

ENTELECT LIMITED
(ASX: ESN)

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ASX and Media Release

Entellect Announces the Launch of Games Portal KNeoWORLD

- KneoWorld Portal, IP and games content developed and secured
- Beta testing has commenced and sample market testing commences 1st June
- Public launch expected in August, September
- Optimised digital distribution on user micro subscription revenue model

Educational games and media company **Entellect Limited (ASX:ESN)** is pleased to announce the launch program for its **KNeo** brand, including the debut of its premier social gaming and educational portal **KNeoWORLD** developed by its 60 % owned San Francisco located joint venture, Knowledge Nation Inc.

KNeoWORLD is a unique fusion of games, education and social media technology. Knowledge Nation is packaging bundles of games and apps in KNeoPACKS for the 6 to 16 year old education market. The KNeoPACKS will be available to children, parents and educators through direct digital distribution via the KNeoWORLD portal website on a user micro subscription revenue model using specialist digital distribution optimisation channels.

Entellect Limited CEO, James Kellett, said:

“The long months of development work by the San Francisco Knowledge Nation team had produced an Educational Games Portal and IP of world class for a world market. Beta testing of KNeoWORLD has commenced, sample market testing is scheduled for 1st July 2012 and the public launch of KNeoWORLD and first KNeoPACK, is scheduled for late August early September 2012 on a user micro subscription revenue model. As a result of its participation in the Knowledge Nation joint venture, Entellect is now positioned to be a global leader in the fast growing social games and media industry.”

KNeoPACKS will initially be distributed in the US games market which is calculated to be in excess of \$65 billion¹ out of which educational technology for 6 to 16 year olds accounts for \$7.5 billion². The launch of KNeoWORLD offers Entellect the opportunity of tapping into an educational gaming sector which is growing at an astoundingly rapid pace. According to the GSV Education Factbook, the overall educational gaming sector is poised for massive growth from \$2 billion in 2012 to \$7.4 billion by 2017.³

¹ <http://uk.reuters.com/article/2011/06/06/us-videogames-factbox-idUKTRE75552120110606>

² http://siii.net/index.php?option=com_content&view=article&id=893:siii-estimates-75-billion-us-market-for-educational-software-and-digital-content&catid=27:education-overview&Itemid=936

³ <http://gsvadvisors.com/wordpress/wp-content/uploads/2012/04/GSV-EDU-Factbook-Apr-13-2012.pdf>

Knowledge Nation will be providing a series of high quality games and apps that have inherent educational content using its proprietary KNeoWRAPPER that provides an extra educational layer around the games and apps.

KNeoMETRICS track the gameplay and educational progress, facilitated by specific Application Programming Interfaces (APIs), and the play data and educational data from the games will provide a unique metrics-based design approach to enhance the educational benefits for each game and app in the same way that social gaming companies are able to enhance the conversion rates from playing users to paying users.

Robin Matthews, the CEO of Knowledge Nation, a veteran of the Video Games industry and the inventor of technology previously used in the NFL and of Knowledge Nation's Syllabyte methodology, said:

"This revolutionary approach of behavioral game/learning data establishes a sophisticated, dynamic empirical testing and evaluation model that allows us for the first time to proactively influence game design and construction to achieve the maximum amount of fun to educational benefit ratio."

Knowledge Nation has decades of combined experience in game development and the use of gaming technology in teaching and training environments. The company has forged a series of relationships with world renowned universities, educators and pedagogical (science of teaching) experts to ensure the efficacy of its games.

In parallel, Knowledge Nation has recently entered into multiple licensing and development contracts with several high quality game and app developers and has just finalized its first KNeoPACK. This pack is now in beta testing and was the culmination of rigorous sourcing and testing of hundreds of potential games and apps.

The initial pack of games and apps covers several educational areas including traditional core skills, such as numeracy, language, science and the arts, as well as higher order skills such as creativity, critical thinking, decision making and problem solving.

Subsequent KNeoPACKs will be designed to cover broader curriculum areas, with the ability to be tailored to a variety of focused and specialist subjects and topics and so-called 21st century skills⁴ such as communication and collaboration, which are both difficult to teach and assess but essential for any knowledge-based economy.

KNeoBADGES earned by players as a mark of achievement from the individual games and apps, will be collated into a meta profile of the gamers activities and experience, which will be used to construct both a play history and an educational profile.

The KNeoMETER, which is like a speed-o-meter for learning, provides instant and continuous feedback throughout the learning process by tracking these essential skills in real-time during gameplay and presenting this data via a graphical dashboard.

In combination, these two innovative feedback mechanisms allow players, family members and potentially educators to identify weak spots or areas for improvement, which the learner can then be directed towards.

⁴ <http://atc21s.org/index.php/about/what-are-21st-century-skills/>

The KNeoPACKs will form the backbone of a subsequent micro subscription-based KNeoWORLD, which will combine a themed virtual world with a dynamic community of kids, parents and educators.

Other business units of Knowledge Nation are also developing the substantial cross-over opportunities for all popular platforms including Apple and Android Apps, ESL (English as a Second Language), Home Schooling, Distance Learning, Community College targeted games-based learning, commercial gamification (using game design and approaches in other fields) and branded 'advergames', which are designed to specifically achieve additional advertising revenue.

International Research firm Parks Associates forecasts revenues in the social gaming market will increase by five times from 2010 to 2015. Factors have already pushed revenues over \$1 billion in 2010:

"Gaming on social networks has quickly become the most visible category of online games," said Pietro Macchiarella, Research Analyst, Parks Associates. "Right now more than 250 million people play games like Zynga's CityVille and FarmVille on Facebook every month, and both game developers and marketers have taken notice. Big brands such as McDonald's and 7-Eleven have carried out cross-promotions with existing social games."

"The most powerful asset of social game developers is the quantity of behavioral data that they can obtain from their games", Macchiarella said. "The abilities to measure the efficacy of different gameplay mechanisms, to tweak game design in near-real time, and to test new models are advantages that traditional gaming companies will never have. Zynga's huge market share is the best proof of the competitive advantage made possible by properly leveraging consumer data."⁵

According to the US Department of Education there were 98,817 operating public elementary/secondary schools in the 2010–11 school year with a total pupil population of 49,212,583. These included almost 4 million in Charter / Magnet schools⁶ which may become primary markets for appropriate technologies.

In commenting on the Entellect business, Entellect Limited Chairman, Andrew Plympton, said:

"The Entellect Board is delivering on its his commitment to shareholders to establish a solid business for future global growth in a dynamic and exponentially growing online educational games industry. In the US the educational technology market for Kinder to 12 years is worth \$7.5 billion and Entellect is now favourably placed to capitalise on emerging market opportunities."

About Entellect Limited

Entellect Limited (ASX: ESN) is an educational games and e-book solutions company. An Australian public company based in Melbourne, its operations extend to Singapore and San Francisco and it is listed on the Australian Securities Exchange (ASX).

The Company, together with Mooter Media Limited (ASX: MMZ) and Hot Shot Media Group Limited, is a 60 % joint venture partner in Knowledge Nation, a Singapore-based company with its development arm (Knowledge Nation Inc.) based in San Francisco, US. Knowledge Nation integrates and licenses educational content for world-class interactive games and learning.

⁵ <http://www.parksassociates.com/blog/article/parks-pr2011-socialgaming>

⁶ <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2012325>

Via Knowledge Nation, Entellect will deliver its world class education-based games and applications web portal KNeoWORLD and continues to build a solid strategy for growth in the dynamic in social games and media industry. For more information please visit: www.entellect.com.au

About Knowledge Nation

Knowledge Nation is a joint venture between Entellect Limited (60%), Mooter Media Ltd and Hot Shot Media Group and is a global coordinator of educational games and initiatives that are fun, compelling and desirable to children and designed to improve learning skills. Knowledge Nation has been developing its KNeoWORLD web portal and content over the last 18 months.

About Mooter Media Limited

Mooter Media (ASX:MMZ OTCQX:MOTMY) is a developer and provider of digital media solutions. The Company offers unique solutions in online marketing, including Mooter advantage contextual advertising. Mooter is also a joint venture partner with Hot Shot Media Group, the developer of the recently announced global contest platform Shutterbug Millionaire which incorporates revolutionary photo focused networking, social gaming and social photography.

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