



# Notice of annual general meeting and explanatory memorandum

**KNeoMedia Limited**

ACN 009 221 783

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**Date:** Tuesday 15 November 2016

**Time:** 11.00 am (AEDT)

**Place:** Grant Thornton  
Wills Room, The Rialto  
Level 30, 525 Collins Street  
Melbourne, Victoria, Australia

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# NOTICE OF 2016 ANNUAL GENERAL MEETING

NOTICE is given that the 2016 Annual General Meeting of KNeoMedia Limited will be held at the offices of Grant Thornton, Wills Room, The Rialto, Level 30, 525 Collins Street, Melbourne, Victoria on Tuesday 15 November 2016 at 11.00 am (AEDT).

## BUSINESS

Shareholders are invited to consider the following items of business:

### Ordinary business

#### 1. Financial and related reports

	Financial and related reports
Description	To receive and consider the Financial Report of the Company and its controlled entities and the related Directors' and Auditor's Reports in respect of the financial year ended 30 June 2016.

#### 2. Adoption of Remuneration Report (non-binding resolution)

Resolution 1	Adoption of Remuneration Report (non-binding resolution)
Description	Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out in the 2016 Annual Report and is available from the Company's website ( <a href="http://www.kneomedia.com">www.kneomedia.com</a> ). In accordance with section 250R of the Corporations Act, the vote on this resolution will be advisory only and will not bind the Directors or the Company.
Resolution (Ordinary)	To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b> :  <i><b>"THAT the Remuneration Report of the Company and its controlled entities for the year ended 30 June 2016 be adopted."</b></i>
Voting Exclusion	<p>The Company will disregard any votes cast on this resolution (in any capacity, whether as proxy or as shareholders) by any of the following persons:</p> <ul style="list-style-type: none"><li>(a) Key Management Personnel; and</li><li>(b) Closely Related Parties of Key Management Personnel.</li></ul> <p>However, the Company need not disregard a vote if it is:</p> <ul style="list-style-type: none"><li>(c) cast by a person as a proxy appointed in accordance with the directions of the proxy form that specifies how the proxy is to vote on Resolution 1; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above; or</li><li>(d) cast by the chair of the Meeting as proxy appointed in accordance with the directions of the proxy form for a person who is entitled to vote, and such appointment on the proxy form expressly authorises the chair to exercise the proxy even if the resolution is connected directly with the remuneration report; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above.</li></ul>

### 3. Re-election of Director

Resolution 2	Re-election of Mr Frank Lieberman as Director
Description	Mr Frank Lieberman retires as a Director of the Company in accordance with clauses 15.3(a) and 15.3(b) of the Company's constitution and, being eligible, offers himself for re-election under clause 15.3(c) of the constitution.
Resolution (Ordinary)	To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b> :  <i><b>"THAT</b> Mr Frank Lieberman, having retired from his office as a Director in accordance with clauses 15.3(a) and 15.3(b) of the Company's constitution and, being eligible under clause 15.3(c) of the constitution, having offered himself for re-election, be re-elected as a Director of the Company."</i>

### Special Business

### 4. Ratification of previous issues of securities

Resolution 3	Ratification of issue of 7.1A Placement Shares
Description	The Company seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for an issue of shares made by the Company on 3 May 2016 under a capital raising placement pursuant to the Company's 10% Placement Capacity.
Resolution (Ordinary)	To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b> :  <i><b>"THAT</b> for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of 8,000,286 fully paid ordinary shares in the Company on 3 May 2016 on such terms as more particularly described in the Explanatory Memorandum accompanying this Notice."</i>
Voting Exclusion	The Company will disregard any votes cast on this resolution by any person who participated in the issue of the 7.1A Placement Shares and any of their associates. However, the Company need not disregard a vote if it is cast by:  (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or  (b) the person chairing the Meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.

Resolution 4	Ratification of issue of April Placement Shares
Description	The Company seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for an issue of shares made by the Company on 15 April 2016 under a capital raising placement pursuant to the Company's 15% Placement Capacity.
Resolution (Ordinary)	To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b> :  <i><b>"THAT</b> for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of 3,150,000 fully paid ordinary shares in the Company on 15 April 2016 on such terms as more particularly described in the Explanatory Memorandum accompanying this Notice."</i>

<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this resolution by any person who participated in the issue of the April Placement Shares and any of their associates. However, the Company need not disregard a vote if it is cast by:</p> <p>(a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</p> <p>(b) the person chairing the Meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.</p>
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<b>Resolution 5</b>	<b>Ratification of issue of May Attaching Options</b>
<b>Description</b>	The Company seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for an issue of 29,000,143 options to acquire ordinary shares (issued as free attaching options to the May Placement Shares) made by the Company on 3 May 2016 under the Company's 15% Placement Capacity.
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b>:</p> <p><i><b>"THAT for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue on 3 May 2016 of 29,000,143 May Attaching Options on such terms as more particularly described in the Explanatory Memorandum accompanying this Notice."</b></i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this resolution by any person who participated in the issue of the May Attaching Options and any of their associates. However, the Company need not disregard a vote if it is cast by:</p> <p>(a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or;</p> <p>(b) the person chairing the Meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.</p>

<b>Resolution 6</b>	<b>Ratification of issue of Broker Options</b>
<b>Description</b>	The Company seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for an issue of 3,000,000 options to acquire ordinary shares made by the Company on 3 May 2016 to the broker who facilitated the May Placement.
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass the following resolution as an ordinary resolution:</p> <p><i><b>"THAT for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue on 3 May 2016 of 3,000,000 Broker Options on such terms as more particularly described in the Explanatory Memorandum accompanying this Notice."</b></i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this resolution by any person who participated in the issue of the Broker Options, and any of their associates. However, the Company need not disregard a vote if it is cast by:</p> <p>(a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or;</p> <p>(b) the person chairing the Meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.</p>

## 5. Approvals for issues of securities

Resolution 7	Approval of issue of Bennett Shares
<b>Description</b>	The Company seeks shareholder approval for the issue of 3,192,548 fully paid ordinary shares to Mr Jeffrey Bennett (Non-Executive Director of the Company) or his nominee(s), in lieu of Director's fees owing to Mr Bennett by the Company, without using the Company's 15% Placement Capacity.
<b>Resolution (Ordinary)</b>	To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b> :  <i><b>"THAT, for the purposes of ASX Listing Rule 10.11 and for all other purposes, shareholder approval is given for the Company to issue 3,192,548 fully paid ordinary shares to Mr Jeffrey Bennett or his nominee(s) in lieu of Director's fees, on the terms set out in the Explanatory Memorandum accompanying this Notice."</b></i>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this resolution:</p> <ul style="list-style-type: none"> <li>(a) by Mr Jeffrey Bennett and his nominees and any of their associates;</li> <li>(b) any person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this resolution is passed; and</li> <li>(c) as a proxy by a member of Key Management Personnel and a Closely Related Party of Key Management Personnel, where the proxy appointment does not specify the way the proxy is to vote.</li> </ul> <p>However, the Company will not disregard a vote if it is cast by:</p> <ul style="list-style-type: none"> <li>(d) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form that specify how the proxy is to vote on this resolution; or</li> <li>(e) the chair of the Meeting, as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form that does not specify how the proxy is to vote on this resolution, but expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.</li> </ul>

Resolution 8	Approval of issue of Kellett Securities
<b>Description</b>	The Company seeks shareholder approval for the issue of 14,285,714 fully paid ordinary shares and 7,142,857 options, each to acquire one fully paid ordinary share in the Company, to Mr James Kellett (Executive Chairman of the Company) or his nominee(s), in in repayment of the Kellett Loan.
<b>Resolution (Ordinary)</b>	To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b> :  <i><b>"THAT, for the purposes of ASX Listing Rule 10.11 and for all other purposes, shareholder approval is given for the Company to issue 14,285,714 fully paid ordinary shares and 7,142,857 options, each to acquire one fully paid ordinary share, to Mr James Kellett or his nominee(s) in repayment of the Kellett Loan, on the terms set out in the Explanatory Memorandum accompanying this Notice."</b></i>

<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this resolution by Mr James Kellett and any of his associates, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this resolution is passed.</p> <p>However, the Company will not disregard a vote if it is cast by:</p> <ul style="list-style-type: none"> <li>(a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>(b) the person chairing the meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.</li> </ul>
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<b>Resolution 9</b>	<b>Approval of issue of Proposed Placement Securities</b>
<b>Description</b>	The Company seeks approval of shareholders to be able to issue up to 50,000,000 Proposed Placement Shares and up to 25,000,000 free Proposed Placement Attaching Options under the Proposed Placement, without using the Company's 15% Placement Capacity under ASX Listing Rule 7.1.
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b>:</p> <p><i><b>"THAT for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the issue of up to 50,000,000 Proposed Placement Shares and up to 25,000,000 Proposed Placement Attaching Options on such terms as more particularly described in the Explanatory Memorandum accompanying this Notice."</b></i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this resolution by:</p> <ul style="list-style-type: none"> <li>(a) any person who may participate in the Proposed Placement and their nominee(s);</li> <li>(b) any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this resolution is passed; and</li> <li>(c) any associates of the persons named in sub-paragraphs (a) and (b).</li> </ul> <p>However, the Company will not disregard a vote if it is cast by:</p> <ul style="list-style-type: none"> <li>(d) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>(e) the chair of the meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.</li> </ul>

## 6. Approval of 10% Placement Capacity

<b>Resolution 10</b>	<b>Approval of 10% Placement Capacity</b>
<b>Description</b>	KNeoMedia seeks approval of shareholders to be able to issue Equity Securities of up to an additional 10% of its issued capital by way of placements over a 12 month period, in addition to its 15% Placement Capacity under ASX Listing Rule 7.1.

<b>Resolution (Special)</b>	<p>To consider and, if thought fit, pass the following resolution as a <b>special resolution</b>:</p> <p><i><b>“THAT, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to an additional 10%, calculated at the time of issue in accordance with ASX Listing Rule 7.1A.2, of its issued Equity Securities by way of placements over a 12 month period, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”</b></i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this resolution by any person who may participate in the issue of Equity Securities under this resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons.</p> <p>However, the Company need not disregard a vote if it is cast by:</p> <ul style="list-style-type: none"> <li>(a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or;</li> <li>(b) the person chairing the Meeting as proxy for a person entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.</li> </ul>

Dated Friday 14 October 2016

**By order of the Board of KNeoMedia Limited**



**Sophie Karzis**  
**Company Secretary**

## QUESTIONS FROM SHAREHOLDERS

In order to provide an equal opportunity for all shareholders to ask questions of the Board, we ask you to submit in writing any questions to the Company or to the Company's auditor, Grant Thornton, in relation to the conduct of the external audit for the year ended 30 June 2016, or the content of its audit report. Please send your questions to:

The Company Secretary, **KNeoMedia Limited**  
Level 1, 61 Spring Street, Melbourne VIC 3000  
T. 03 9286 7500  
F. 03 9662 1472  
E. [sk@ccounsel.com.au](mailto:sk@ccounsel.com.au)

Written questions must be received by no later than **5.00pm (AEDT) on Tuesday 8 November 2016**. Your questions should relate to matters that are relevant to the business of the Annual General Meeting, as outlined in this Notice of Meeting and Explanatory Memorandum.

In accordance with the *Corporations Act 2001* (Cth) and the Company's policy, a reasonable opportunity will also be provided to shareholders attending the Annual General Meeting to ask questions about, or make comments upon, matters in relation to the Company including the Remuneration Report. During the course of the Annual General Meeting, the Chairman will seek to address as many shareholder questions as reasonably practicable and, where appropriate, will give a representative of the Auditor the opportunity to answer written questions addressed to it. However, there may not be sufficient time to answer all questions at the Annual General Meeting. Please note that individual responses may not be sent to shareholders.

## VOTING INFORMATION

### Voting by proxy

- (a) A shareholder entitled to attend and vote at the Annual General Meeting may appoint one proxy or, if the shareholder is entitled to cast 2 or more votes at the Meeting, 2 proxies, to attend and vote instead of the shareholder.
- (b) Where 2 proxies are appointed to attend and vote at the meeting, each proxy may be appointed to represent a specified proportion or number of the shareholder's voting rights at the Meeting.
- (c) A proxy need not be a shareholder of the Company.
- (d) A proxy may be an individual or a body corporate. If a body corporate is appointed, the proxy form must indicate the full name of the body corporate and the full name or title of the individual representative of the body corporate for the Meeting.
- (e) A proxy form accompanies this Notice. If a shareholder wishes to appoint more than 1 proxy, they may make a copy of the proxy form attached to this notice. For the proxy form to be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a (notarially) certified copy of that power or authority by **11.00am (AEDT) on Sunday 13 November 2016** at

the share registry, being the office of Automic Registry Services:

- by post at:  
Share Registry – Automic Registry Services  
PO Box 2226  
Strawberry Hills NSW 2012
- by personal delivery at:  
Share Registry – Automic Registry Services  
Suite 310, Level 3  
50 Holt Street  
Surry Hills NSW 2010; or
- by voting on-line at:  
<https://investor.automic.com.au/#/loginsah>

### Voting and other entitlements at the Meeting

A determination has been made by the Board under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that shares in the Company which are on issue at **7.00pm (AEDT) on Sunday 13 November 2016** will be taken to be held by the persons who held them at that time for the purposes of the Annual General Meeting (including determining voting entitlements at the Meeting).

### Proxy voting by the Chair

The *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (Cth) imposes prohibitions on Key Management Personnel and their Closely Related Parties from voting their shares (or voting undirected proxies) on, amongst other things, remuneration matters.

However, the chair of a meeting may vote an undirected proxy (i.e. a proxy that does not specify how it is to be voted), provided the shareholder who has lodged the proxy has given an express voting direction to the chair to exercise the undirected proxy, even if the resolution is connected with the remuneration of a member of Key Management Personnel. If you complete a proxy form that authorises the Chair of the Meeting to vote on your behalf as proxy, and you do not mark any of the boxes so as to give the Chair directions about how your vote should be cast, then you will be taken to have expressly authorised the Chair to exercise your proxy on Resolutions 1 and 8. In accordance with this express authority provided by you, the Chairman will vote in favour of Resolutions 1 and 8. If you wish to appoint the Chair of the Meeting as your proxy, and you wish to direct him how to vote, please tick the appropriate boxes on the form.

The Chair of the Meeting intends to vote all available undirected proxies in favour of each item of business.

If you appoint as your proxy any Director of the Company, except the Chairman, or any other Key Management Personnel or any of their Closely Related Parties and you do not direct your proxy how to vote on any of Resolutions 1 and 8, he or she will not vote your proxy on the relevant item/s of business.



# EXPLANATORY MEMORANDUM TO NOTICE OF 2016 ANNUAL GENERAL MEETING

## 1. Financial and related reports

	Financial and related reports
<b>Explanation</b>	<p>Shareholders are asked to receive and consider the Financial Report of the Company and its controlled entities and the related Directors' and Auditor's Reports in respect of the financial year ended 30 June 2016.</p> <p>The 2016 Annual Report, which contains the Directors' Report, the Financial Report and the Remuneration Report, is available from the Company's website (<a href="http://www.kneomedia.com">www.kneomedia.com</a>).</p>

## 2. Adoption of Remuneration Report (non-binding resolution)

Resolution 1	Adoption of Remuneration Report (non-binding resolution)
<b>Explanation</b>	<p>Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out in the 2016 Annual Report and is available from the Company's website (<a href="http://www.kneomedia.com">www.kneomedia.com</a>).</p> <p>The Remuneration Report:</p> <ul style="list-style-type: none"> <li>▪ describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of executives and the Company's performance;</li> <li>▪ sets out the remuneration arrangements in place for each Director and for certain members of the senior management team; and</li> <li>▪ explains the differences between the basis for remunerating Non-Executive Directors and senior executives, including the Chief Executive Officer.</li> </ul> <p>The vote on this item is advisory only and does not bind the Directors. The Board will take into account the discussion on this item and the outcome of the vote when considering the future remuneration policies and practices of the Company.</p>
<b>Voting Exclusion</b>	A voting exclusion statement applies to this resolution, as set out in the Notice.
<b>Board Recommendation</b>	The Directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report.
<b>Chairman's available proxies</b>	The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.

### 3. Re-Election of Director

Resolution 2	Re-election of Mr Frank Lieberman as Director
<b>Explanation</b>	<p>Clause 15.3(a)(ii) of the Company's constitution requires a minimum of one Director to retire at each annual general meeting of the Company. Under clause 15.3(b) of the constitution, the Director to retire under clause 15.3(a)(ii) is the person who has held office as Director for the longest period of time since their last election to office, or in the event that two or more Directors have held office for the same period of time, the Director determined by lot.</p> <p>Messrs Frank Lieberman and Jeffrey Bennett have both held office as Director for the equal longest period of time since their last election to office in 2015, and accordingly it has been determined by lot in accordance with clause 15.3(b) of the constitution that Mr Frank Lieberman will retire as a Director at the 2016 Annual General Meeting. Mr Lieberman, being eligible under clause 15.3(c) of the constitution, offers himself for re-election as Director.</p>
<b>About Mr Frank Lieberman</b>	<p>Mr Lieberman was appointed to the Company's Board as an Executive Director on 9 February 2015. Due to his executive role in the Company Mr Lieberman is not considered to be an independent Director.</p> <p>Mr Lieberman has been in the media business for 45 years, producing motion pictures and TV programs for Warner Bros., NBC, CBS, ABC, and PBS, and then running Miracle Factory, a strategic marketing company with clients that included AT&amp;T, IBM, PepsiCo, Pfizer, Johnson &amp; Johnson, Coca Cola, and Universal Pictures. He and his team have developed educational initiatives for the KNeoWORLD Games Based Learning platform in the US. Frank sits on the board of Council for Unity, a public school anti-bullying program, and for 10 years has worked with the United Federation of Teachers and American Federation of Teachers on educational initiatives.</p> <p>Mr Lieberman has a relevant interest in 166,666 fully paid ordinary shares in KNeoMedia, and holds 2,627,795 performance rights in the Company.</p>
<b>Board Recommendation</b>	The Board, with Mr Frank Lieberman abstaining, recommends that shareholders vote in favour of Mr Lieberman's re-election.
<b>Chairman's available proxies</b>	The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.

### 4. Ratification of previous issues of securities

Resolution 3	Ratification of issue of 7.1A Placement Shares
<b>Explanation</b>	The Company seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for an issue of 8,000,286 fully paid ordinary shares on 3 May 2016 ( <b>7.1A Placement</b> ). The shares were issued under a placement to professional and sophisticated investors.
<b>ASX Listing Rules</b>	<p>On 3 May 2016 the Company issued 58,000,286 fully paid ordinary shares (<b>May Placement Shares</b>) under a capital raising placement (<b>May Placement</b>), of which 50,000,000 shares were issued with prior shareholder approval obtained at the Company's 15 March 2016 Extraordinary General Meeting and 8,000,286 shares (the <b>7.1A Placement Shares</b>) were issued pursuant to the Company's 10% Placement Capacity under ASX Listing Rule 7.1A.</p> <p>As shareholders will be aware, the Company sought and received shareholder approval under ASX Listing Rule 7.1A at the 2015 Annual General Meeting to</p>

	<p>issue shares of up to an additional 10% of its issued capital by way of placements over a 12 month period, in addition to its ability to issue Equity Securities under the its 15% Placement Capacity under ASX Listing Rule 7.1 (<b>10% Placement Capacity</b>).</p> <p>The Company seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the 7.1A Placement Shares.</p>												
<b>Reasons for Resolution 3</b>	<p>The effect of ratification (in accordance with ASX Listing Rule 7.4) of the issue of the 7.1A Placement Shares is the reinstatement of the Company's maximum capacity under ASX Listing Rule 7.1A. This will effectively enable the Company to issue further shares of up to an additional 10% of the issued capital of the Company (to the extent permitted by and subject to the conditions prescribed by ASX Listing Rule 7.1A).</p> <p>Save for as otherwise set out in this Notice, the Directors do not currently have any specific intention to make any further issue of shares under ASX Listing Rule 7.1A in the next 12 months.</p> <p>However, the Directors consider it to be appropriate and prudent for approval to be sought at the Meeting, in respect of the relevant issue of shares made by the Company in the last twelve months. The Directors believe this approval will enhance the Company's flexibility to finance its operations through raising equity capital, should the Directors consider it to be in the best interests of the Company to do so.</p>												
<b>Information required to be provided under the ASX Listing Rules 7.5</b>	<p>In accordance with ASX Listing Rule 7.5, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 7.4, the following information is provided to shareholders:</p> <table> <tr> <td><b>No. of securities issued</b></td><td>8,000,286 fully paid ordinary shares.</td></tr> <tr> <td><b>Issue price per security</b></td><td>The 7.1A Placement Shares were issued at an issue price of \$0.014 per share.</td></tr> <tr> <td><b>Recipient of issue</b></td><td>The 7.1A Placement Subscribers.</td></tr> <tr> <td><b>Terms of securities</b></td><td>Fully paid ordinary shares ranking pari-passu with other existing fully paid ordinary shares in the Company.</td></tr> <tr> <td><b>Use of funds raised</b></td><td>The funds raised were applied to reduce the Company's convertible note debt, 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.</td></tr> <tr> <td><b>Voting Exclusion Statement</b></td><td>A voting exclusion statement applies to this item of business, as set out in the Notice.</td></tr> </table>	<b>No. of securities issued</b>	8,000,286 fully paid ordinary shares.	<b>Issue price per security</b>	The 7.1A Placement Shares were issued at an issue price of \$0.014 per share.	<b>Recipient of issue</b>	The 7.1A Placement Subscribers.	<b>Terms of securities</b>	Fully paid ordinary shares ranking pari-passu with other existing fully paid ordinary shares in the Company.	<b>Use of funds raised</b>	The funds raised were applied to reduce the Company's convertible note debt, 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.	<b>Voting Exclusion Statement</b>	A voting exclusion statement applies to this item of business, as set out in the Notice.
<b>No. of securities issued</b>	8,000,286 fully paid ordinary shares.												
<b>Issue price per security</b>	The 7.1A Placement Shares were issued at an issue price of \$0.014 per share.												
<b>Recipient of issue</b>	The 7.1A Placement Subscribers.												
<b>Terms of securities</b>	Fully paid ordinary shares ranking pari-passu with other existing fully paid ordinary shares in the Company.												
<b>Use of funds raised</b>	The funds raised were applied to reduce the Company's convertible note debt, 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.												
<b>Voting Exclusion Statement</b>	A voting exclusion statement applies to this item of business, as set out in the Notice.												
<b>Board Recommendation</b>	The Directors unanimously recommend that shareholders vote in favour of this resolution.												

<b>Chairman's available proxies</b>	The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.
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<b>Resolutions 4 to 6</b>	<b>Ratification of previous issues of securities under ASX Listing Rule 7.1</b>
<b>Explanation</b>	<p>The Company seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for previous issues of securities made by the Company during the last 12 months under the Company's capacity to issue Equity Securities under ASX Listing Rule 7.1, which provides that a company must not, subject to specified exceptions under ASX Listing Rule 7.2, issue or agree to issue Equity Securities during any 12 month period in excess of 15% of the number of ordinary shares on issue at the commencement of that 12 month period without shareholder approval (<b>15% Placement Capacity</b>).</p> <p>ASX Listing Rule 7.4 sets out an exception to the limitations on the Company's capacity to issue Equity Securities pursuant to its 15% Placement Capacity, by permitting the ratification of previous issues of Equity Securities which were not made under a prescribed exception under ASX Listing Rule 7.2 or with shareholder approval, provided that such issues did not breach the Company's 15% Placement Capacity. If shareholders of a company approve the ratification of such previous issues of Equity Securities at a general meeting, those Equity Securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.</p> <p>Accordingly, if shareholders ratify the previous issues of securities made by KNeoMedia by way of approving Resolutions 4 to 6, these securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1 and will no longer be deducted from the Company's 15% Placement Capacity.</p>
<b>Reasons for Resolutions 4 to 6</b>	The effect of the ratification sought under Resolutions 4 to 6 in accordance with ASX Listing Rule 7.4 is the reinstatement of the Company's maximum 15% Placement Capacity. This will effectively enable the Company to issue further Equity Securities of up to 15% of the issued capital of the Company, if required, in the next 12 months without requiring shareholder approval.

***Specific information for Resolution 4 – Ratification of issue of April Placement Shares***

<b>Information required to be provided under the ASX Listing Rules 7.5</b>	<p>Resolution 4 seeks shareholder ratification of the issue of the April Placement Shares. The 3,150,000 April Placement Shares were issued under a capital raising placement to a professional and sophisticated investor on 15 April 2016 under the Company's 15% Placement Capacity.</p> <p>In accordance with ASX Listing Rule 7.5, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 7.4, the following information is provided to shareholders:</p> <table> <tr> <td><b>No. of securities issued</b></td><td>3,150,000 fully paid ordinary shares.</td></tr> <tr> <td><b>Issue price per security</b></td><td>The April Placement Shares were issued at an issue price of \$0.014 per share.</td></tr> <tr> <td><b>Recipients of issue</b></td><td>Pebble Bay Capital Pte Limited</td></tr> <tr> <td><b>Terms of securities</b></td><td>Fully paid ordinary shares ranking pari-passu with other existing fully paid ordinary shares in the Company.</td></tr> </table>	<b>No. of securities issued</b>	3,150,000 fully paid ordinary shares.	<b>Issue price per security</b>	The April Placement Shares were issued at an issue price of \$0.014 per share.	<b>Recipients of issue</b>	Pebble Bay Capital Pte Limited	<b>Terms of securities</b>	Fully paid ordinary shares ranking pari-passu with other existing fully paid ordinary shares in the Company.
<b>No. of securities issued</b>	3,150,000 fully paid ordinary shares.								
<b>Issue price per security</b>	The April Placement Shares were issued at an issue price of \$0.014 per share.								
<b>Recipients of issue</b>	Pebble Bay Capital Pte Limited								
<b>Terms of securities</b>	Fully paid ordinary shares ranking pari-passu with other existing fully paid ordinary shares in the Company.								

	<p><b>Use of funds raised</b> The funds raised were used to further capitalise on the Company's 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, and for general working capital requirements.</p> <p><b>Voting Exclusion Statement</b> A voting exclusion statement applies to this item of business, as set out in the Notice.</p>
<b>Specific information for Resolution 5 – Ratification of issue of May Attaching Options</b>	
<b>Information required to be provided under the ASX Listing Rules 7.5</b>	<p>Resolution 5 seeks shareholder ratification of the issue of the May Attaching Options. The 29,000,143 May Attaching Options were issued under the Company's 15% Placement Capacity on 3 May 2016 to the May Placement Subscribers as free attaching options to the May Placement Shares.</p> <p>In accordance with ASX Listing Rule 7.5, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 7.4, the following information is provided to shareholders:</p> <p><b>No. of securities issued</b> 29,000,143 options to acquire ordinary shares.</p> <p><b>Issue price per security</b> The May Attaching Options were issued as free attaching options for nil consideration.</p> <p><b>Recipients of issue</b> The May Placement Subscribers.</p> <p><b>Terms of securities</b> The May Attaching Options were issued for nil consideration.</p> <p>Each May Attaching Option entitles its holder to acquire one fully paid ordinary share in the Company on the following terms:</p> <ul style="list-style-type: none"> <li>▪ Exercise price: \$0.025</li> <li>▪ Expiry date: 3 May 2018</li> </ul> <p>The May Attaching Options are not quoted on the ASX, but the underlying shares issued upon the exercise of the May Attaching Options will be quoted and will rank equally with all existing ordinary shares on issue in the Company.</p> <p><b>Use of funds raised</b> There were no funds raised from the issue of the May Attaching Options. The funds raised by the issue of the May Placement Shares were 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.</p> <p><b>Voting Exclusions</b> A voting exclusion statement applies to this item of business, as set out in the Notice.</p>

**Specific information for Resolution 6 – Ratification of issue of Broker Options**

<p><b>Information required to be provided under the ASX Listing Rules 7.5</b></p>	<p>Resolution 6 seeks shareholder approval of the issue of the Broker Options. The 3,000,000 Broker Options were issued under the Company's 15% Placement Capacity on 3 May 2016 to the broker who facilitated the May Placement pursuant to the Company's Mandate Agreement with the broker.</p> <p>In accordance with ASX Listing Rule 7.5, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 7.4, the following information is provided to shareholders:</p> <table border="0"> <tr> <td><b>No. of securities issued</b></td><td>3,000,000 options to acquire ordinary shares.</td></tr> <tr> <td><b>Issue price per security</b></td><td>The Broker Options were issued at an issue price of \$0.0001 per option (for a total issue price of \$300).</td></tr> <tr> <td><b>Recipients of issue</b></td><td>Melbourne Capital Limited</td></tr> <tr> <td><b>Terms of securities</b></td><td> <p>Each Broker Option entitles its holder to acquire one fully paid ordinary share in the Company on the following terms:</p> <ul style="list-style-type: none"> <li>▪ Exercise price: \$0.025</li> <li>▪ Expiry date: 3 May 2018</li> </ul> <p>The Broker Options are not quoted on the ASX, but the underlying shares issued upon the exercise of the Broker Options will be quoted and will rank equally with all existing ordinary shares on issue in the Company.</p> </td></tr> <tr> <td><b>Use of funds raised</b></td><td>The funds raised by the issue of the Broker Options were 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.</td></tr> <tr> <td><b>Voting Exclusions</b></td><td>A voting exclusion statement applies to this item of business, as set out in the Notice.</td></tr> </table>	<b>No. of securities issued</b>	3,000,000 options to acquire ordinary shares.	<b>Issue price per security</b>	The Broker Options were issued at an issue price of \$0.0001 per option (for a total issue price of \$300).	<b>Recipients of issue</b>	Melbourne Capital Limited	<b>Terms of securities</b>	<p>Each Broker Option entitles its holder to acquire one fully paid ordinary share in the Company on the following terms:</p> <ul style="list-style-type: none"> <li>▪ Exercise price: \$0.025</li> <li>▪ Expiry date: 3 May 2018</li> </ul> <p>The Broker Options are not quoted on the ASX, but the underlying shares issued upon the exercise of the Broker Options will be quoted and will rank equally with all existing ordinary shares on issue in the Company.</p>	<b>Use of funds raised</b>	The funds raised by the issue of the Broker Options were 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.	<b>Voting Exclusions</b>	A voting exclusion statement applies to this item of business, as set out in the Notice.
<b>No. of securities issued</b>	3,000,000 options to acquire ordinary shares.												
<b>Issue price per security</b>	The Broker Options were issued at an issue price of \$0.0001 per option (for a total issue price of \$300).												
<b>Recipients of issue</b>	Melbourne Capital Limited												
<b>Terms of securities</b>	<p>Each Broker Option entitles its holder to acquire one fully paid ordinary share in the Company on the following terms:</p> <ul style="list-style-type: none"> <li>▪ Exercise price: \$0.025</li> <li>▪ Expiry date: 3 May 2018</li> </ul> <p>The Broker Options are not quoted on the ASX, but the underlying shares issued upon the exercise of the Broker Options will be quoted and will rank equally with all existing ordinary shares on issue in the Company.</p>												
<b>Use of funds raised</b>	The funds raised by the issue of the Broker Options were 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.												
<b>Voting Exclusions</b>	A voting exclusion statement applies to this item of business, as set out in the Notice.												
<p><b>Board Recommendation</b></p>	<p>The Directors believe that it is in the best interests of the Company that the Directors maintain their ability to issue up to 15% of the issued capital of the Company under ASX Listing Rule 7.1.</p> <p>The Directors consider it to be appropriate and prudent for approval to be sought at the 2016 Annual General Meeting, in respect of the relevant issues of securities made by the Company in the last 12 months. The Directors believe this approval will enhance the Company's flexibility to raise equity capital, should the Directors consider that it is in the best interests of the Company to do so.</p> <p>In particular, the Directors note that if this approval is not obtained at the 2016 Annual General Meeting, the Company may be required to incur the additional costs and delay of convening another extraordinary general meeting of the Company if the Directors propose to issue securities which do not fall under an exception to the 15% rule in ASX Listing Rule 7.2.</p>												

	On the basis of the foregoing, the Directors unanimously recommend that shareholders vote in favour of Resolutions 4 to 6.
<b>Chairman's available proxies</b>	The Chairman intends to vote all available proxies in favour of Resolutions 4 to 6.

## 5. Approvals for issues of securities

<b>Resolution 7</b>	<b>Approval of issue of Bennett Shares</b>
<b>Explanation</b>	<p>Mr Jeffrey Bennett is currently entitled to receive prior accrued cash remuneration of \$57,800.00 for his services to the Company as Non-Executive Director as at 30 June 2016.</p> <p>The Directors previously resolved that due to challenging market conditions and in order to preserve the Company's funds, a portion of Mr Bennett's Non-Executive Director's fees would not be taken in cash but would instead be accrued and paid in shares, subject to obtaining the prior approval of shareholders. This was deemed by the Board as an appropriate and responsible measure to reduce the cash burn rate of the Company, which concurrently sought to further align the interests of the Non-Executive Director with that of shareholders.</p> <p>The share issue proposed under Resolution 7 is the result of the agreement of Mr Bennett to forego cash payments for his normal remuneration as a Non-Executive Director of the Company and do not constitute additional payments to him.</p> <p>The fully paid ordinary shares proposed to be issued to Mr Bennett will be issued at a deemed issue price of \$0.01811 per share, and the deemed value of the shares to be issued to Mr Bennett will be \$57,800.00. The deemed issue price of \$0.01811 has been calculated on the basis of the volume weighted average price for the Company's during the period in which Mr Bennett's Directors fees would have otherwise been payable.</p> <p>If shareholder approval is received for Resolution 7 and the Company issues the shares the subject of this resolution to Mr Bennett, there will be no outstanding fees owed by the Company to Mr Bennett as at 30 June 2016.</p> <p>An alternative to the issue of the shares to Mr Bennett would be to make full payment of his outstanding Directors' fees in cash. However, given the current stage of development of the Company, and the necessity for cash resources to be preserved and directed into the growth of the Company's business, the Board considers the issue of the shares to be an appropriate cash-free method of remunerating Mr Bennett for his commitment and contribution to the Company.</p> <p>The shares are to be issued to Mr Bennett or his nominee(s) in lieu of his outstanding Director's fees, and as such the shares will be issued for nil consideration and no funds will be raised as a result.</p>
<b>Approval not sought under Chapter 2E of the Corporations Act</b>	<p>For the purposes of Chapter 2E, Mr Bennett is a related party of the Company by virtue of section 228(2) of the Corporations Act.</p> <p>A "financial benefit" is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. The giving of a financial benefit to a related party of a public company is ordinarily prohibited by Chapter 2E of the Corporations Act. The exceptions to the general prohibition are where the benefit is given with the approval of shareholders or the benefit is given in one or more of the limited circumstances in which the giving of a financial benefit to a related party of a public company is permitted.</p>

	<p>One exception to the general rule is where the benefit constitutes “reasonable remuneration” in respect of the duties and responsibilities of the related party in the management of the public company. In the view of the Board, the issue of the shares to Mr Bennett in lieu of his foregone cash fees constitutes “reasonable remuneration” and, as the provision of such benefits is expressly permitted by section 211(1) of the Corporations Act, the Board does not consider the Company is required to seek shareholder approval under Chapter 2E of the Corporations Act in order to give Mr Bennett the financial benefit that is inherent in the issue to him of the Shares.</p>												
<p><b>Reason for Resolution 7</b></p>	<p>ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval prior to the issue of securities to a related party of the company. Mr Bennett is a Director of the Company and a related party of KNeoMedia by virtue of section 228(2) of the Corporations Act. Accordingly, Resolution 7 seeks the shareholder approval required by ASX Listing Rule 10.11 to allow the issue of shares to Mr Bennett.</p> <p>If shareholder approval is given for the purposes of Listing Rule 10.11, approval will not be required under ASX Listing Rule 7.1, and the shares issued pursuant to Resolution 7 will not deplete the Company's 15% Placement Capacity.</p>												
<p><b>Specific information required by ASX Listing Rule 10.13</b></p>	<p>In accordance with ASX Listing Rule 10.13, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 10.11, the following information is provided to shareholders:</p> <table> <tr> <td><b>Identification of recipients of shares</b></td><td>Mr Jeffrey Bennett or his nominee(s), a Non-Executive Director of KNeoMedia, and a related party of KNeoMedia by virtue of section 228(2) of the Corporations Act.</td></tr> <tr> <td><b>Maximum number of shares to be issued</b></td><td>3,192,548 fully paid ordinary shares.</td></tr> <tr> <td><b>Date for issue and allotment of shares</b></td><td>If shareholder approval is obtained for Resolution 7, the Company will issue the Bennett Shares as soon as is practicable after the Meeting, or in any event no later than 1 month after the date of the Meeting.</td></tr> <tr> <td><b>Issue price per share</b></td><td>The Bennett shares will be issued at nil cash consideration and at a deemed issue price of \$0.01811.</td></tr> <tr> <td><b>Terms of shares</b></td><td>The Bennett Shares will rank equally with all other Shares currently on issue.</td></tr> <tr> <td><b>Use of funds raised</b></td><td>There will be no funds raised from the issue of the Bennett Shares; however, upon the issue of the Bennett Shares, the Company will be relieved from its obligations to pay the corresponding outstanding Directors' fees in cash.</td></tr> </table>	<b>Identification of recipients of shares</b>	Mr Jeffrey Bennett or his nominee(s), a Non-Executive Director of KNeoMedia, and a related party of KNeoMedia by virtue of section 228(2) of the Corporations Act.	<b>Maximum number of shares to be issued</b>	3,192,548 fully paid ordinary shares.	<b>Date for issue and allotment of shares</b>	If shareholder approval is obtained for Resolution 7, the Company will issue the Bennett Shares as soon as is practicable after the Meeting, or in any event no later than 1 month after the date of the Meeting.	<b>Issue price per share</b>	The Bennett shares will be issued at nil cash consideration and at a deemed issue price of \$0.01811.	<b>Terms of shares</b>	The Bennett Shares will rank equally with all other Shares currently on issue.	<b>Use of funds raised</b>	There will be no funds raised from the issue of the Bennett Shares; however, upon the issue of the Bennett Shares, the Company will be relieved from its obligations to pay the corresponding outstanding Directors' fees in cash.
<b>Identification of recipients of shares</b>	Mr Jeffrey Bennett or his nominee(s), a Non-Executive Director of KNeoMedia, and a related party of KNeoMedia by virtue of section 228(2) of the Corporations Act.												
<b>Maximum number of shares to be issued</b>	3,192,548 fully paid ordinary shares.												
<b>Date for issue and allotment of shares</b>	If shareholder approval is obtained for Resolution 7, the Company will issue the Bennett Shares as soon as is practicable after the Meeting, or in any event no later than 1 month after the date of the Meeting.												
<b>Issue price per share</b>	The Bennett shares will be issued at nil cash consideration and at a deemed issue price of \$0.01811.												
<b>Terms of shares</b>	The Bennett Shares will rank equally with all other Shares currently on issue.												
<b>Use of funds raised</b>	There will be no funds raised from the issue of the Bennett Shares; however, upon the issue of the Bennett Shares, the Company will be relieved from its obligations to pay the corresponding outstanding Directors' fees in cash.												
<p><b>Voting Exclusions</b></p>	<p>A voting exclusion statement applies to this item of business, as set out in the Notice.</p>												



<b>Board Recommendation</b>	<p>Each Director (other than Mr Jeffrey Bennett) has no interest in the outcome of Resolution 7, other than as existing shareholders.</p> <p>Given the stage of the Company's operations and the need for KNeoMedia to conserve its cash reserves at a pivotal point in its growth strategy, the Directors consider it to be in the best interests of the Company and its shareholders to discharge existing obligations to repay debt through the issue of shares.</p> <p>On this basis, each of the Directors, with Mr Jeffrey Bennett abstaining, recommends that Shareholders vote in favour of Resolution 7.</p>
<b>Chairman's available proxies</b>	The Chairman intends to vote all available proxies in favour of Resolution 7.

<b>Resolution 8</b>	<b>Approval of issue of Kellett Securities</b>
<b>Explanation</b>	<p>Resolution 8, which is an ordinary resolution, seeks shareholder approval pursuant to ASX Listing Rule 10.11 for the issue of 14,285,714 fully paid ordinary shares in the Company (<b>Kellett Shares</b>) and 7,142,857 options, each to acquire one fully paid ordinary share in the Company (being free attaching options to the Kellett Shares, on a 1-for-2 basis) (<b>Kellett Options</b>), to Mr James Kellett or his nominee(s) in repayment of the Kellett Loan (collectively, the <b>Kellett Securities</b>).</p> <p>The Kellett Loan, being an unsecured interest-free loan of \$200,000 provided to the Company by Mr James Kellett, was advanced to the Company to facilitate the Company's working capital requirements. As announced to the market on 27 April 2016, the Kellett Loan is to be converted into shares on the same terms as the May Placement, being:</p> <ul style="list-style-type: none"> <li>▪ an issue price per share of \$0.014; and</li> <li>▪ one free attaching option for every two shares issued; those options being exercisable at \$0.025 each and expiring on the date that is two years from the date of issue of the options.</li> </ul>
<b>Approval not sought under Chapter 2E of the Corporations Act</b>	<p>For the purposes of Chapter 2E, Mr Kellett is a related party of the Company by virtue of section 228(2) of the Corporations Act.</p> <p>A "financial benefit" is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. The giving of a financial benefit to a related party of a public company is ordinarily prohibited by Chapter 2E of the Corporations Act. The exceptions to the general prohibition are where the benefit is given with the approval of shareholders or the benefit is given in one or more of the limited circumstances in which the giving of a financial benefit to a related party of a public company is permitted.</p> <p>One exception to the general rule is where the provision of the financial benefit is on terms that would be reasonable in the circumstances if the Company and the related party were dealing at arm's length terms (or on terms less favourable than arm's length).</p> <p>The Directors have determined that the proposed issue of the Kellett Securities to Mr Kellett is reasonable in the circumstances if the Company Mr Kellett are dealing on arm's length terms. In making this determination, the Directors took into account the following factors:</p>

	<p>(a) the Kellett Securities are proposed to be issued on identical terms to the May Placement (as agreed at the time of the May Placement), which was negotiated on arm's length terms at the time;</p> <p>(b) the Kellett Securities would have been issued as part of the May Placement but for the fact that shareholder approval must be obtained prior to the issue of any shares to a Director of the Company pursuant to ASX Listing Rule 10.11; and</p> <p>(c) Mr Kellett agreed to provide the loan on an interest-free basis.</p> <p>On this basis, as the provision of such benefits is expressly permitted by the arm's length exception under the Corporations Act, the Board does not consider the Company is required to seek Shareholder approval in order to give the related parties the financial benefit that is inherent in the issue of Shares.</p>												
<b>Reason for Resolution 8</b>	The effect of Resolution 8 will be to relieve the Company from its obligations to repay the Kellett Loan in cash.												
<b>Specific information required by ASX Listing Rule 10.13</b>	<p>In accordance with ASX Listing Rule 10.13, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 10.11, the following information is provided to shareholders:</p> <table> <tr> <td><b>Identification of recipients of securities</b></td><td>Mr James Kellett or his nominee(s), Executive Chairman of KNeoMedia, and a related party of KNeoMedia by virtue of sections 228(2) of the Corporations Act.</td></tr> <tr> <td><b>Maximum number of securities to be issued</b></td><td> <ul style="list-style-type: none"> <li>14,285,714 fully paid ordinary shares; and</li> <li>7,142,857 options, each to acquire one fully paid ordinary share in the Company.</li> </ul> </td></tr> <tr> <td><b>Date for issue and allotment of securities</b></td><td>If shareholder approval is obtained for Resolution 8, the Company will issue the Kellett Securities as soon as is practicable after the Meeting, or in any event no later than 1 month after the date of the Meeting.</td></tr> <tr> <td><b>Issue price per security</b></td><td> <p>The Kellett Shares will be allotted at an issue price of \$0.014 per share.</p> <p>The Kellett Options will be issued for nil cash consideration as free attaching options to the Kellett Shares on a 1-for-2 basis.</p> </td></tr> <tr> <td><b>Terms of securities</b></td><td> <p>The Kellett Shares will rank equally with all other fully paid ordinary shares currently on issue.</p> <p>The Kellett Options will be exercisable at \$0.025 each on or before the date which is two years from the date on which they are issued. The Company will not apply to ASX for quotation of the Kellett Options. The underlying shares issued upon the exercise of the Kellett Options will rank equally with all existing fully paid ordinary shares on issue in the Company.</p> </td></tr> <tr> <td><b>Voting Exclusions</b></td><td>A voting exclusion statement applies to this item of business, as set out in the Notice.</td></tr> </table>	<b>Identification of recipients of securities</b>	Mr James Kellett or his nominee(s), Executive Chairman of KNeoMedia, and a related party of KNeoMedia by virtue of sections 228(2) of the Corporations Act.	<b>Maximum number of securities to be issued</b>	<ul style="list-style-type: none"> <li>14,285,714 fully paid ordinary shares; and</li> <li>7,142,857 options, each to acquire one fully paid ordinary share in the Company.</li> </ul>	<b>Date for issue and allotment of securities</b>	If shareholder approval is obtained for Resolution 8, the Company will issue the Kellett Securities as soon as is practicable after the Meeting, or in any event no later than 1 month after the date of the Meeting.	<b>Issue price per security</b>	<p>The Kellett Shares will be allotted at an issue price of \$0.014 per share.</p> <p>The Kellett Options will be issued for nil cash consideration as free attaching options to the Kellett Shares on a 1-for-2 basis.</p>	<b>Terms of securities</b>	<p>The Kellett Shares will rank equally with all other fully paid ordinary shares currently on issue.</p> <p>The Kellett Options will be exercisable at \$0.025 each on or before the date which is two years from the date on which they are issued. The Company will not apply to ASX for quotation of the Kellett Options. The underlying shares issued upon the exercise of the Kellett Options will rank equally with all existing fully paid ordinary shares on issue in the Company.</p>	<b>Voting Exclusions</b>	A voting exclusion statement applies to this item of business, as set out in the Notice.
<b>Identification of recipients of securities</b>	Mr James Kellett or his nominee(s), Executive Chairman of KNeoMedia, and a related party of KNeoMedia by virtue of sections 228(2) of the Corporations Act.												
<b>Maximum number of securities to be issued</b>	<ul style="list-style-type: none"> <li>14,285,714 fully paid ordinary shares; and</li> <li>7,142,857 options, each to acquire one fully paid ordinary share in the Company.</li> </ul>												
<b>Date for issue and allotment of securities</b>	If shareholder approval is obtained for Resolution 8, the Company will issue the Kellett Securities as soon as is practicable after the Meeting, or in any event no later than 1 month after the date of the Meeting.												
<b>Issue price per security</b>	<p>The Kellett Shares will be allotted at an issue price of \$0.014 per share.</p> <p>The Kellett Options will be issued for nil cash consideration as free attaching options to the Kellett Shares on a 1-for-2 basis.</p>												
<b>Terms of securities</b>	<p>The Kellett Shares will rank equally with all other fully paid ordinary shares currently on issue.</p> <p>The Kellett Options will be exercisable at \$0.025 each on or before the date which is two years from the date on which they are issued. The Company will not apply to ASX for quotation of the Kellett Options. The underlying shares issued upon the exercise of the Kellett Options will rank equally with all existing fully paid ordinary shares on issue in the Company.</p>												
<b>Voting Exclusions</b>	A voting exclusion statement applies to this item of business, as set out in the Notice.												

	<p><b>Use of funds raised</b></p> <p>There will be no funds raised from the issue of the Kellett Shares; however, upon the issue of the Kellett Shares, the Company will be relieved from its obligations to repay the Kellett Loan in cash. The Company raised a total of \$200,000 through the Kellett Loan; such funds have been applied to the Company's working capital requirements.</p> <p>In the event that any funds are raised by the exercise of the Kellett Options prior to their expiry date, the Company expects that it will apply such funds towards its general working capital requirements.</p>
<b>Board Recommendation</b>	<p>Each Director (other than Mr James Kellett) has no interest in the outcome of Resolution 8, other than as existing shareholders.</p> <p>Given the stage of the Company's operations and the need for KNeoMedia to conserve its cash reserves at a pivotal point in its growth strategy, the Directors consider it to be in the best interests of the Company and its shareholders to discharge existing obligations to repay the Kellett Loan through the issue of the Kellett Securities.</p> <p>On this basis, each of the Directors, with Mr James Kellett abstaining, recommends that shareholders vote in favour of Resolution 8.</p>
<b>Chairman's available proxies</b>	<p>The Chairman intends to vote all available proxies in favour of Resolution 8.</p>

<b>Resolution 9</b>	<b>Approval of issue of Proposed Placement Securities</b>
<b>Explanation</b>	<p>Resolution 9, which is an ordinary resolution, seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 50,000,000 fully paid ordinary shares (<b>Proposed Placement Shares</b>) and up to 25,000,000 free attaching options to the Proposed Placement Shares (on the basis of one free attaching option for every two Proposed Placement Shares issued) (<b>Proposed Placement Attaching Options</b>), to various professional and sophisticated investors under a capital raising placement (<b>Proposed Placement</b>).</p>
<b>Reason for Resolution 9</b>	<p>The effect of Resolution 9 will be to allow the Company to raise funds via the issue of the Proposed Placement Securities during the period of 3 months after the 2016 Annual General Meeting (or a longer period if allowed by ASX) without using the 15% Placement Capacity under ASX Listing Rule 7.1.</p>
<b>Proposed Placement facility to lapse if not utilised</b>	<p>Given the current challenging environment for capital raising and based on advice to the Company from its advisors and the knowledge that ongoing funding of the Company's activities will be required, the Directors are of the view that it is prudent at this time to seek approval for the Proposed Placement facility. However, at this point in time, there has been no determination to place any of the Proposed Placement Securities, and accordingly, if approved by shareholders, but not utilised by the Company, the Proposed Placement facility will lapse within 3 months after the date of the 2016 Annual General Meeting.</p>

**Specific information required by ASX Listing Rule 7.3**

In accordance with ASX Listing Rule 7.3, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 7.1, the following information is provided to shareholders:

**Maximum no. of securities to be issued**

- 50,000,000 fully paid ordinary shares; and
- 25,000,000 options, each to acquire one fully paid ordinary share in the Company.

**Date by which securities will be issued**

If shareholder approval is obtained for Resolution 9, the Company will issue the Proposed Placement Securities as soon as is practicable after the Meeting, or in any event no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).

**Issue price per security**

The Proposed Placement Shares will be allotted at an issue price that is not less than 80% of the volume weighted average market price of the Company's shares for the last five days on which sales of the shares are recorded before the day on which the issue will be made. The Proposed Placement Attaching Options will be issued for nil cash consideration as free attaching options to the Proposed Placement Shares on a 1-for-2 basis.

**Basis on which allottees will be determined**

The Directors intend that the shares be issued and allotted to various sophisticated investors and professional investors introduced to the Company by the Company's advisors and/or invited by the Company to participate in the Proposed Placement.

**Terms of securities**

The Proposed Placement Shares will be fully paid ordinary shares ranking pari-passu with other existing fully paid ordinary shares in the Company.

The Proposed Placement Attaching Options will be exercisable at \$0.025 each on or before the date which is two years from the date on which they are issued. The Company will not apply to ASX for quotation of the Proposed Placement Attaching Options. The underlying shares issued upon the exercise of the Proposed Placement Attaching Options will rank equally with all existing fully paid ordinary shares on issue in the Company.

**Use of funds raised**

The funds raised by the issue of the Proposed Placement Shares will be applied to fund the Company's broader marketing of the Company's edutainment products and on-going working capital requirements of the Company.

The Proposed Placement Attaching Options are to be issued as free attaching options, on the basis of 1 option for every 2 Proposed Placement Shares subscribed for under the Proposed Placement. Accordingly, whilst the Company will raise funds under the Proposed Placement, no funds will be raised directly from the issue of the Proposed Placement Attaching Options. In the event that any funds are

	<p>raised by the exercise of the Proposed Placement Attaching Options prior to their expiry date, the Company expects that it will apply such funds towards its general working capital requirements.</p> <p><b>Voting Exclusion Statement</b> A voting exclusion statement applies to this item of business, as set out in the Notice.</p>
<b>Board Recommendation</b>	As stated above, the Directors believe that it is in the best interests of the Company to preserve its 15% Placement Capacity under ASX Listing Rule 7.1 and approval under this Resolution 9 will assist in addressing other commercial opportunities, including acquisition opportunities should they arise. The Directors unanimously recommend that Shareholders vote in favour of Resolution 9.
<b>Chairman's available proxies</b>	The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 9.

## 6. Approval of 10% Placement Capacity

<b>Resolution 10</b>	<b>Approval of 10% placement capacity</b>
<b>General</b>	<p>Under ASX Listing Rule 7.1, every listed entity has the ability to issue 15% of its issued capital without shareholder approval in a 12 month period. ASX Listing Rule 7.1A permits eligible small and mid-cap ASX-listed entities, subject to shareholder approval, to issue Equity Securities of up to an additional 10% of its issued capital by way of placements over a 12 month period, in addition to its ability to issue securities under Listing Rule 7.1 (<b>10% Placement Capacity</b>).</p> <p>The Company seeks shareholder approval under ASX Listing Rule 7.1A for the 10% Placement Capacity. The effect of this resolution will be to allow the Directors, subject to the conditions set out below, to issue Equity Securities under the 10% Placement Capacity without using the Company's 15% placement capacity under ASX Listing Rule 7.1.</p> <p>Resolution 10 is a <b>special resolution</b>. Accordingly, at least 75% of votes cast by shareholders present and eligible to vote (in person or by proxy) at the meeting must be in favour of this resolution for it to be passed.</p>
<b>Eligibility</b>	<p>ASX-listed entities which have a market capitalisation of \$300 million or less, and which are not included in the S&amp;P/ASX 300 Index will be considered eligible to seek shareholder approval under ASX Listing Rule 7.1A.</p> <p>As at the date of this Notice, the Company, which has a market capitalisation of less than \$300 million, is not included in the S&amp;P/ASX 300 Index. Accordingly, the Company is considered eligible to seek shareholder approval under ASX Listing Rule 7.1A.</p>
<b>Formula</b>	<p>The exact number of additional Equity Securities that the Company may issue under the 10% Placement Capacity will be determined by a formula set out ASX Listing Rule 7.1A.2 as follows:</p> $(A \times D) - E$ <p>Where:</p> <p><b>A</b> is the number of shares on issue 12 months before the date of issue or agreement:</p> <ul style="list-style-type: none"> <li>plus the number of fully paid shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;</li> </ul>

	<ul style="list-style-type: none"> <li>plus the number of partly paid shares that became fully paid in the previous 12 months (there are presently no partly paid shares on issue in the Company);</li> <li>plus the number of shares issued in the previous 12 months with approval of shareholders under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval; and</li> <li>less the number of shares cancelled in the previous 12 months.</li> </ul> <p><i>'A' has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity</i></p> <p><b>D</b> is 10%.</p> <p><b>E</b> is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4.</p>
<b>Conditions of issue under the 10% Placement Capacity</b>	<p>There are a number of conditions applicable to the issue of Equity Securities under ASX Listing Rule 7.1A, including a limitation on the discount to prevailing market price at which they may be issued, and additional disclosure requirements. A summary of these conditions is as follows:</p> <ul style="list-style-type: none"> <li>(a) Equity Securities issued under the 10% Placement Capacity can only be in a class of securities already quoted. At the date of this Notice, the Company only has one class of securities which are quoted, being ordinary shares.</li> <li>(b) The issue price of each Equity Security issued under the 10% Placement Capacity must be no less than 75% of the volume weighted average market price (<b>VWAP</b>) for Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before either: <ul style="list-style-type: none"> <li>i. the date on which the price at which the Equity Securities are to be issued is agreed; or</li> <li>ii. if the Equity Securities are not issued within 5 trading days of the date in paragraph (i), the date on which the securities are issued.</li> </ul> </li> </ul>
<b>Period of validity of shareholder approval</b>	<p>In the event that the Company obtains shareholder approval of Resolution 10, such approval will cease to be valid upon the earlier of:</p> <ul style="list-style-type: none"> <li>(a) 12 months after the date of this Annual General Meeting, being 15 November 2017; or</li> <li>(b) if applicable, the date on which the Company's shareholders approve a change to the nature or scale of the Company's activities under ASX Listing Rule 11.1.2, or the disposal of the Company's main undertaking under ASX Listing Rule 11.2.</li> </ul> <p><b>(Placement Period)</b></p>
<b>INFORMATION TO BE PROVIDED TO SHAREHOLDERS UNDER ASX LISTING RULE 7.3A</b>	
<b>Minimum issue price</b>	<p>The issue price of each Equity Security issued under the 10% Placement Capacity must be no less than 75% of the VWAP for Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before either:</p> <ul style="list-style-type: none"> <li>i. the date on which the price at which the Equity Securities are to be issued is agreed; or</li> <li>ii. if the Equity Securities are not issued within 5 trading days of the date in paragraph (i), the date on which the securities are issued.</li> </ul>

**Risk of dilution to shareholders**

If Resolution 10 is approved by shareholders, any issue of Equity Securities under the 10% Placement Capacity may present a risk of economic and voting dilution of existing shareholders, including the risk that:

- the market price of the Company's Equity Securities may be significantly lower on the relevant issue date than on the date of this Annual General Meeting; and
- the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

The table below shows the potential dilution of existing shareholders under various scenarios on the basis of:

- an issue price of \$0.014 per share which was the closing price of the Company's shares on the ASX on 3 October 2016; and
- the variable 'A' being calculated as the number of fully paid ordinary shares on issue on the date of this Notice, being 275,373,878. This assumes that all shares issued by the Company to date are ratified and approved by shareholders under Resolutions 3–6 (inclusive).

The table also shows:

- (a) two examples where variable 'A' has increased by 50% and 100%. The number of shares on issue in the Company may increase as a result of the issue of shares that do not require approval of shareholders (for example, pro-rata entitlement issues or scrip issues under takeover offers) or future placements of shares under ASX Listing Rule 7.1 of up to 15% of issued capital that are approved at future general meetings of shareholders; and
- (b) two examples of where the issue price of shares has decreased by 50% and increased by 100%.

VARIABLE 'A'		Dilution		
		50% decrease in issue price \$0.007	Issue price \$0.014	100% increase in issue price \$0.028
<b>Current Variable 'A'</b> 275,373,878 shares	<b>10% voting dilution</b>	27,537,388 shares	27,537,388 shares	27,537,388 shares
	<b>Funds raised</b>	\$192,761.71	\$385,523.43	\$771,046.86
<b>50% increase in current Variable 'A'</b> 413,060,817 shares	<b>10% voting dilution</b>	41,306,082 shares	41,306,082 shares	41,306,082 shares
	<b>Funds raised</b>	\$289,142.57	\$578,285.14	\$1,156,570.29
<b>100% increase in current Variable 'A'</b> 550,747,756 shares	<b>10% voting dilution</b>	55,074,776 shares	55,074,776 shares	55,074,776 shares
	<b>Funds raised</b>	\$385,523.43	\$771,046.86	\$1,542,093.72

The table has been prepared on the following assumptions:

- (a) the Company issues the maximum number of shares available under the 10% Placement Capacity;
- (b) no options to acquire shares on issue in the Company are exercised and no convertible notes on issue are converted;

	<p>(c) the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue;</p> <p>(d) the table does not show an example of dilution that may be caused to a particular shareholder as a result of placements under the 10% Placement Capacity based on that shareholder's holding at the date of the 2016 Annual General Meeting.</p> <p>(e) the table shows only the effect of issues of Equity Securities under the 10% Placement Capacity in accordance with ASX Listing Rule 7.1A and not under the 15% placement capacity under ASX Listing Rule 7.1.</p> <p>(f) the issue of Equity Securities under the 10% Placement Capacity consists only of shares.</p> <p>(g) the issue price is \$0.014, being the closing price of the Company's shares on the ASX on 3 October 2016.</p>
<b>Period of validity</b>	<p>The Company will only issue and allot the Equity Securities during the Placement Period. The approval under the Resolution 10 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).</p>
<b>Reason for issue of shares under 10% Placement Capacity</b>	<p>The Company may seek to issue the Equity Securities for the following purposes:</p> <ul style="list-style-type: none"> <li>(a) non-cash consideration for the acquisition of new assets, businesses or investments, in which event the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or</li> <li>(b) cash consideration, the proceeds of which will be applied to fund the Company's existing and future activities, including research and development and commercialisation of the Company's product offerings, including the KNeoWORLD Application; appraisal of corporate opportunities, investment in new businesses (if any), the costs incurred in undertaking placement(s) of shares under ASX Listing Rule 7.1.A and for general working capital.</li> </ul> <p>The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.</p>
<b>Allocation policy</b>	<p>The Company may not issue any or all the Equity Securities for which approval is given and may issue the Equity Securities progressively as the Company places the Equity Securities with investors.</p> <p>The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors such as:</p> <ul style="list-style-type: none"> <li>1. fund raising options (and their viability) available to the Company at the relevant time;</li> <li>2. the effect of the issue of the Equity Securities on the control of the Company;</li> <li>3. the financial situation of the Company and the urgency of the requirement for funds; and</li> <li>4. advice from the Company's corporate, financial, legal and broking advisers.</li> </ul> <p>The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice. It is intended that the allottees will be suitable professional and sophisticated investors, and other investors not requiring a disclosure document under</p>



	<p>section 708 of the Corporations Act, that are known to the Company and/or introduced by third parties.</p> <p>The allottees may include existing substantial shareholders and/or new shareholders, but the allottees will not be related parties of the Company.</p> <p>In the event that the shares under the 10% Placement Capacity are issued as consideration for the acquisition of businesses, assets or investments, it is likely that the allottees will be the vendors of such businesses, assets or investments.</p>																																																																											
Previous approval	<p>The Company previously obtained approval under ASX Listing Rule 7.1A on 19 November 2015. In accordance with ASX Listing Rule 7.3A.6, which contains requirements as to the contents of a notice sent to shareholders for the purposes of ASX Listing Rule 7.1A, the following information is provided to shareholders:</p> <p>As at 15 November 2015, being the date that is 12 months prior to the 2016 Annual General Meeting, the Company had the following Equity Securities on issue:</p> <table><tr><th>Class of Equity Securities</th><th>Number</th></tr><tr><td>Fully paid ordinary shares</td><td>171,851,370</td></tr><tr><td>Convertible notes</td><td>43 (representing a total maximum of 25,805,555 underlying shares)</td></tr><tr><td>Options expiring 28 February 2016, exercisable at \$0.03</td><td>6,666,667</td></tr><tr><td>Options expiring 31 March 2016, exercisable at \$0.06</td><td>1,166,666</td></tr><tr><td>Options expiring 31 March 2016, exercisable at \$0.03</td><td>9,999,999</td></tr><tr><td>Options expiring 26 June 2018, exercisable at \$0.045</td><td>15,185,185</td></tr><tr><td>Performance rights</td><td>2,966,667</td></tr><tr><td><b>TOTAL</b></td><td><b>207,836,597</b></td></tr></table> <p>The table below shows the number and type of Equity Securities issued by the Company in the 12 months prior to the 2016 Annual General Meeting, and the percentage they represent of the total number of Equity Securities on issue at 15 November 2015 (being 207,836,597).</p> <table><tr><th>Item</th><th>Date of issue</th><th>Class of Equity Securities</th><th>No. issued</th><th>% represented of total number of Equity Securities</th></tr><tr><td>1</td><td>20/11/2015</td><td>Ordinary shares</td><td>2,222,222</td><td>1.07%</td></tr><tr><td>2</td><td>21/12/2015</td><td>Ordinary shares</td><td>36,150,000</td><td>17.39%</td></tr><tr><td>3</td><td>15/04/2016</td><td>Ordinary shares</td><td>4,000,000</td><td>1.92%</td></tr><tr><td>4</td><td>15/04/2016</td><td>Ordinary shares</td><td>3,150,000</td><td>1.52%</td></tr><tr><td>5</td><td>15/04/2016</td><td>Performance rights</td><td>10,511,180</td><td>5.06%</td></tr><tr><td>6</td><td>03/05/2016</td><td>Ordinary shares</td><td>58,000,286</td><td>27.91%</td></tr><tr><td>7</td><td>03/05/2016</td><td>Options expiring 3 May 2018, exercisable at \$0.025</td><td>29,000,143</td><td>13.95%</td></tr><tr><td>8</td><td>03/05/2016</td><td>Options expiring 3 May 2018, exercisable at \$0.025</td><td>3,000,000</td><td>1.44%</td></tr><tr><td></td><td><b>TOTAL</b></td><td></td><td><b>146,033,831</b></td><td><b>70.26%</b></td></tr></table> <p>Specific information in relation to each issue is as follows:</p> <table><tr><th>Item</th><th>Reason for issue</th><th>Recipient</th><th>Use / intended use of funds</th><th>Issue price per security</th><th>Discount/premium to market price</th><th>Total cash consideration (\$)</th></tr></table>	Class of Equity Securities	Number	Fully paid ordinary shares	171,851,370	Convertible notes	43 (representing a total maximum of 25,805,555 underlying shares)	Options expiring 28 February 2016, exercisable at \$0.03	6,666,667	Options expiring 31 March 2016, exercisable at \$0.06	1,166,666	Options expiring 31 March 2016, exercisable at \$0.03	9,999,999	Options expiring 26 June 2018, exercisable at \$0.045	15,185,185	Performance rights	2,966,667	<b>TOTAL</b>	<b>207,836,597</b>	Item	Date of issue	Class of Equity Securities	No. issued	% represented of total number of Equity Securities	1	20/11/2015	Ordinary shares	2,222,222	1.07%	2	21/12/2015	Ordinary shares	36,150,000	17.39%	3	15/04/2016	Ordinary shares	4,000,000	1.92%	4	15/04/2016	Ordinary shares	3,150,000	1.52%	5	15/04/2016	Performance rights	10,511,180	5.06%	6	03/05/2016	Ordinary shares	58,000,286	27.91%	7	03/05/2016	Options expiring 3 May 2018, exercisable at \$0.025	29,000,143	13.95%	8	03/05/2016	Options expiring 3 May 2018, exercisable at \$0.025	3,000,000	1.44%		<b>TOTAL</b>		<b>146,033,831</b>	<b>70.26%</b>	Item	Reason for issue	Recipient	Use / intended use of funds	Issue price per security	Discount/premium to market price	Total cash consideration (\$)
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	1	Issued to Non-Executive Director in lieu of Director's fees	Nominees of Jeffrey Bennett	N/A, none raised	Deemed issue price of \$0.0225 per share	N/A	\$31,111.11 (current cash valuation based on the market price of KNM shares on 3 October 2016)
	2	Capital raising placement	Various professional and sophisticated investors known to the Company	The funds raised were used to further capitalise on the Company's operations in Australia, China and the USA, in order to fast track the uptake of its edutainment (education + entertainment) products in these markets and deliver revenue in the near term, and for general working capital requirements	\$0.014	7.79% premium	\$506,100
	3	Issued in lieu of fees for professional services provided	Red Hill Capital Partners (Singapore) Pte Ltd	N/A, none raised	Deemed issue price of \$0.0175 per share	N/A	\$56,000
	4	Capital raising placement	Pebble Bay Capital Pte Limited	The funds raised were used to further capitalise on the Company's operations in Australia, China and the USA, in order to fast track the uptake of its edutainment products in these markets and deliver revenue in the near term, and for general working capital requirements	\$0.014	22.33% discount	\$44,100
	5	Issued under the Company's Long Term Incentive Plan	James Kellett, Jeffrey Bennett and Frank Lieberman	N/A, none raised	N/A	N/A	N/A
	6	Capital raising placement	The May Placement Subscribers	The funds raised were applied to reduce the Company's convertible note debt by \$250,000, with the balance used for working capital and to fund the strategic channel marketing of the Company's edutainment products in key regions.	\$0.014	14.3% discount	\$812,004
	7	Issued to as free attaching options to the May Placement Shares	The May Placement Subscribers	N/A, none raised	N/A	N/A	N/A
	8	Issued to broker of the May Placement pursuant to mandate agreement	Melbourne Capital Limited	Funds used for working capital.	\$0.0001	N/A	\$300

**Terms of Equity Securities issued:** All ordinary shares issued by the Company in the 12 months prior to the 2016 Annual General Meeting have the same terms and rank

	<p>equally in all respects with existing shares in the Company. The terms of the options issued during the 12 months prior to the 2016 Annual General Meeting are shown in the tables above.</p> <p>The 10,511,180 performance rights which were issued during the 12 months prior to the 2016 Annual General Meeting were issued to Directors under the Company's Long Term Incentive Plan (<b>LTIP</b>). These performance rights are subject to a number of vesting conditions (revenue targets and continued directorship/employment) (<b>Performance Hurdles</b>) more particularly described in KNeoMedia's Notice of Extraordinary General Meeting dated 11 February 2016, for the Extraordinary General Meeting held on 15 March 2016.</p> <p>Subject to the satisfaction of the Performance Hurdles, the Directors will receive one share in the Company for each vested performance right. No cash consideration is payable for the issue of the performance rights, or on the issue of the underlying performance shares upon the vesting of the performance rights. The performance rights issued are not listed on ASX and are not be transferable, except as permitted under the LTIP.</p> <p>The Company has raised a total of \$1,418,504 through the issue of ordinary shares and options to acquire ordinary shares in the 12 months prior to the 2016 Annual General Meeting (see items 2, 3, 4, 6 and 8 in the tables above). The Company has spent this amount on the research, development and marketing of its KNeoWORLD product, and on its working capital requirements including its corporate and administrative overheads.</p>
<b>Ranking of shares</b>	Any shares issued under the 10% Placement Capacity will rank equally with all other existing shares on issue in the Company.
<b>GENERAL INFORMATION</b>	
<b>Voting Exclusion</b>	A voting exclusion statement applies to this resolution, as set out in the Notice.
<b>Board Recommendation</b>	The Directors unanimously recommend that shareholders vote in favour of this resolution.
<b>Chairman's available proxies</b>	The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.

## DEFINITIONS

<b>10% Placement Capacity</b>	Means the Company's capacity to issue quoted Equity Securities under ASX Listing Rule 7.1A.
<b>15% Placement Capacity</b>	Means the Company's capacity to issue Equity Securities under ASX Listing Rule 7.1.
<b>7.1A Placement</b>	Means the capital raising placement under which the 7.1A Placement Shares were issued to the 7.1A Placement Subscribers on 3 May 2016 under the Company's 10% Placement Capacity pursuant to ASX Listing Rule 7.1A.
<b>7.1A Placement Shares</b>	Means the 8,000,286 fully paid ordinary shares the subject of Resolution 3 which were issued on 3 May 2016 under ASX Listing Rule 7.1A as part of the May Placement.
<b>7.1A Placement Subscribers</b>	Means the various professional and sophisticated investors, being clients of the broker Melbourne Capital Limited, who subscribed to the 7.1A Placement and received 7.1A Placement Shares and May Attaching Options.
<b>April Placement</b>	Means the Placement of the April Placement Shares on 15 April 2016.
<b>April Placement Shares</b>	Means the 3,150,000 fully paid ordinary shares the subject of Resolution 4 which were issued on 15 April 2016 under ASX Listing 7.1.
<b>Bennett Shares</b>	Means the 3,192,548 fully paid ordinary shares the subject of Resolution 7 which are proposed to be issued to Mr Jeffrey Bennett, a Non-Executive Director of KNeoMedia in lieu of Director's fees.
<b>Broker Options</b>	Means the 3,000,000 options the subject of Resolution 6 which were issued under the Company's 15% Placement Capacity to the broker who facilitated the May Placement on 3 May 2016.
<b>Corporations Act</b>	Means the <i>Corporations Act 2001</i> (Cth).
<b>Company or KNeoMedia</b>	Means KNeoMedia Limited ACN 009 221 783.
<b>Closely Related Party</b> (of a member of KMP of an entity)	Has the definition given to it by section 9 of the Corporations Act, and means: a) a spouse or child of the member; or b) a child of the member's spouse; or c) a dependant of the member or of the member's spouse; or d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or e) a company the member controls; or f) a person prescribed by the regulations for the purposes of this definition (nothing at this stage).
<b>Equity Security</b>	Means: a) a share; b) a right to a share or option; c) an option over an issued or unissued security; d) a convertible security; e) any security that ASX decides to classify as an equity security.

<b>Kellett Loan</b>	Means the unsecured loan of \$200,000 provided to the Company by Mr James Kellett on in April 2016.
<b>Kellett Options</b>	Means the 7,142,857 options, each to acquire one fully paid ordinary share in the Company, which are proposed to be issued to Mr James Kellett, Executive Chairman and CEO of KNeoMedia, as free attaching options on a 1-for-2 basis to the Kellett Shares.
<b>Kellett Shares</b>	Means the 14,285,714 fully paid ordinary shares the subject of Resolution 8 which are proposed to be issued to Mr James Kellett, Executive Chairman and CEO of KNeoMedia, in repayment of the Kellett Loan.
<b>Kellett Securities</b>	Means the Kellett Shares and the Kellett Options, collectively.
<b>Key Management Personnel or KMP</b>	Means those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.
<b>May Attaching Options</b>	Means the 29,000,143 options to acquire ordinary shares the subject of Resolution 5 which were issued to the May Placement Subscribers on 3 May 2016 under ASX Listing 7.1 as free attaching options to the May Placement Shares.
<b>May Placement</b>	Means the capital raising placement under which the May Placement Shares were issued to the May Placement Subscribers on 3 May 2016.
<b>May Placement Shares</b>	Means the 58,000,286 fully paid ordinary shares issued by the Company on 3 May 2016 under the May Placement, including the 8,000,286 7.1 Placement Shares and 50,000,000 shares which were issued with prior shareholder approval obtained at the Company's 15 March 2016 Extraordinary General Meeting.
<b>May Placement Subscribers</b>	Means the various professional and sophisticated investors, being clients of the broker Melbourne Capital Limited, who subscribed to the Placement and received the May Placement Shares and May Attaching Options.
<b>Proposed Placement</b>	Means the capital raising placement the subject of Resolution 9 which the Company proposes to undertake, under which the Company will issue up to 50,000,000 Proposed Placement Shares and 25,000,000 free Proposed Placement Attaching Options.
<b>Proposed Placement Attaching Options</b>	Means a maximum of 25,000,000 options, each to acquire one fully paid ordinary share in the Company, which are proposed to be issued under the Proposed Placement the subject of Resolution 9 as free attaching options (on a 1-for-2 basis) to the Proposed Placement Shares.
<b>Proposed Placement Shares</b>	Means a maximum of 50,000,000 fully paid ordinary shares proposed to be issued under the Proposed Placement the subject of Resolution 9.

**-ENDS-**

If you are attending the meeting in person, please bring this with you for Securityholder registration.

## Vote by Proxy

## KNM:

Holder Number:

### Option A – Please choose to vote online, because:

- ✓ **Save Your Money:** This company you own a part of has to spend thousands of dollars each year in print and postage costs. Online voting will reduce this unnecessary expense.
- ✓ **It's Quick and Secure:** Voting online provides you with greater privacy over your instructions, eliminates any postal delays and removes the risk of it being potentially lost in transit.
- ✓ **Receive Vote Confirmation:** Voting online is the only method which provides you with confirmation that your vote has been processed. It also allows you to amend your vote if required.



To Access online voting you can scan the barcode to the right with your tablet or mobile device or you can enter the following link into your browser.  
Voting online is quick and easy to do.

<https://investor.automic.com.au/#/loginsah>

### STEP 1: Please appoint a Proxy

### Option B – Appoint a proxy, by paper:

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of the Company, to be held at **11.00 am (AEDT) on Tuesday, 15 November 2016 at the offices of Grant Thornton, Wills Room, The Rialto, Level 30, 525 Collins Street, Melbourne, Victoria 3000** hereby:

**Appoint the Chairman of the Meeting (Chair)** OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

Unless indicated otherwise by ticking the "for", "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 8 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 8 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

### STEP 2: Voting Direction

Resolutions	For	Against	Abstain	Resolutions	For	Against	Abstain
1 Adoption of Remuneration Report (non-binding resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Ratification of issue of Broker Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Frank Lieberman as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of issue of Bennett Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of issue of 7.1A Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Approval of issue of Kellett Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of issue of April Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Approval of issue of Proposed Placement Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of issue of May Attaching Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval of 10% Placement Capacity (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### STEP 3

#### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Securityholder 2

Securityholder 3




Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016

Email Address .....

## HOW TO COMPLETE THIS PROXY VOTING FORM

### LODGING YOUR PROXY VOTE

This Proxy Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by 11.00am (AEDT) on Sunday, 13 November, 2016 being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting Forms received after that time will not be valid for the scheduled Meeting.

Proxy Voting Forms can be lodged:



#### ONLINE

<https://investor.automic.com.au/#/loginsah>



Login to the Automic website using the holding details as shown on the Proxy Voting Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, shareholders will need their Holder Number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on front of the Proxy Voting form.



#### BY MAIL

Automic Registry Services  
PO Box 2226  
Strawberry Hills NSW 2012



#### BY HAND

Automic Registry Services  
Suite 310, Level 3, 50 Holt Street, Surry Hills NSW 2010



#### ALL ENQUIRIES TO

Telephone: 1300 288 664 Overseas: + 61 2 9698 5414

### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services on 1300 288 664 or you may copy this form.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.