

For Immediate Release, April 7, 2014

Deans Knight Income Corporation

Results of Special Meeting of Shareholders and Special Cash Distribution Amount

Vancouver, B.C. - Deans Knight Income Corporation (the "Company") (TSX: DNC) is pleased to announce the voting results from its special meeting ("Meeting") of holders ("Shareholders") of voting common shares ("Voting Shares") of the Company held on April 4, 2014 and additional details in respect of its special cash distribution ("Cash Distribution").

Special Meeting Voting Results

At the Meeting, Shareholders voted in favour of the special resolution authorizing the reduction in the stated capital of the Voting Shares. Shareholders also voted in favour of the special resolution authorizing: (i) an extension of the termination date of the Company until such time as reasonably practicable following the conclusion of the CRA Matter (as defined herein); and (ii) the removal of the restrictions on business that the Company can carry on. With these approvals, the Company may now provide Shareholders with a substantial portion of the liquidity contemplated by the current articles of incorporation while permitting the Company to attend to the CRA Matter (as defined herein).

Detailed voting results are available under the Company's SEDAR profile at www.sedar.com. The sole holder of the non-voting common shares (together with the Voting Shares, the "Shares") of the Company also voted in favour of the foregoing resolutions by way of a written consent resolution.

Cash Distribution and Delisting

With the Shareholders' approval to reduce the stated capital of the Shares, the Company may now move forward with the Cash Distribution, which will be paid as a return of capital in respect of the Voting Shares. The funds available for the Cash Distribution are \$9.75 per Share, and it is anticipated that the Cash Distribution will be paid on April 30, 2014 to Shareholders of record as of April 22, 2014 ("Cash Distribution Record Date").

After the Cash Distribution, the Company's assets will consist of:

- (i) The Potential Taxes Payable (as defined herein) of \$21.7 million;
- (ii) the remaining securities, which currently have an aggregate fair value of \$3.9 million, and consist of: Conifex Timber Inc. share purchase warrants; Mirabela Nickel Ltd. bonds; RapidEye Canada Ltd. royalty; Skylink Aviation Inc. debtor-in-process financing, bonds and common shares; and,
- (iii) \$2.2 million to pay ongoing general and administrative expenses that it may incur in attending to the CRA Matter, consisting of \$1.2 million and the anticipated tax refund for the Company's 2013 taxation year of approximately \$1.0 million ("2013 Tax Refund").

Following the Cash Distribution, the Company intends to cease all investing and portfolio activities, other than disposing of the remaining securities and expects that its business will be limited solely to attending to the CRA Matter, as necessary. As remaining securities are liquidated, the Company intends to make additional distributions to Shareholders.

The Company expects that the Voting Shares will be delisted from trading on the Toronto Stock Exchange (the "TSX") on or about April 15, 2014 as the Company will no longer meet the continued listing requirements of the TSX. While the Company will no longer maintain a listing on the TSX, the Company will continue to be a reporting issuer, therefore being required to meet continuous disclosure requirements under applicable securities laws.

CRA Audit

As previously announced, the Company received a proposal letter ("Proposal Letter") from the Canada Revenue Agency ("CRA") in January 2014 in which the CRA indicated that it intends to deny 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"). The Company, in consultation with its legal advisors, remains of the view that its tax filing position is appropriate, and does not believe any additional assessment of income tax by the CRA is appropriate. With the extension to the termination date approved by the Shareholders, the Company is now in a position to vigorously defend its tax filing position through to the Tax Court of Canada and beyond, if necessary.

Based on the information in the Proposal Letter and discussions with the CRA, the Company estimates the potential tax liability to be approximately \$21.7 million, or \$2.06 per Share ("Potential Taxes Payable"). This estimate is based on an aggregate reassessment for the 2009 through 2012 taxation years totaling approximately \$22.7 million ("Disputed Amount") which is expected to be reduced by the 2013 Tax Refund. The Company has prepaid the Disputed Amount to the CRA to minimize any further interest from accruing. Should the Company be successful in defending its tax filing position, the Disputed Amount will be refunded with interest.

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 payment of the Cash Distribution; the amount of the Cash Distribution per Share; the nature of the Company's business following payment of the Cash Distribution; the Company's view of its tax filing position; the delisting of the Voting Shares from the TSX; the Company's intentions to make additional distributions following the liquidation of remaining securities; and the magnitude of the Disputed Amount and the 2013 Tax Refund.

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, that the net asset value per Share will not change between the current date and the Cash Distribution Record Date; expectations and assumptions concerning prevailing tax laws; the maximum potential amount that could be assessed as additional tax and arrears interest to the Company by the CRA; the Company's anticipated operating costs following the payment of the Cash Distribution and prevailing stock exchange rules and securities laws. 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 and securities laws, risks associated with corporate debt securities, general economic, political and market conditions, failure to meet investment objectives, availability of tax attributes, liabilities from prior operations, 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 available under the Company's SEDAR profile at 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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