

**KGIC Inc. (formerly, Loyalist Group Limited)**  
**For Immediate Release**  
**TSX Venture Exchange**  
**Symbol "LRN"**

## **KGIC Inc. Announces Receipt of Fairness Opinion for Proposed Restructuring**

**TORONTO, ONTARIO (October 31, 2016)** – KGIC Inc. (the "Company") confirms that it has received an independent fairness opinion from BDO Canada LLP ("Fairness Opinion") related to the capital restructuring and debt settlement offer ("Proposed Restructuring") made by the Company to the holders of outstanding unsecured convertible debentures, preferred shares and subordinated loans ("Unsecured Debt Securities"), as detailed in the Company's press release of September 26, 2016. The Fairness Opinion confirms and concludes that the Proposed Debt Settlement Plan is fair, from a financial point of view, to each of the holders of Unsecured Debt Securities. The Company requested the Fairness Opinion to ensure a thorough process in its evaluation of financing options and to provide a balanced view to such holders of Unsecured Debt Securities, some of whom have yet to agree to the Proposed Restructuring.

If the Proposed Restructuring is not completed, the Company's ability to continue as a going concern may be significantly affected.

### **About KGIC Inc.**

KGIC Inc. is an educational organization that provides premium education services at its private English as a Second Language ("ESL") Schools, High School, Career Colleges and Community Colleges across Canada in Ontario and British Columbia. The Company owns and operates twenty-one (21) campuses in Ontario and British Columbia and enrolls approximately 20,000 students yearly in various English language and career training educational courses.

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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 relating to the Company's proposed restructuring and debt-settlement plans. 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 complete any proposed recapitalization or restructuring activities (including the Debt Settlement Plan) on terms acceptable to the Company or at all and the expected cost savings related thereto; 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 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 and statements contained in this press release is made as of the date hereof, and the Company does not undertake to update any forward-looking information and/or statement 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. **Caution Regarding Non-IFRS Financial Measures –** The Company references certain measures in this press release, which do not have a standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and are unlikely to be comparable to similar measures presented by other issuers. These non-IFRS measures have been presented in this press release in order to provide shareholders and potential investors with additional information regarding the Company, but should not be considered in isolation or as a substitute for, or more meaningful than, measures prepared in accordance with IFRS, such as net income (loss) or cash flow from operating activities. Please refer to the Company's Management's Discussion and Analysis as at and for the three and nine months ended September 30, 2015 for a reconciliation of these non-IFRS measure to measures prescribed by IFRS. 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.