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

KGIC Announces Agreement in Principle with Bank of Montreal

TORONTO, ONTARIO--(Marketwired – December 22, 2015) – KGIC Inc. ("KGIC" or the "Company") (TSX VENTURE: LRN) announces that it has reached an agreement in principle with the Company's senior lender, Bank of Montreal ("**BMO**"), to immediately remove the Company's debt facilities from forbearance for the purposes of converting the facilities into a term loan to be repaid over three years on terms acceptable to the Company and BMO (the "**Term Loan**").

In addition, the Company is pleased to announce that it is presently undertaking a proposed non-brokered preferred share financing to raise gross proceeds of up to $3.0 million (the "**Offering**") to be completed in multiple stages, with the first stage intended to close prior to December 31, 2015. Additional details regarding the Offering will be provided once key terms and conditions are determined

"These arrangements, once completed, will represent a significant step in the restructuring of the Company and will be, in the belief of new management and the directors of the Company, a building block towards financial stability for the Company and its stakeholders. In addition, the stabilization of the Company's senior debt will give the Company's new management the appropriate time and resources to implement the changes they believe are needed to restore the Company to profitability," said Geoffrey Smith, the recently appointed chairman of KGIC.

The Company and BMO have agreed to work together to formalize the Term Loan as soon as possible. However, the Company cautions investors that there is no assurance that an agreement regarding the Term Loan, or the Offering, will be completed on terms acceptable to the Company or at all.

About KGIC Inc.

KGIC 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 ability of Company to continue as a going concern. 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 raise sufficient additional capital, including the completion of all or any portion of the Offering, prior to December 31, 2015 in order to allow it to continue as a going concern on terms acceptable to the Company or at all; 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 negotiate, enter into and execute a definitive agreement with Bank of Montreal on terms acceptable to the Company or at all to remove the Company's debt facilities from forbearance and convert the facilities into a term loan; the fact that new management and directors of the Company, including the recently appointed Chief Executive Officer and Chairman, 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.