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

KGIC Provides Business and Financial Update

TORONTO, ONTARIO--(Marketwired – December 14, 2015) – KGIC Inc. ("KGIC" or the "Company") (TSX Venture: LRN) is providing the following business and financial update to ensure timely and transparent information is provided to all stakeholders.

The Company previously disclosed in its press releases dated August 31, 2015 and November 19, 2015 that lower than anticipated cash collections were the primary driver of negative variances to the cash flow forecast under the forbearance agreement with its senior lender. As of mid-December, this negative trend has continued and the Company's cash position has now depleted to a level which will not likely allow the Company to operate beyond December 31, 2015 without additional financing.

As disclosed in the press release dated November 19, 2015, the Company had been in negotiations with its senior lender as well as several existing and potential investors in order to determine if funding could be secured to repay a portion of the term loan acquisition facility in an amount sufficient to reach an agreement to exit forbearance with its senior lender prior to December 31, 2015. These negotiations ultimately did not result in a proposal acceptable to all parties.

The Company's viability and ability to continue as a going concern is dependent on securing additional capital. The Company expects to formally engage Richter LLP as its financial advisor and continues to actively seek to raise additional capital through debt, equity or other capital raising efforts while also considering other strategic alternatives. There can be no assurance that the Company will be able to successfully obtain financing or that any sale of assets or other strategic alternative transactions can be successfully consummated.

"We needed to achieve a delicate balance between repaying senior debt to exit forbearance and funding working capital needs in order to put the Company on a solid footing. Based on the negotiations which were underway, we believed that an acceptable transaction could be consummated. Ultimately, one of the key potential funding groups withdrew their proposal late last week, creating an unacceptable risk profile for the other potential funding groups. We are now working closely with Richter for a solution in order to minimize interruption to our day to day operation," said Shawn Klerer, Chief Executive Officer.

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 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, 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.