

For Immediate Release, December 17, 2014

## Deans Knight Income Corporation

### Announces Cash Dividend of \$0.10 per share

**Vancouver, B.C.** - Deans Knight Income Corporation (the "Company") is pleased to announce a cash dividend of \$0.10 per voting and non-voting common share. The dividend will be payable on December 30, 2014 to shareholders of record as of December 25, 2014. This dividend is an eligible dividend for the purposes of the Income Tax Act (Canada).

As noted in our Interim Management Report of Fund Performance for the period of January 1, 2014 to June 30, 2014, the Company was anticipating receiving a refund from the Canada Revenue Agency relating to its 2013 tax year. In late November, the Company received this refund. As the Company does not anticipate requiring these funds to pay for continuing general and administrative expenses that it may incur in attending to the CRA Matter (defined below), we are now distributing them to shareholders. The Company intends to continue to distribute excess cash to shareholders, as it realizes value from its remaining securities.

#### Update to the CRA Tax Matter

In mid-July, 2014, the Company received Notices of Reassessment ("NORAs") from the CRA for the taxation years 2009 to 2012, inclusive. In the NORAs, the CRA denied the use of certain tax attributes by the Company on the basis that an acquisition of control of the Company occurred and on the basis of the General Anti-Avoidance Rule in the *Income Tax Act* (Canada) (the "CRA Matter").

In late October, 2014, after waiting the statutorily required 90 days, the Company filed its Notice of Appeal to the Tax Court of Canada, appealing the NORAs. The Company is now awaiting the Department of Justice to file its Reply to Notice of Appeal, after which the pre-trial Discovery process will begin.

The Company will continue to keep shareholders apprised of the CRA Matter, as it progresses through the appeal process.

#### **Forward-Looking Statements**

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and forward-looking information concerning the Company's expectation that it will not require funds in addition to the funds currently on hand and other budgeted income to finance ongoing general and administrative expenses; the Company's intention to distribute additional excess cash to shareholders as it liquidates its remaining securities; the Company's anticipated court date in respect of the CRA Matter; and the anticipated time to attend to and/or resolve the CRA Matter.

The forward-looking statements and forward-looking information are based on certain key expectations and assumptions made by the Company, including, but not limited to, expectations and assumptions concerning the amount of time the Company anticipates that it will take to attend to and/or resolve the CRA

Matter (which forms the basis of the Company's budget for estimated future general and administrative expenses), that the Company will be realize a gain if and when it liquidates its remaining securities, prevailing tax laws and the maximum potential amount that could be assessed as additional tax and arrears interest to the Company by the CRA and the Company's understanding of the time it generally takes to complete tax litigation proceedings. Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and forward-looking information because the Company can give no assurance that they will prove to be correct.

Since forward-looking statements and forward-looking information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with potential changes in legislation and administrative policy, changes in tax laws, risks associated with corporate debt securities, general economic, political and market conditions, availability of tax attributes, interest rate fluctuations, failure to obtain required regulatory, corporate, shareholder and other approvals and other risks as set forth in the Company's annual information form dated March 6, 2014 on file with the securities regulatory authorities at [www.sedar.com](http://www.sedar.com).

The Company assumes no obligation to update forward-looking statements or information except as may be required by applicable securities laws.

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