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Update On Philippines Licencing Agreement

Online education content publisher **KNeoMedia Limited (ASX: KNM)** ("**KNeoMedia**", "**the Company**") provides this update to shareholders on the proposed entry into the Philippines education market.

On 16 March 2017 the Company announced it had executed a Letter of Intent (LOI) with Vizcaya Bank ("**Vizcaya**" or "**the Bank**"), where a subsidiary of the Bank would exclusively sell two of KNeoMedia's highly-regarded education software products, KNeoEd and KNeoESP, to education departments in the Philippines on an equal revenue sharing basis.

After further due diligence and negotiations with Vizcaya's representatives, KNeoMedia has determined that a more lucrative strategy is the coordinated roll-out of KNeoWorld content into the Philippines school market directly through the Philippines' Department of Education, the Commission on Higher Education (CHED) and the Technical Education and Skills Development Authority (TESDA).

The new strategy, which will deliver a greater proportion of future revenue to KNeoMedia, is currently being formalised, and the Company will shortly announce details on the individual that will lead the Company's Philippines market entry and ongoing management.

KNeoMedia believes that there will be no delay in the rollout of KNeoEd and KNeoESP into the Philippines given this direct-to-market approach.

– 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, continues to accelerate innovation, adoption, and affordability of our products globally.

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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