



ENTELECT LIMITED
ASX: ESN

Level 3
1 Collins Street
Melbourne Vic 3000 Australia

T: +61 (0)3 9665 0403
F: +61 (0)3 9650 5571
info@entellect.com.au
www.entellect.com.au
ABN 41 009 221 783

ENTELECT LIMITED

(ASX: ESN)

1 July 2011

ASX and Media Release

Overview of Knowledge Nation Joint Venture

Entellect Limited (“**ESN**” or “**the Company**”) advises that this is a replacement to the Company’s announcement titled “Re-acquisition of vPublisher business” on 1 July 2011.

The Company is pleased to release the following copy of an Overview received today from Knowledge Nation Pte Ltd - the operating joint venture entity for the development and marketing of that company's unique suite of educational games. ESN holds a 60% interest in the joint venture. Following completion of ESN's current Entitlement Issue and in the consequent flow of funds from that fully underwritten issue, ESN intends to rapidly advance and deploy the Knowledge Nation strategy on a progressive global basis. The Company believes that the extraordinary growth and interest in social networking companies, over the past few months, in particular, in the US, places the Company in an extremely advantageous position.

For further information, please contact:

James Kellett
Chief Executive Officer
T + 61 3 9665 0460
F + 61 3 9650 5571
E James.Kellett@entellect.com.au





KNOWLEDGE NATION™

— Learning is Child's Play —

July 1st 2011

OVERVIEW

Knowledge Nation Pte Ltd (“Knowledge Nation”) is a Singapore-based joint venture initiative of Entellect Limited (ASX: ESN) - 60%; Mooter Media Limited (ASX: MMZ) - 20%; and Hot Shot Media (Singapore) Limited - 20%.

- Knowledge Nation possesses unique and valuable expertise in games-based learning initiatives based on the exclusive rights to the body of works and knowledge of internationally renowned games developer and educator, Professor Paul Fullwood.
- Knowledge Nation holds significant intellectual property within the educational games space and has substantial in-house operational experience in the fields of game design, curriculum correlation, teaching and instructive strategies, and the marketing and distribution of games-based learning products.
- The company’s wholly owned development subsidiary, Knowledge Nation Inc (“KNI”) is located in San Francisco, strategically placed to tap into that city’s global leadership in software and business innovation.
- Knowledge Nation is moving rapidly to advance its unique “cloud- based learning” deployment methodology, providing ubiquitous and dynamic access to educational content and services.
- The company is uniquely positioned to capitalize on the exponential growth of pad, tablet, portable and smart-phone platforms in the underserved area of educational entertainment.

Knowledge Nation believes that: *“Any nation can be a Knowledge Nation”.*

Children learn naturally by means of play. Knowledge acquisition and retention is dramatically enhanced by engagement in a fun environment. Well-balanced video games can be extremely effective learning tools and educational games have been shown to produce dramatic increases in educational achievement and learning skills.

Knowledge Nation uniquely focuses on homework adjunct products, bypassing the slow market-penetration problems inherent in games-based learning used within the school environment. Knowledge Nation targets the time after school, when traditional homework and chores are finished. It focuses on the “fun time” period before bed. Self-motivation is the key factor in this extremely competitive “golden hour” of discretionary leisure time.

Games educate only if they are played - compelling games promote “voluntary” engagement. Knowledge Nation ensures self-motivated play using the highest production values by licensing popular entertainment games in each territory and inserting curriculum-aligned educational content. This content is designed to be fully appropriate for the relevant demographic. The company will offer true entertainment-grade educational games that will provide an equivalent experience to mainstream games, with the same degree of immersion and fun.

Content is delivered on a variety of media, dependent on the target market using various connected mobile devices such as pads, portable gaming units and via mobile Internet or Wi-Fi. Flexible cloud-based delivery technologies facilitate easy updates and allows for a variety of revenue models and extensive customisation capabilities for international markets.

The Knowledge Nation business model and proof of academic effectiveness is driven by increasing the time students spend learning - not because they are forced to do so but rather because they choose to. This leads to enhanced academic performance, improved information retention and an increase in general knowledge and skills. The fun and competitive environment motivates students to spend discretionary time on core curriculum activities rather than on non-educational leisure activities - and they do it without really being aware that they are being educated.

Knowledge Nation works closely with local, regional and international curriculum administrative bodies, educators, government, parents and other stakeholders involved in children’s education to ensure that products are fully contextualised for use in the relevant market. This also facilitates the political buy-in and approval necessary for introduction into certain “closed” markets. The model is completely flexible and can be seamlessly updated and adapted to varying languages, cultures, subjects and special learning needs in territories throughout the world.

Knowledge Nation deploys curriculum-approved and proven homework-adjunct products directly to students, via a number of different revenue models including parental subscription. Parents are natural and committed customers for a proven product that enhances their children’s academic performance and learning.

Close collaboration with curriculum designers, educators and other influential stakeholders allows Knowledge Nation to obtain commitments on a definitive elucidation of national curriculum goals for each country and specific regions within a country. A huge number of markets exist globally, and each is implemented as a distinct division of the overall Knowledge Nation project.

Knowledge Nation will initially be implemented in the markets where there is the most appropriate balance between funding risk, market size and profitability. The Company will also initially focus on mathematics curriculum objectives for students in the 6-12 year age group.

Knowledge Nation is convinced that there will be dynamic, sustained growth in the games-based learning market. Advancements in mobile device functionality and connectivity make the delivery of product rapid, flexible and more affordable.

Knowledge Nation's unique combination of gaming and educational expertise, its ability to blend academic and government endorsements with the "sweet spot" of a parental subscription revenue model is a winning formula in the unrealised and substantial game-based learning market.

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