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ASX/Media Release

(ASX:KNM)

KNeoMedia completes \$812,000 Capital Raising to fund growth

- **Capital Raising well supported and oversubscribed, with oversubscriptions scaled back**
- **Chief Executive Officer commits further \$200,000 in solid endorsement of Company**
- **Funds will be used to reduce convertible note debt by \$250,000, balance to drive channel marketing of edutainment products in key regions**

Online education publisher **KNeoMedia Limited** ("**KNeoMedia**" or the "**Company**") (**ASX: KNM**) is pleased to announce that the Company has successfully completed a capital raising to raise funds of \$812,000 through the issue of 58,000,000 new shares (**Placement**). The capital raising Placement was well supported and oversubscribed, with oversubscriptions being scaled back by the Company. The Placement was conducted within the Company's capacities to issue securities under Listing Rules 7.1 and 7.1A and a proposed placement facility recently approved by shareholders.

The Placement is expected to settle shortly, and the new shares will be issued to a number of sophisticated investors at an issue price of \$0.014 cents per share. The subscribers to the Placement will receive one free attaching option for every two shares subscribed for. The options will be exercisable at \$0.025 cents and will expire two years from the date of issue.

The funds raised from the Placement will be applied to reduce KNeoMedia's convertible note debt by \$250,000, with the balance to be used for working capital and to fund the strategic channel marketing of the Company's edutainment products in key regions.

In addition, KNeoMedia is also pleased to advise that its Chief Executive Officer, James Kellett, has committed an additional \$200,000 by way of an unsecured loan to the Company. Subject to the necessary shareholder approvals being obtained, and to enable the Company to conserve its cash resources, Mr Kellett has agreed to convert the loan into shares on terms aligned with the Placement.

KNeoMedia's Chief Executive Officer, James Kellett commented: "The strong support that we have had for this capital raising has been very encouraging, and more so as it was heavily oversubscribed."

"This capital injection will not only allow us to reduce convertible note debt by \$250,000, it provides near term funding certainty enabling us to further drive the uptake of our edutainment products in key regions through strategic channel marketing.

"I am also pleased to inform shareholders that I am personally committing an additional \$200,000 in funding to KNeoMedia on the same terms as the capital raising (subject to shareholder approval at the next General Meeting), as I strongly believe in the Company and its future prospects.

"I look forward to further updating shareholders on our progress and activities across the business in upcoming announcements."

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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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