

25 January 2017

To: the Employees and Management of KGIC Inc.

As you are probably aware, KGIC Inc. has been under financial stress.

On Wednesday, January 25, 2017, BDO Canada Limited (“BDO” or the “Receiver”) was appointed by the court as Interim Receiver to protect and preserve the assets and operations of the KGIC Inc. group of schools (“KGIC Inc.”).

BDO will engage Sprrott-Shaw Degree College Corp. (“Sprrott-Shaw”), a large and well established operator of career colleges and language schools, to assist the Receiver and to manage the day-to-day operations of KGIC Inc.

The plan is to stabilize and continue operations. All students will continue to be offered the programmes for which they are registered at the 18 KGIC Inc. campuses.

Employees will continue as employees of KGIC Inc. The Receiver has undertaken to ensure that employees are paid for any work during the receivership period.

One of the first tasks of the Receiver and Sprrott-Shaw is to analyze the financial position and cash flow of KGIC Inc. We do not yet have any information about any outstanding wages that may be owing nor when those wages might be paid.

In the near term, we will be developing a plan of action to put KGIC Inc. on a firm footing for long-term success.

In summary:

- The campuses will remain open and students will be continue to be taught.
- Employees will be paid by the Receiver for the work that they do during the receivership.
- A long-term plan is being developed, which will be communicated to you.

If you have any questions, please put them in writing to your director or manager, who can then relay them to the appropriate person.

The Court Order will be available at: <http://extranets.bdo.ca/KGIC>

Note: The Court Order has the effect of “staying” any creditors. This means that unpaid creditors cannot take action to attempt to collect pre-appointment debts, for example: landlords cannot change the locks.

Thank you for your patience in working with us during this difficult period. We are optimistic that a long-term solution for the KGIC Inc. campuses can be developed.

BDO Canada Limited
In its capacity as Interim Receiver of
KGIC Inc. and related companies