devices – a key future revenue driver**
- **Convertible notes extension and redemption process completing, assessing further funding opportunities**

Online education publisher **KNeoMedia Limited** (“KNeoMedia” or the “Company”) (ASX: KNM) is pleased to provide this update to shareholders.

Operational Overview

Following the initial success that KNeoMedia has had with the browser based version of its KNeoWorld edutainment products, the Company is now completing the development of a multi-language range of KNeoWorld Apps specifically designed for smartphones and tablets including the rapidly emerging phablet format.

KNeoMedia is also launching a Spanish language version of KNeoWorld in the US market, which has the second largest Spanish speaking population in the world (circa 41 million¹) offering a significant market opportunity. The Spanish version will also shortly be available as both iOS and Android Apps and KNeoMedia is assessing a key distribution partnership in the South American market with negotiations advancing.

Concurrently, KNeoMedia is also finalising an English version of the KNeoWorld Apps to be launched in the US market and other key geographies simultaneously. Consumer awareness of KNeoWorld is progressing well. The addition of Apps is expected to enhance existing sales.

In addition, KNeoMedia continues to work closely with its distribution partner SmartTrans (ASX:SMA) in China on further testing and development of a Mandarin version of the full KNeoWorld episodic App. The Company anticipates launching the App nation-wide in the next few months. The launching of the App will be a natural progression of the testing and trialing undertaken in China with the KNeoJunior product which did not include the multiple episodes of KNeoWorld.

All versions of the episodic KNeoWorld App will offer the first episode for free, with in-App purchasing allowing users to buy additional packs of four episodes at a time. The App will ultimately be available for both Android and iOS devices in many regions via the Google Play and Apple Apps stores.

The Company is confident that through the progressive rollout of the KNeoWorld Apps into the key geographies outlined above it may build meaningful and diverse revenue streams, while also advancing the ongoing development of its unique range of edutainment products. The range of products now also includes the recently announced Clever Goats Apps which the Company is currently market testing prior to a major release.

As previously announced, Mobile Embrace (ASX:MBE) has launched KNeoMedia's HeroWORLD educational games and content in the United Kingdom (UK) market, following its successful trial in Australia. Having refined and developed a strategic marketing campaign for the HeroWORLD offering in Australia, which is now generating encouraging uptake in this market, Mobile Embrace intends to replicate and scale up this model in the UK.

Funding Update

As reported in the half year accounts KNeoMedia currently has \$1.2 million worth of convertible notes that are at various stages of maturity.

The Company is pleased to confirm that it has successfully renegotiated terms with a number of the convertible note holders. These renegotiations entail an extension to the term of \$950,000 worth of the convertible notes and the redemption of \$200,000 worth of the convertible notes. This will assist KNeoMedia to continue to fund its ongoing growth while assessing additional funding opportunities that will allow the Company to unlock significant value for its shareholders.

CEO Commentary

KNeoMedia's Chief Executive Officer, James Kellett commented: "The development of the KNeoWorld Apps in the three most spoken languages in the world is an exciting development for the Company, more so as this will allow for very broad distribution of these products."

"Through the strategic and progressive rollout of the Apps into key geographies, commencing with the large US market, we anticipate building significant revenue streams with our unique edutainment offering. We are very encouraged by the take up of KNeoWorld in Australia and the UK and the additional App format is expected to significantly aid growth in other channels."

"I am also very pleased to report that the redemption and extension process of the convertible notes the Company has on issue is nearing completion, with holders of \$950,000 worth of notes agreeing to extend the maturity date for 12 months and the holders of \$200,000 worth of notes having agreed to renegotiated redemptions. The terms of the extension of the \$950,000 in notes are equitable to both note holders and shareholders and in most cases, a minimum conversion price of 2 cents over the next 6 months applies and thereafter the conversion price will be determined by VWAP calculation. With this process completing, we are assessing additional funding opportunities that will allow the Company to further grow and develop our product range and revenue channels."

– 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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