KGIC Inc.
For Immediate Release
TSX Venture Exchange
Symbol "LRN"

KGIC Announces Sale of Uhak.com and General Business Update

TORONTO, ONTARIO--(Marketwired – October 29, 2015) – KGIC Inc. ("KGIC" or the "Company") (TSX Venture: LRN) announces the sale of Uhak.com to an arms-length third party, substantial progress on the Company's $15 million Optimization Plan, and other matters as noted below.

"The sale of Uhak.com allows us to focus on our core business of providing education in Canada. I am also pleased to report that our Optimization Plan has now achieved more than $12 million of its targeted $15 million of cost savings on an annualized run-rate basis, thanks to the hard work and dedication of our team. Importantly, the operational restructuring and cost savings initiatives did not compromise our business pipeline - student registration activity during September and October 2015 are up more than 15% over the average monthly bookings achieved during the first eight months of 2015 (i.e., pre-Optimization Plan), returning to levels we experienced during 2014. We are now proceeding to the final phase of our turnaround plan, which is developing a strategy to exit forbearance with our senior lender, and are encouraged by the various discussions we have underway," said Shawn Klerer, Chief Executive Officer.

Sale of Uhak.com

The sale of Uhak.com closed on October 28, 2015, with the purchaser assuming all net liabilities, inclusive of severance obligations and forgiveness of certain intercompany amounts which were owed by the Company to Uhak.com. At June 30, 2015, the Company reported $1.3 million of consolidated net liabilities and year-to-date net losses of $0.83 million attributable to Uhak.com.

Fifth stage closing of non-brokered private placement

The Company has completed a fifth stage closing of its previously announced non-brokered private placement for $50,000, consisting of 5,000 Series A preferred shares. No finders fees were paid in connection with the fifth stage closing, and no common share purchase warrants were issued in connection with this tranche.

About KGIC Inc.

KGIC Inc. owns and operates private English as a Second Language (ESL) Schools, Career Colleges and Community Colleges in Toronto, Vancouver, and Victoria.

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Forward-Looking Information and Statements

This news release includes certain forward-looking information and statements within the meaning of Canadian securities laws. Such forward-looking information and statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken, "will continue", "will occur" or "will be achieved". The forward-looking information contained herein includes information concerning the proposed change of the Company's name and proposed changes to its operations and organizational structure. By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements.

Any number of important factors could cause actual results to differ materially from these forward-looking statements as well as future results including, but not limited to, risks relating to: the Company's ability to service its outstanding indebtedness and the impact of that indebtedness on the Company's ability to raise additional capital, fund and maintain operations or meet business objectives; the Company's ability to comply with the terms of the amended forbearance agreement with Bank of Montreal and the consequences of any breach or default thereunder; the Company's ability to successfully exit forbearance; the Company's ability to complete any proposed recapitalization or restructuring activities (including the Optimization Plan referenced herein) on terms acceptable to the Company or at all and the expected cost savings related thereto; the fact that new management of the Company, including the recently appointed Chief Executive Officer and Chief Financial Officer, have had limited experience with the Company and its operations and have not had sufficient time to fully analyze all facets of the Company's business; the impact of negative or unfavourable rumours in the marketplace on the Company's brands and student enrollment; any of the Company's announced or proposed acquisitions failing to close or becoming delayed before closing; carrying on business and activities in international jurisdiction where Canadian laws do not apply; any loss of certain key personnel; levels of student enrolment; delays in rolling out online education programs; delays to the completion of any planned initiatives or the inability to complete those initiatives; competition in the educational services market; and currency fluctuations. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on any forward-looking information or statements contained in this press release.

The forward-looking information contained in this press release is made as of the date hereof, and the Company does not undertake to update any forward-looking information that is contained or referenced herein, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. All subsequent written and oral forward looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.