

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

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KGIC INC. ANNOUNCES AMENDMENTS TO THE TERMS OF ITS PROPOSED DEBENTURE OFFERING

Toronto, Ontario – May 2, 2016 – KGIC Inc. ("KGIC" or the "Company") (TSXV: LRN) announces that it has amended the terms of the previously announced proposed non-brokered private placement (the "Offering") of convertible secured subordinated debentures (the "Debentures") that was previously announced on April 21, 2016. The Debentures will bear interest at a rate of 5.0% per annum and will be convertible into units at the holder's option at a pre-consolidation conversion price of \$0.02 per unit, with each unit being comprised of one common share and one common share purchase warrant, rather than one-half of a common share purchase warrant as previously announced, at any time prior to the 12 month anniversary of the date of issue, subject to the approval of the TSX Venture Exchange ("TSXV"). Each common share purchase warrant will entitle the holder to purchase one common share of the Company at a pre-consolidation exercise price of \$0.05 per share for a period of 2 years from the closing date of the Offering. If a holder notifies the Company on or before the date that is 10 months following the date of issuance of the Debentures that the holder will not be converting its Debentures into units, the interest rate on the Debentures will be increased to 12.5% per annum, retroactive from the date of issuance of the Debentures. There can be no assurance that the Offering will be completed, whether in whole or in part.

As previously disclosed, the Offering is being made pursuant to the grant of a "discretionary waiver" of the TSXV's minimum \$0.05 pricing requirement (the "Waiver") and is subject to acceptance by the TSXV. With respect to the Waiver, the Company may conduct a share consolidation of its outstanding common shares in such ratio as would result in a "post-consolidation" conversion price equal to or greater than \$0.05 per unit (a "Consolidation") on or before the date that is six months following the closing date of the Offering (the "Consolidation Deadline"). However, the Debentures may not be converted into units unless a Consolidation is completed on or before the Consolidation Deadline. If a Consolidation is not completed on or before the Consolidation Deadline, the conversion price will be deemed to be amended to \$0.05 per unit in accordance with the TSXV's minimum pricing requirements and the interest rate on the Debentures will be increased to 12.5% per annum, retroactive from the date of issuance of the Debentures.

The Company anticipates that the proceeds of the Offering will be used to finance the Company's working capital requirements, with any remaining proceeds to be used to service existing obligations owed to the Company's senior secured creditors.

Completion of the Offering is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the TSXV and the securities regulatory authorities. All securities issued by the Company in connection with the Offering will be subject to a statutory four month hold period.

This news release does not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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 Statements

This news release includes certain forward-looking 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 Offering and the proposed completion thereof. 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: any of the Company's announced or proposed acquisitions or other transactions, including the Offering, failing to close or becoming delayed before closing; the Company's ability to successfully raise sufficient additional capital 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 and restated forbearance agreement and amended and restated credit 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 satisfy the demands of, or successfully negotiate improved terms with, its existing creditors; 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.

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.