



15 June 2016

ASX/Media Release
(ASX:KNM)

KNeoMedia Launches Phase Two of UK Expansion for HeroWORLD with Mobile Embrace

- **KNeoMedia now has reach to over 40 million mobile phone subscribers in UK via Mobile Embrace**
- **Expansion follows UK launch in March with take up rates increasing significantly**
- **Expansion is strong validation of HeroWORLD's consumer appeal**
- **Ongoing execution of strategy to create diversified revenue streams with edutainment products across multiple channels and markets**
- **Rollout of HeroWORLD into additional European markets is pending**

Online education publisher **KNeoMedia Limited ("KNeoMedia" or the "Company") (ASX: KNM)** is pleased to announce that it has now launched the second phase of expansion into the United Kingdom for its HeroWORLD educational games and content in conjunction with marketing and distribution partner Mobile Embrace (ASX: MBE).

KNeoMedia is very encouraged by the growing uptake rates for HeroWORLD in the UK since its initial launch there in March (ASX 15 March 2016). Accordingly, the Company has taken the decision to make this strategic scale up, which can be achieved for low cost as the product has already been trialled and tested in this market.

Through Mobile Embrace's established relationships with major telcos in the UK, KNeoMedia will have reach to an additional 20 million mobile phone subscribers. The Company will now be able to promote and sell HeroWORLD to over 40 million consumers in the UK.

HeroWORLD has been specifically designed for consumers on smartphones and tablets via Mobile Embrace's full integrated direct carrier billing platform, making it easy to purchase and download. As part of this ongoing agreement, Mobile Embrace will continue to promote KNeoWORLD content and games in the UK, with both companies to share transactional revenue.

KNeoMedia's Chief Executive Officer, James Kellett stated: "The initial response to HeroWORLD in the UK has been very positive, so we have taken the decision to scale up the product's roll out together with Mobile Embrace. This is excellent validation of HeroWORLD's edutainment value and a strong reflect of the consumer appeal it is generating."

"This also reflects KNeoMedia's strategy to create diversified revenue streams by having our suite of edutainment offerings available through multiple channels and across a number of geographies. We now have our edutainment products available in Australia, the UK, the United States the Google Play Store and continue to refine distribution integration in China."

"Further rollout of HeroWORLD in partnership with Mobile Embrace into other European markets is pending, and we anticipate being able to update shareholders in this regard in the coming weeks."

– ENDS –

About KNeoMedia Limited:

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

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

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

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

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