DEANS KNIGHT INCOME CORPORATION

NOTICE OF SPECIAL MEETING

AND

INFORMATION CIRCULAR AND PROXY STATEMENT

WITH RESPECT TO A

SPECIAL MEETING OF HOLDERS OF VOTING COMMON SHARES OF

DEANS KNIGHT INCOME CORPORATION

TO BE HELD ON

APRIL 4, 2014

LETTER TO SHAREHOLDERS

March 6, 2014

Dear Shareholders:

You are invited to attend a special meeting (the "**Meeting**") of holders (the "**Shareholders**") of voting common shares ("**Voting Common Shares**") of Deans Knight Income Corporation (the "**Corporation**") to be held on April 4, 2014 at 10:00 a.m. (Vancouver time) at the offices of the Corporation located at 999 West Hastings, Suite 1500, Vancouver, British Columbia.

Background Events to the Calling of the Meeting

On January 21, 2014, the Corporation received a proposal letter ("**Proposal Letter**") from the Canada Revenue Agency ("**CRA**"). In the Proposal Letter, the CRA stated that it intends to reassess the Corporation and deny the deduction of certain non-capital losses and other tax attributes in the Corporation's taxation years ending in 2009 to and including 2012, which are currently the subject of an audit by the CRA (the "**CRA Audit**"). The CRA has indicated in the Proposal Letter that it intends to deny the use of certain tax attributes by the Corporation on the basis that an acquisition of control of the Corporation occurred and on the basis of the General Anti-Avoidance Rule in the *Income Tax Act* (Canada). The Corporation, 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.

The Corporation has not yet received a notice of reassessment (the "**Reassessment**"), which, if issued by the CRA, will provide the CRA's view of the proposed additional tax, interest and penalties owed by the Corporation. Based on the information in the Proposal Letter and discussions with the CRA, the Corporation estimates the potential tax liability to be approximately $21.7 million (**"Potential Taxes Payable"**), or $2.06 per share, based on its current number of outstanding Voting Common Shares and non-voting common shares of the Corporation ("**Non-Voting Common Shares**" and together with the Voting Common Shares, the "**Shares**"). This estimate is based on an aggregate reassessment for the 2009 through 2012 taxation years totaling approximately $22.7 million (the "**Disputed Amount**") which is expected to be reduced by the anticipated tax refund for the Corporation's 2013 taxation year of approximately $1.0 million (the "**2013 Tax Refund**"). The 2013 Tax Refund is based on the Corporation's results of operations for the 2013 taxation year. Subsequent to December 31, 2013, the Corporation prepaid the Disputed Amount to the CRA to minimize any further interest from accruing on the Disputed Amount.

If the CRA Audit is concluded without a Reassessment, then the total amount prepaid would be refunded, with interest. However, if a Reassessment is issued as a result of the CRA Audit, then the Corporation will have the right to appeal to the Tax Court of Canada (the "**Tax Appeal**"). The Corporation anticipates that legal proceedings through the Tax Court of Canada to resolve the Tax Appeal would take considerable time. If the Corporation is successful in the Tax Appeal, the total amount prepaid would be refunded to the Corporation, with interest.

In order to provide Shareholders with liquidity in a manner contemplated by the current articles of incorporation of the Corporation (the "**Articles**"), while permitting the Corporation to litigate the Tax Appeal to attempt to maximize the potential return of net asset value ("**NAV**") to Shareholders, the Corporation is proposing to pay a special cash distribution by way of a return of capital to Shareholders (the "**Cash Distribution**") on or before April 30, 2014. The Cash Distribution is anticipated to be equal to:

(i) NAV on the Cash Distribution Record Date (as defined herein);

less:

(ii) the Disputed Amount ($22.7 million)[1];

(iii) the value attributed to any Remaining Securities (as defined herein) on the Cash Distribution Record Date; (the "**Remaining Securities Amount**"); and

(iv) an amount held back to pay a portion of the general and administrative expenses of the Corporation that it may incur in dealing with the CRA Audit and Tax Appeal (**"G&A Holdback"**) ($1.2 million)[2].

The Potential Taxes Payable, the Remaining Securities Amount and the G&A Holdback comprise the "**Withheld Amount**".

For reference, as of February 28, 2014 the NAV of the Company consisted of the following components:

	$ (in millions)	**$ per Share**
Cash and short term deposits	88.6	8.41
Prepaid tax asset (Disputed Amount)	22.7	2.15
Investments to be sold prior to Cash Distribution	15.2	1.45
Remaining Securities	4.0	.38
Accrued income	0.3	.03
Accrued liabilities less prepaid expenses	(0.5)	(0.05)
	130.3	12.36

The "Remaining Securities" are certain securities held by the Corporation, which the Corporation may or may not be able to divest prior to the Cash Distribution Record Date. As of February 28, 2014, the Remaining Securities consisted of the following:

Conifex Timber Inc. - Share purchase warrants valued at $0.0.

Mirabela Nickel Ltd. - Bonds valued at $1.0 million.

RapidEye Canada Ltd. - Royalty stream valued at $1.5 million.

Skylink Aviation Inc. - Debtor-in-process financing, bonds and common shares; together valued at $1.4 million.

As Remaining Securities are liquidated, the Corporation intends to make additional distributions to Shareholders.

The Corporation plans to cease all investing and portfolio activities following the payment of the Cash Distribution, other than the disposition of the Remaining Securities, if any. Following the payment of the Cash Distribution, the Corporation intends to terminate the investment advisory agreement that is currently in place with Deans Knight Capital Management Ltd. (the "**Manager**"). Further, the Corporation intends to enter into a limited services agreement with the Manager ("**Services Agreement**") pursuant to which the Manager will assist the Corporation with (i) divesting any Remaining Securities; (ii) attending to, and if necessary, litigating, the CRA Audit and the Tax Appeal; (iii) attending to the distribution of any Withheld Amount to Shareholders and the eventual wind-up and termination of the Corporation thereafter; and (iv) assisting with any ancillary matters related to the foregoing. Other than a nominal fee in the amount of $10.00 per month, the Manager will not receive any fees under the Services Agreement however the Manager will be reimbursed for any expenses or disbursements incurred on behalf of the Corporation. The Corporation intends to distribute to Shareholders the remaining Withheld Amount upon the conclusion of the CRA Audit and the Tax Appeal (following payment of all liabilities of the Corporation).

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[1] The Disputed Amount of $22.7 million is expected to be reduced by the 2013 Tax Refund of $1.0 million, and as a result the Company's estimate of Potential Taxes Payable is $21.7 million.

[2] The G&A Holdback is expected to be approximately $1.2 million, as the 2013 Tax Refund of $1.0 million will also be used to fund the estimated general and administration costs to operate the Corporation for a period of up to four years and the estimated legal costs associated with the potential Tax Appeal. The G&A Holdback may vary depending on the value of the Remaining Securities at the time of the Cash Distribution Record Date.

In order to provide the Corporation with the time to litigate the Tax Appeal, the Corporation will need to amend the Articles to extend the Termination Date (as defined in the Articles) from April 30, 2014 until such time as is reasonably practicable following the conclusion of the CRA Audit and any Tax Appeal, or such other date as the Corporation deems appropriate on not less than 30 days' notice to Shareholders (the "**Extension Amendment**"). Further, in order to permit the Corporation to attend to the CRA Audit and the Tax Appeal in a cost-effective manner, the Corporation is also proposing to remove the restrictions on the business that the Corporation may carry on, which currently restrict the Corporation to carrying on investment activities in accordance with its investment objectives (the "**Restriction Removal Amendment**" and together with the Extension Amendment, the "**Article Amendment**").

Reasons for the Meeting

In order to proceed with the transactions and matters set forth above, the Corporation is calling the Meeting for the following purposes:

(a) to consider and, if thought advisable, to approve a special resolution authorizing the reduction in the stated capital of the Voting Common Shares in an amount equal to the net asset value per Share on the Cash Distribution Record Date less the Withheld Amount per Share multiplied by the number of Shares outstanding as at the Cash Distribution Record Date (the "**Capital Reduction Resolution**"); and

(b) to consider and, if thought advisable, to approve a special resolution authorizing the Article Amendment (the "**Article Amendment Resolution**" and together with the Capital Reduction Resolution, the "**Special Resolutions**").

Management expects that the Capital Reduction Resolution will permit the Corporation to pay the proposed Cash Distribution to Shareholders on a tax efficient basis as a return of capital. See "Particulars of Matters to be Acted Upon at the Meeting – Certain Canadian Federal Income Tax Consequences" in the accompanying information circular and proxy statement of the Corporation dated March 6, 2014 (the "**Information Circular**").

Management of the Corporation believes that the Article Amendment Resolution, which provides for the extension of the Termination Date and the removal of the restrictions on business that the Corporation may carry on, will provide the Corporation with the ability to take any and all steps it deems necessary to litigate and conclude the CRA Audit and the Tax Appeal in a manner that is beneficial to the Shareholders. While there is no guarantee that the Corporation will be successful in defending its tax filing position, the Article Amendment will, at the very least, provide the Corporation with the opportunity to defend its tax filing position. In the event that the Corporation is successful in defending its tax filing position, it is anticipated that the Disputed Amount together with the proceeds of disposition of any Remaining Securities and any remaining G&A Holdback (following payment of all liabilities of the Corporation) would be paid to Shareholders, thereby maximizing the total net asset value ultimately paid to Shareholders.

The sole holder of the outstanding Non-Voting Common Shares has indicated that it intends to approve the Special Resolutions by way of a written consent resolution.

Payment of the Cash Distribution on the basis as described in the Information Circular is conditional upon the approval by Shareholders of the Capital Reduction Resolution.

If the Special Resolutions are approved by Shareholders at the Meeting, the record date for determining Shareholders entitled to receive the Cash Distribution is expected to be April 22, 2014 or such other date as may be determined by the board of directors (the "**Board**") of the Corporation (the "**Cash Distribution Record Date**") and the Cash Distribution is anticipated to be paid on or about April 30, 2014. Additionally, provided the Special Resolutions are approved, the Corporation intends to take steps to voluntarily delist the Voting Common Shares from trading on the Toronto Stock Exchange (the "**TSX**") on or about April 15, 2014 as the Corporation will no longer meet the continued listing requirements of the TSX.

In order to become effective, each Special Resolution must be approved by 66 2/3% of the votes cast by a quorum of Shareholders present in person or by proxy at the Meeting.

Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to or deposit it with Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1. In order to be valid and acted upon at the Meeting, forms of proxy in respect of the Special Resolutions must be received at the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. Shareholders are cautioned that the use of the mail to transmit proxies is at each Shareholder's risk.

Attached are a notice of the Meeting and a management proxy circular which materials contain important information relating to the proposed Special Resolutions and which you are urged to read carefully. If you are in doubt as to how to deal with the matters described in the management information circular, you should consult your advisors.

Review of the Independent Review Committee and Recommendation of the Board of Directors

Management of the Corporation has determined that the Extension Amendment (which is part of the Article Amendment Resolution) may constitute a "conflict of interest matter" for purposes of National Instrument 81-107 *Independent Review Committee for Investment Funds* and as a result, has referred the matter for consideration by the independent review committee of the Corporation (the "**Independent Review Committee**"). The Independent Review Committee has reviewed the potential conflict of interest matters related to the Extension Amendment and the Services Agreement and, after reasonable inquiry, concluded that the Extension Amendment and the Services Agreement would achieve a fair and reasonable result for the Corporation. **The Board has determined that the Extension Amendment is in the best interests of the Corporation and its Shareholders and, accordingly, recommends that Shareholders vote FOR the Extension Amendment (which is part of the Article Amendment Resolution).**

Sincerely

(signed) *Wayne Deans*
Wayne Deans
Chairman

DEANS KNIGHT INCOME CORPORATION

NOTICE OF SPECIAL MEETING OF HOLDERS OF VOTING COMMON SHARES TO BE HELD ON APRIL 4, 2014

Notice of Meeting

Capitalized terms not otherwise defined in this Notice of Meeting have the same meaning as set forth in the accompanying information circular and proxy statement of Deans Knight Income Corporation (the "**Corporation**") dated March 6, 2014 (the "**Information Circular**").

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of voting common shares ("**Voting Common Shares**") of the Corporation will be held at the offices of the Corporation, Suite 1500, 999 West Hastings Street, Vancouver, British Columbia, on April 4, 2014, at 10:00 a.m. (Vancouver time), for the purpose of considering, and if thought advisable, approving, with or without variation, special resolutions (the "**Special Resolutions**"), the full text of which are set forth in the Information Circular, authorizing and approving, among other matters:

(a) the reduction in the stated capital of the Voting Common Shares (the "**Capital Reduction**") in an amount equal to the net asset value per Voting Common Share and per non-voting common share of the Corporation ("**Non-Voting Common Shares**" and together with the Voting Common Shares, the "**Shares**") on the Cash Distribution Record Date less the Withheld Amount per Share multiplied by the number of Shares outstanding as at the Cash Distribution Record Date (the "**Capital Reduction Resolution**"); and

(b) the Article Amendment, which would result in the amendment of the Articles to: (i) remove the restrictions on the business that the Corporation may carry on, which currently restrict the Corporation to carrying on investment activities in accordance with its investment objectives; and (ii) extend the Termination Date (as defined in the Articles) from April 30, 2014 until such time as is reasonably practicable following the conclusion of the CRA Audit or such other date as the Corporation deems appropriate on not less than 30 days' notice to Shareholders (the "**Article Amendment Resolution**").

The full text of the Special Resolutions permit the Board, assuming the Special Resolutions are approved, to implement or revoke the Special Resolutions, in whole or in part, for any reason whatsoever at any time and from time to time, in the sole discretion of the Corporation, without further approval of or notice to the Shareholders. The Corporation may also consider such other business as may properly come before the Meeting.

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is the close of business on March 4, 2014 (the "**Meeting Record Date**"). Only Shareholders whose names have been entered in the register of Shareholders on the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a Shareholder transfers the ownership of any Voting Common Shares after the Meeting Record Date and the transferee of those Voting Common Shares establishes ownership of such Voting Common Shares and requests in writing to the Corporation's Corporate Secretary, Mr. Mark Myles, c/o Deans Knight Capital Management Ltd., 1500 – 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2 (e-mail: info@deansknight.com, fax: (604) 669-0238), not later than ten (10) days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Voting Common Shares at the Meeting.

Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to or deposit it with Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1. In order to be valid and acted upon at the Meeting, forms of proxy in respect of the Special Resolution must be received at the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. Shareholders are cautioned that the use of the mail to transmit proxies is at each Shareholder's risk.

A registered Shareholder wishing to appoint some other person (who need not be a Shareholder) to represent him or her at the Meeting has the right to do so, either by striking out the names of those persons named in the accompanying form of proxy and inserting the desired person's name in the blank space provided in the form of proxy or by completing another form of proxy.

Registered Shareholders have the right to dissent with respect to the Article Amendment Resolution and, if the Article Amendment Resolution becomes effective, to be paid the fair value of their Voting Common Shares in accordance with the provisions of Section 190 of the *Canada Business Corporations Act* (the "**CBCA**"). **Under the CBCA, Shareholders do not have dissent rights with respect to the proposed Capital Reduction Resolution and the Corporation will not independently provide Shareholders with any such right. The foregoing right to dissent applies only in respect of the proposed Article Amendment Resolution. Shareholders are hereby advised and should understand that fair value per Voting Common Share may not be equivalent to, reflective of, nor based on, the net asset value per Voting Common Share as published by the Corporation from time to time in accordance with applicable securities laws.** A registered Shareholder wishing to exercise rights of dissent with respect to the Article Amendment Resolution must send to the Corporation a written objection to the Article Amendment Resolution. Such written objection must be received by the Corporation, c/o Deans Knight Income Corporation, Suite 1500, 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2, Attention: Mark Myles at or prior to the Meeting. A Shareholder's right to dissent is more particularly described in the Information Circular and the text of Section 190 of the CBCA is set forth in Appendix "C" of the Information Circular.

Except in limited circumstances, Shareholders exercising rights of dissent shall not be entitled to the Cash Distribution. See "Right to Dissent" in the Information Circular.

Failure to strictly comply with the requirements set forth in Section 190 of the CBCA may result in the loss of any right of dissent. Persons who are beneficial owners of Voting Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered Shareholders are entitled to dissent. Accordingly, a beneficial Shareholders desiring to exercise this right must make arrangements for the Voting Common Shares beneficially owned by such Shareholder to be registered in the Shareholder's name prior to the time the written objection to the Article Amendment Resolution is required to be received by the Corporation or, alternatively, make arrangements for the registered holder of such Voting Common Shares to dissent on the Shareholder's behalf. It is strongly suggested that any Shareholder wishing to dissent seek independent legal advice, as the failure to comply strictly with the provisions of the CBCA may prejudice such Shareholder's right to dissent.

Review of the Independent Review Committee and Recommendation of the Board of Directors

Management of the Corporation has determined that the Extension Amendment (which is part of the Article Amendment Resolution) and the Services Agreement may constitute a "conflict of interest matter" for purposes of National Instrument 81-107 *Independent Review Committee for Investment Funds* and as a result, has referred the matter for consideration by the independent review committee of the Corporation (the "**Independent Review Committee**"). The Independent Review Committee has reviewed the potential conflict of interest matters related to the Extension Amendment and the Services Agreement and, after reasonable inquiry, concluded that the Extension Amendment and the Services Agreement would achieve a fair and reasonable result for the Corporation. **The Board has determined that the Extension Amendment is in the best interests of the Corporation and its Shareholders and, accordingly, recommends that Shareholders vote FOR the Extension Amendment (which is part of the Article Amendment Resolution).**

DATED at Vancouver, British Columbia this 6th day of March, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

By: (signed)"*Wayne Deans*"
Wayne Deans
Chairman

INFORMATION CIRCULAR AND PROXY STATEMENT DATED MARCH 6, 2014

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SUMMARY

The following is a summary of certain information contained elsewhere in this Information Circular. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Information Circular.

This Information Circular is furnished in connection with the solicitation of proxies by the management of Deans Knight Income Corporation (the "**Corporation**") for use at the special meeting (the "**Meeting**") of the holders ("**Shareholders**") of voting common shares ("**Voting Common Shares**") of the Corporation, to be held at the offices of Deans Knight Income Corporation, Suite 1500, 999 West Hastings Street, Vancouver, British Columbia on April 4, 2014, at 10:00 a.m. (Vancouver time), and any adjournment thereof.

Summary of Key Dates and Times

Meeting Record Date.. March 4, 2014
Proxy Due Date & Time..10:00 a.m. (Vancouver time) April 2, 2014[(a)]
Meeting Date & Time...10:00 a.m. (Vancouver time) April 4, 2014
Delisting Date...on or about April 15, 2014[(b)]
Cash Distribution Record Date...on or about April 22, 2014[(b)]
Cash Distribution Payment Date...on or about April 30, 2014[(b)]

(a) Shareholders should contact their broker or other intermediary through whom their Voting Common Shares are held well in advance of the Meeting, as brokers and other intermediaries may set deadlines earlier than 10:00 a.m. (Vancouver time) on April 2, 2014 for the receipt of voting instruction forms or proxies.

(b) Assumes that Shareholders approve the Capital Reduction Resolution.

Date, Time and Place of Meeting

The Meeting will be held on April 4, 2014 at 10:00 a.m. (Vancouver time) at the offices of Deans Knight Income Corporation, Suite 1500, 999 West Hastings Street, Vancouver, British Columbia.

Background Events to the Calling of the Meeting

On January 21, 2014, the Corporation received a proposal letter ("**Proposal Letter**") from the Canada Revenue Agency ("**CRA**"). In it, the CRA stated that it intends to reassess the Corporation and deny the deduction of certain non-capital losses and other tax attributes in the Corporation's taxation years ending in 2009 to and including 2012, which are currently the subject of an audit by the CRA (the "**CRA Audit**"). The CRA has indicated in the Proposal Letter that it intends to deny the use of certain tax attributes by the Corporation on the basis that an acquisition of control of the Corporation occurred and on the basis of the General Anti-Avoidance Rule in the *Income Tax Act* (Canada). The Corporation, 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.

The Corporation has not yet received a notice of reassessment (the "**Reassessment**"), which, if issued by the CRA, will provide the CRA's view of the proposed additional tax, interest and penalties owed by the Corporation. Based on the information in the Proposal Letter and discussions with the CRA, the Corporation estimates the potential tax liability to be approximately $21.7 million (**"Potential Taxes Payable"**), or $2.06 per share, based on its current number of outstanding Voting Common Shares and non-voting common shares of the Corporation ("**Non-Voting Common Shares**" and together with the Voting Common Shares, the "**Shares**"). This estimate is based on an aggregate reassessment for the 2009 through 2012 taxation years totaling approximately $22.7 million (the "**Disputed Amount**") which will be reduced by the anticipated tax refund for the Corporation's 2013 taxation year of approximately $1.0 million (the "**2013 Tax Refund**"). The 2013 Tax Refund is based on the Corporation's results of operations for the 2013 taxation year. Subsequent to December 31, 2013, the Corporation prepaid the Disputed Amount to the CRA to minimize any further interest from accruing on the Disputed Amount.

If the CRA Audit is concluded without a Reassessment, then the total amount prepaid would be refunded, with interest. However, if a Reassessment is issued as a result of the CRA Audit, then the Corporation will have the right to appeal to the Tax Court of Canada (the "**Tax Appeal**"). The Corporation anticipates that legal proceedings through the Tax Court of Canada to resolve the Tax Appeal would take considerable time. If the Corporation is successful in the Tax Appeal, the total amount prepaid would be refunded to the Corporation, with interest.

In order to provide Shareholders with liquidity in a manner contemplated by the current articles of incorporation of the Corporation (the "**Articles**"), while permitting the Corporation to litigate the Tax Appeal to attempt to maximize the potential return of net asset value ("**NAV**") to Shareholders, the Corporation is proposing to pay a special cash distribution by way of a return of capital to Shareholders (the "**Cash Distribution**") on or before April 30, 2014. The Cash Distribution is anticipated to be equal to:

(i) NAV on the Cash Distribution Record Date (as defined herein);

less:

(ii) the Disputed Amount ($22.7 million)[1];

(iii) the value attributed to any Remaining Securities (as defined herein) on the Cash Distribution Record Date; (the "**Remaining Securities Amount**"); and

(iv) an amount held back to pay a portion of the general and administrative expenses of the Corporation that it may incur in dealing with the CRA Audit and Tax Appeal (**"G&A Holdback"**) ($1.2 million)[2].

The Potential Taxes Payable, the Remaining Securities Amount and the G&A Holdback comprise the "**Withheld Amount**".

For reference, as of February 28, 2014 the NAV of the Company consisted of the following components:

	$ (in millions)	**$ per Share**
Cash and short term deposits	88.6	8.41
Prepaid tax asset (Disputed Amount)	22.7	2.15
Investments to be sold prior to Cash Distribution	15.2	1.45
Remaining Securities	4.0	.38
Accrued income	0.3	.03
Accrued liabilities less prepaid expenses	(0.5)	(0.05)
	130.3	12.36

The "**Remaining Securities**" are certain securities held by the Corporation, which the Corporation may or may not be able to divest prior to the Cash Distribution Record Date. As of February 28, 2014, the Remaining Securities consisted of the following:

Conifex Timber Inc. - Share purchase warrants valued at $0.0.
Mirabela Nickel Ltd. - Bonds valued at $1.0 million.
RapidEye Canada Ltd. - Royalty stream valued at $1.5 million.
Skylink Aviation Inc. - Debtor-in-process financing, bonds and common shares; together valued at $1.4 million.

[1] The Disputed Amount of $22.7 million is expected to be reduced by the 2013 Tax Refund of $1.0 million, and as a result the Company's estimate of Potential Taxes Payable is $21.7 million.

[2] The G&A Holdback is expected to be approximately $1.2 million, as the 2013 Tax Refund of $1.0 million will also be used to fund the estimated general and administration costs to operate the Corporation for a period of up to four years and the estimated legal costs associated with the potential Tax Appeal. The G&A Holdback may vary depending on the value of the Remaining Securities at the time of the Cash Distribution Record Date.

As Remaining Securities are liquidated, the Corporation intends to make additional distributions to Shareholders.

The Corporation plans to cease all investing and portfolio activities following the payment of the Cash Distribution, other than the disposition of the Remaining Securities, if any. Following the payment of the Cash Distribution, the Corporation intends to terminate the investment advisory agreement that is currently in place with Deans Knight Capital Management Ltd. (the "**Manager**"). Further, the Corporation intends to enter into a limited services agreement with the Manager ("**Services Agreement**") pursuant to which the Manager will assist the Corporation with (i) divesting any Remaining Securities; (ii) attending to, and if necessary, litigating, the CRA Audit and the Tax Appeal; (iii) attending to the distribution of any Withheld Amount to Shareholders and the eventual wind-up and termination of the Corporation thereafter; and (iv) assisting with any ancillary matters related to the foregoing. Other than a nominal fee in the amount of $10.00 per month, the Manager will not receive any fees under the Services Agreement however the Manager will be reimbursed for any expenses or disbursements incurred on behalf of the Corporation. The Corporation intends to distribute to Shareholders the remaining Withheld Amount upon the conclusion of the CRA Audit and the Tax Appeal (following payment of all liabilities of the Corporation).

In order to provide the Corporation with the time to litigate the Tax Appeal, the Corporation will need to amend the Articles to extend the Termination Date (as defined in the Articles) from April 30, 2014 until such time as is reasonably practicable following the conclusion of the CRA Audit and any Tax Appeal, or such other date as the Corporation deems appropriate on not less than 30 days' notice to Shareholders (the "**Extension Amendment**"). Further, in order to permit the Corporation to attend to the CRA Audit and the Tax Appeal in a cost-effective manner, the Corporation is also proposing to remove the restrictions on the business that the Corporation may carry on, which currently restrict the Corporation to carrying on investment activities in accordance with its investment objectives (the "**Restriction Removal Amendment**" and together with the Extension Amendment, the "**Article Amendment**").

Reasons for the Meeting

At the Meeting, Shareholders will be asked to consider and, if thought advisable, approve, with or without variation, the following special resolutions (the "**Special Resolutions**"), the full text of which are attached as Appendix "A" and Appendix "B" to this Information Circular, authorizing and approving, among other things:

(a) the reduction in the stated capital of the Voting Common Shares (the "**Capital Reduction**") in an amount equal to the net asset value per Voting Common Share and per non-voting common shares of the Corporation ("**Non-Voting Common Shares**" and together with the Voting Common Shares, the "**Shares**") on the Cash Distribution Record Date less the Withheld Amount per Share multiplied by the number of Shares outstanding as at the Cash Distribution Record Date (the "**Capital Reduction Resolution**"); and

(b) the Article Amendment, which would result in the amendment of the Articles to: (i) remove the restrictions on the business that the Corporation may carry on, which currently restrict the Corporation to carrying on investment activities in accordance with its investment objectives; and (ii) extend the Termination Date (as defined in the Articles) from April 30, 2014 until such time as is reasonably practicable following the conclusion of the CRA Audit or such earlier date as the Corporation deems appropriate on not less than 30 days' notice to Shareholders (the "**Article Amendment Resolution**").

The full text of the Special Resolutions permit the Board, assuming the Special Resolutions are approved, to implement or revoke the Special Resolutions, in whole or in part, for any reason whatsoever at any time and from time to time, in the sole discretion of the Corporation, without further approval of or notice to the Shareholders. The Corporation may also consider such other business as may properly come before the Meeting.

In order to become effective, each of the Special Resolutions must be approved by at least 66 2/3% of the votes cast by a quorum of Shareholders present in person or by proxy at the Meeting. See "General Proxy Information – General Meeting Requirements" and "Particulars of Matters to be Acted Upon at the Meeting".

The sole holder of the outstanding Non-Voting Common Shares has indicated that it intends to approve the Special Resolutions by way of a written consent resolution.

Unless otherwise stated, the information contained in this Information Circular is given as at March 6, 2014. All dollar amounts in this Information Circular, unless otherwise indicated, are stated in Canadian currency.

No person has been authorized by the Corporation to give any information or make any representations in connection with the transactions herein described other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by the Corporation.

Benefits and Reasons for the Proposed Capital Reduction Resolution

The proposed Cash Distribution will permit Shareholders to realize liquidity for their Voting Common Shares on substantially the same timeline as contemplated by the current Articles on a tax efficient basis, while permitting the Corporation to litigate the Tax Appeal to attempt to maximize the potential return of net asset value to Shareholders.

Benefits and Reasons for the Proposed Article Amendment Resolution

The Corporation has consulted with its advisors and remains of the view that its tax filing position is appropriate, and plans to vigorously defend its position if and when the CRA issues any Reassessment. Management of the Corporation believes that the Article Amendment, with the extension of the Termination Date and the removal of the restrictions on business that the Corporation may carry on, will provide the Corporation with the ability to take any and all steps it deems necessary to conclude the CRA Audit and the Tax Appeal in a manner that is beneficial to the Shareholders. While there is no guarantee that the Corporation will be successful in defending its tax filing position, the Article Amendment will, at the very least, provide the Corporation with the opportunity to defend its tax filing position. In the event that the Corporation is successful in defending its tax filing position, it is anticipated that the Disputed Amount together with the proceeds of disposition of any Remaining Securities and any remaining G&A Holdback (following payment of all liabilities of the Corporation) will be paid to Shareholders, thereby maximizing the total net asset value paid to Shareholders.

Shareholder Action

In order to vote on the Special Resolutions, you should submit the enclosed voting instruction form or form of proxy prior to 10:00 a.m. (Vancouver time) on April 2, 2014 (or 48 hours prior to the Meeting, excluding Saturdays, Sundays and holidays, if it is postponed or adjourned) or with the Chairman of the Meeting at or prior to the commencement of the Meeting. You should also contact your broker or other intermediary through which your Voting Common Shares are held who may have earlier deadlines.

Dissent Rights

Registered Shareholders have the right to dissent with respect to the Article Amendment Resolution and, if the Article Amendment Resolution is effected, to be paid the fair value of their Shares in accordance with the provisions of Section 190 of the CBCA. **Under the CBCA, Shareholders do not have dissent rights with respect to the proposed Capital Reduction Resolution and the Corporation will not independently provide Shareholders with any such right. The foregoing right to dissent applies only in respect of the proposed Article Amendment Resolution. Shareholders are hereby advised and should understand that fair value per Voting Common Share may not be equivalent to, reflective of nor based on, the net asset value per Voting Common Share as published by the Corporation from time to time in accordance with applicable securities laws.** See "Right to Dissent" in the Information Circular.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Information Circular includes certain statements that are "forward-looking statements". All statements, other than statements of historical fact, included in this Information Circular that address activities, events or developments that management and the directors of the Corporation expect or anticipate will or may occur in the future are forward-looking statements, including statements regarding the Corporation's views in respect of its tax filing position; the receipt of the 2013 Tax Refund; the anticipated time to resolve the CRA Audit and if necessary, the Tax Appeal; the magnitude of the Disputed Amount and the Potential Taxes Payable; the magnitude of the Cash Distribution; the nature and amount of any Remaining Securities; the magnitude of the G&A Holdback; the nature of the Corporation's business and operations following the Meeting; the proposed terms of the Services Agreement; and the delisting of the Voting Common Shares. These forward-looking statements are subject to various risks and uncertainties that could cause actual performance and expectations to differ materially from the anticipated performance or other expectations expressed and readers are encouraged to review the risk factors set forth the Corporation's annual information form dated March 6, 2014 (the "**AIF**"). Factors that could cause actual results to differ from those anticipated include, among others: whether Shareholders approve any or all of the Special Resolutions, risks associated with potential changes in legislation and administrative policy, changes in tax laws, general economic, political and market conditions, availability of tax attributes, interest rate fluctuations, failure to obtain required regulatory, corporate, shareholder and other approvals a and general economic and stock market conditions. The forward-looking statements contained in this Information Circular in relation to the Corporation constitute the current estimates of the Corporation, as of the date of this Information Circular, with respect to the matters covered hereby. Readers should not assume that any forward-looking statement contained in this Information Circular represents an estimate as of any date other than the date of this Information Circular. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company assumes no obligation to update forward-looking statements except as may be required by applicable securities laws.

RISK FACTORS

In addition to the risk factors reproduced from the AIF below, readers are encouraged to the review the risk factors in their entirety as set forth in the AIF, which are incorporated by reference herein.

Tax Audit and Potential Reassessment

The Company has received the Proposal Letter from the CRA wherein the CRA has 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 Company, in consultation with its advisors, remains of the view as of the date hereof that its tax filing position is appropriate, and does not believe any additional assessment of income tax by the CRA is appropriate. However, there can be and there is no guarantee that the Company will be successful in defending its tax filing position. If the Company is unsuccessful in defending its tax filing position, then any tax assessed to the Company by the CRA plus any applicable interest and penalties will have to be paid to the CRA, which may have a material adverse effect on the Company and/or the net asset value of the Company.

Availability of Tax Attributes

There can be no assurance that the tax attributes of the Corporation will be available in the amount expected or at all to offset income or gains from its investment portfolio, or tax otherwise payable in respect thereof. While the Corporation is confident that such tax attributes will be available, there is a possibility that the CRA could successfully challenge the amount of such tax attributes or their availability to the Corporation in connection with the ongoing CRA Audit pursuant to a Reassessment or otherwise.

Changes in Legislation and Administrative Policy

There can be no assurance that certain laws applicable to the Corporation, including Canadian and foreign income tax laws and securities laws, will not be changed in a manner which could adversely affect the NAV of the Corporation. In addition, there can be no assurance that the administrative policies and assessing practices of the CRA will not be changed in a manner which adversely affects the Shareholders. Any such changes could relate to deductions previously taken, or amounts claimed to date. The Corporation may also be affected by changes in regulatory requirements, customs, duties or other taxes in Canada or foreign jurisdictions. Such changes could, depending on their nature, benefit or adversely affect the Corporation.

GENERAL PROXY INFORMATION

General Meeting Requirements

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is the close of business on March 4, 2014 (the "**Meeting Record Date**"). Only Shareholders whose names have been entered in the register of Shareholders on the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a Shareholder transfers the ownership of any Voting Common Shares after the Meeting Record Date and the transferee of those Voting Common Shares establishes ownership of such Voting Common Shares and requests in writing to the Corporation's Corporate Secretary, Mr. Mark Myles, c/o Deans Knight Capital Management Ltd., 1500 – 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2 (e-mail: info@deansknight.com, fax: (604) 669-0238), not later than ten (10) days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Voting Common Shares at the Meeting.

Holders of Voting Common Shares are entitled to vote on all matters to be acted upon at the Meeting and are entitled to one vote per Voting Common Share.

The quorum for any meeting of Shareholders is two or more Shareholders or proxyholders holding not less than 5% of the issued and outstanding Voting Common Shares. In order to become effective, each Special Resolution must be approved by at least 66 2/3% of the votes cast by a quorum of Shareholders present in person or by proxy at the Meeting.

All references to Shareholders in this Information Circular and the accompanying form of proxy and Notice of Special Meeting of Holders of Voting Common Shares (the "**Notice**"), unless the context requires otherwise, are to Shareholders registered as of the Meeting Record Date on the Corporation's register of Shareholders maintained by the Corporation's transfer agent, Computershare Trust Company of Canada.

Beneficial Holders of Voting Common Shares

The information set forth in this section is provided to beneficial holders of Voting Common Shares who do not hold their Voting Common Shares in their own name ("**Beneficial Shareholders**"). Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Voting Common Shares can be recognized and acted upon at the Meeting. If Voting Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Voting Common Shares will not be registered in the Beneficial Shareholder's name on the records of the Corporation. Such Voting Common Shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Voting Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms). Voting Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The Corporation does not know for whose benefit the Voting Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Voting Common Shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll free telephone number to vote their shares or website address where shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the

Meeting. **A Beneficial Shareholder receiving a voting instruction request or a proxy form with a Broadridge sticker on it cannot use that instruction request or proxy form to vote Voting Common Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the Voting Common Shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed voting instructions or proxy forms as directed by Broadridge well in advance of the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting a Beneficial Shareholder's Voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote Voting Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Voting Common Shares as proxyholder for the registered Shareholder should strike out the names of those persons named in the accompanying proxy form and insert the desired person's name in the blank space provided in the proxy form or by completing another proxy form, well in advance of the Meeting.

Persons Making the Solicitation

This Information Circular is furnished by and in connection with the solicitation of proxies by management of the Corporation for use at the Meeting, and at any adjournment thereof, at the time and place and for the purposes set forth in the accompanying Notice. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally, or by telephone, facsimile or other electronic means, by directors, officers and employees of the Corporation at nominal cost. All costs of solicitation by management will be borne by the Corporation.

Appointment of Proxies

The persons named as proxyholders in the accompanying form of proxy are directors and/or officers of the Corporation and were designated by the management of the Corporation. **A registered Shareholder wishing to appoint some other person (who need not be a Shareholder) to represent him or her at the Meeting has the right to do so, either by striking out the names of those persons named in the accompanying form of proxy and inserting the desired person's name in the blank space provided in the form of proxy or by completing another form of proxy, well in advance of the Meeting.** Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to or deposit it with Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1. In order to be valid and acted upon at the Meeting, forms of proxy in respect of the Special Resolution must be received at the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. Shareholders are cautioned that the use of the mail to transmit proxies is at each Shareholder's risk.

Revocation of Proxies

Shareholders who have given a proxy may revoke it by an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer or attorney of that corporation, and delivered to the Corporate Secretary of the Corporation, Mr. Mark Myles, c/o Deans Knight Capital Management Ltd., 1500 – 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2 (info@deansknight.com, fax: (604) 669-0238), at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or to the Chairman of the Meeting on the day of the Meeting, or in any other manner permitted by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

Exercise of Discretion by Proxy

All Voting Common Shares represented by properly executed and deposited proxies will be voted in accordance with the instructions contained therein. **If no choice is specified with respect to any matters referred to herein, the persons designated in the enclosed form of proxy intend to vote such Voting Common Shares in favour of each of the Special Resolutions described herein.**

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations to matters referred to herein and with respect to other matters which may properly come before the Meeting. In the event amendments or variations to matters referred to herein are properly brought before the Meeting, or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, management of the Corporation knows of no such amendment, variation or other matter which may be presented at the Meeting.

SECURITIES OF THE CORPORATION AND PRINCIPAL HOLDERS THEREOF

Voting Common Shares and Principal Holders Thereof

As at the date hereof, there are 10,191,592 Voting Common Shares issued and outstanding. To the knowledge of the directors and executive officers of the Corporation and based on information as at the date hereof, there are no persons who own, control or direct, directly or indirectly, more than 10% of the outstanding Voting Common Shares.

Description of Voting Common Shares

The Corporation is authorized to issue an unlimited number of Voting Common Shares. The holders of Voting Common Shares are entitled to one vote for each Voting Common Share held and are entitled to receive dividends, in the amounts and if and when declared by the directors out of monies of the Corporation lawfully available for the payment of dividends, in such amounts as determined in the absolute discretion of the directors from time to time. Currently, all dividends on the Voting Common Shares and the Non-Voting Common Shares must be declared and paid in an equal amount per share and at the same time on the Voting Common Shares and the Non-Voting Common Shares without preference or distinction.

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Voting Common Shares and the holders of Non-Voting Common Shares shall rank equally and shall be entitled to share and receive the remaining property of the Corporation.

Redemption of Voting Common Shares

The Voting Common Shares are not redeemable by the holders thereof. The Articles currently contemplate, prior to giving effect to the Extension Amendment, that the Corporation will redeem the Voting Common Shares for a cash amount equal to 100% of the net asset value per share on April 30, 2014. The Articles currently further provide that the Board may, in its discretion, redeem the Voting Common Shares prior to April 30, 2014, with the prior approval of Shareholders given at a meeting of Shareholders, if, in its opinion, it is no longer commercially viable to continue the Corporation or it would be in the best interests of Shareholders. Upon redemption, the Corporation will distribute to Shareholders their pro rata portions of the remaining assets of the Corporation after all liabilities of the Corporation have been satisfied or appropriately provided for, which will include cash and, to the extent liquidation of certain assets is not practicable or the Corporation considers such liquidation not to be appropriate prior to the redemption date, such unliquidated assets in specie rather than in cash, subject to compliance with any securities or other laws applicable to such distributions. Following such distribution, the Articles provide that the Corporation will be dissolved. Prior to giving effect to the Extension Amendment, after fixing a date for redemption, including redemption on April 30, 2014, the Corporation may, in its discretion and upon not less than 30 days' notice to

Shareholders, extend the redemption date by a period of up to 180 days if the Corporation's portfolio of securities will be unable to be converted to cash prior to the original redemption date and the Board determines that it would be in the best interests of all of the Shareholders to do so.

U.S. Investment Company Act Considerations

Should the Corporation, in its discretion, conclude that the number or type of its U.S. resident Shareholders might compel it to effect registration as an investment company under the *United States Investment Company Act of 1940*, as amended (the "**U.S. Investment Company Act**"), the Corporation has the right to require U.S. resident Shareholders that are not "qualified purchasers" as defined for the purposes of Section 3(c)(7) of the U.S. Investment Company Act to sell some or all of their Voting Common Shares over the Canadian stock exchange on which the Voting Common Shares are then listed or, if such sale cannot be effected on commercially reasonable terms, the Corporation has the right to redeem Voting Common Shares of such number of U.S. resident Shareholders who are not "qualified purchasers" as it deems appropriate for a cash amount equal to 100% of the then net asset value per share.

Non-Voting Common Shares and Principal Holders Thereof

As at the date hereof, there are 345,671 Non-Voting Common Shares issued and outstanding. To the knowledge of management of the Corporation and based on information as at the date hereof, all of the Non-Voting Common Shares are held by Matco Capital Ltd.

Description of Non-Voting Common Shares

Subject to the provisions of the *Canada Business Corporations Act* (the "**CBCA**"), the holders of Non-Voting Common Shares are not entitled to receive notice of or to attend any meetings of Shareholders and do not have any voting rights for any purpose. The holders of Non-Voting Common Shares are entitled to receive dividends, in the amounts and if and when declared by the Board out of monies of the Corporation lawfully available for the payment of dividends, in such amounts as determined in the absolute discretion of the Board from time to time. All dividends on the Voting Common Shares and the Non-Voting Common Shares must be declared and paid in an equal amount per share and at the same time on the Voting Common Shares and the Non-Voting Common Shares without preference or distinction.

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its Shareholders for the purpose of winding up its affairs, the holders of Voting Common Shares and the holders of Non-Voting Common Shares shall rank equally and shall be entitled to share and receive the remaining property of the Corporation.

The Non-Voting Common Shares may be redeemed by the Corporation in the same manner as the Voting Common Shares as described under "*Description of Voting Common Shares – Redemption of Voting Common Shares*" above.

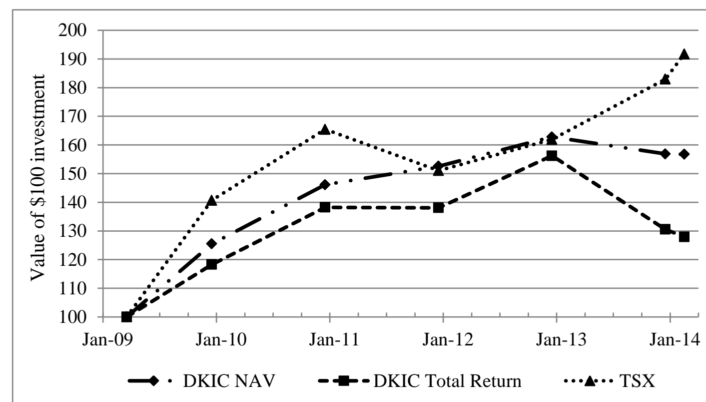
INFORMATION CONCERNING THE CORPORATION

General

The Corporation is a closed-end, non-redeemable investment company. The Corporation is a corporation continued under the *Canada Business Corporations Act*. The head and registered office of the Corporation is currently located at 1500 – 999 West Hastings Street, Vancouver, British Columbia V6C 2W2. Deans Knight Capital Management Ltd. acts as the Manager. The fiscal year-end of the Corporation is December 31.

Historical Performance

The Voting Common Shares are listed on the Toronto Stock Exchange and trade under the symbol "DNC". The following graph shows the historical net asset value performance of the Voting Common Shares relative to the historical performance of the S&P TSX Composite on a total return basis, with each set at $100 at the close of markets on March 18, 2009, the first day of trading for the Voting Common Shares and continuing to the close of markets on February 28, 2014. The compound annual total return on the Voting Common Shares from the initial listing on March 18, 2009 to February 28, 2014 is 9.7% (based on net asset value per Share and assuming the reinvestment of dividends) such that a Shareholder who invested $100 in the Corporation in March 2009 in connection with the Corporation's initial public offering and reinvested all dividends would have had an investment worth $156.74 as at February 28, 2014 (net of expenses).



PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

Capital Reduction Resolution

Background

On January 21, 2014, the Corporation received a proposal letter ("**Proposal Letter**") from the Canada Revenue Agency ("**CRA**"). In the Proposal Letter, the CRA stated that it intends to reassess the Corporation and deny the deduction of certain non-capital losses and other tax attributes in the Corporation's taxation years ending in 2009 to and including 2012, which are currently the subject of an audit by the CRA (the "**CRA Audit**"). The CRA has indicated in the Proposal Letter that it intends to deny the use of certain tax attributes by the Corporation on the basis that an acquisition of control of the Corporation occurred and on the basis of the General Anti-Avoidance Rule in the *Income Tax Act* (Canada). The Corporation, 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.

The Corporation has not yet received a notice of reassessment (the "**Reassessment**"), which, if issued by the CRA, will provide the CRA's view of the proposed additional tax, interest and penalties owed by the Corporation. Based on the information in the Proposal Letter and discussions with the CRA, the Corporation estimates the potential tax liability to be approximately $21.7 million (**"Potential Taxes Payable"**), or $2.06 per share, based on its current

number of outstanding Voting Common Shares and non-voting common shares of the Corporation ("**Non-Voting Common Shares**" and together with the Voting Common Shares, the "**Shares**"). This estimate is based on an aggregate reassessment for the 2009 through 2012 taxation years totaling approximately $22.7 million (the "**Disputed Amount**") which will be reduced by the anticipated tax refund for the Corporation's 2013 taxation year of approximately $1.0 million (the "**2013 Tax Refund**"). The 2013 Tax Refund is based on the Corporation's results of operations for the 2013 taxation year. Subsequent to December 31, 2013, the Corporation prepaid the Disputed Amount to the CRA to minimize any further interest from accruing on the Disputed Amount.

If the CRA Audit is concluded without a Reassessment, then the total amount prepaid would be refunded, with interest. However, if a Reassessment is issued as a result of the CRA Audit, then the Corporation will have the right to appeal to the Tax Court of Canada (the "**Tax Appeal**"). The Corporation anticipates that legal proceedings through the Tax Court of Canada to resolve the Tax Appeal would take considerable time. If the Corporation is successful in the Tax Appeal, the total amount prepaid would be refunded to the Corporation, with interest.

In order to provide Shareholders with liquidity in a manner contemplated by the current articles of incorporation of the Corporation (the "**Articles**"), while permitting the Corporation to litigate the Tax Appeal to attempt to maximize the potential return of net asset value ("**NAV**") to Shareholders, the Corporation is proposing to pay a special cash distribution by way of a return of capital to Shareholders (the "**Cash Distribution**") on or before April 30, 2014. The Cash Distribution is anticipated to be equal to:

(i) NAV on the Cash Distribution Record Date (as defined herein);

less:

(ii) the Disputed Amount ($22.7 million)[1];

(iii) the value attributed to any Remaining Securities (as defined herein) on the Cash Distribution Record Date; (the "**Remaining Securities Amount**"); and

(iv) an amount held back to pay a portion of the general and administrative expenses of the Corporation that it may incur in dealing with the CRA Audit and Tax Appeal (**"G&A Holdback"**) ($1.2 million)[2].

The Potential Taxes Payable, the Remaining Securities Amount and the G&A Holdback comprise the "**Withheld Amount**".

For reference, as of February 28, 2014 the NAV of the Company consisted of the following components:

	$ (in millions)	**$ per Share**
Cash and short term deposits	88.6	8.41
Prepaid tax asset (Disputed Amount)	22.7	2.15
Investments to be sold prior to Cash Distribution	15.2	1.45
Remaining Securities	4.0	.38
Accrued income	0.3	.03
Accrued liabilities less prepaid expenses	(0.5)	(0.05)
	130.3	12.36

[1] The Disputed Amount of $22.7 million is expected to be reduced by the 2013 Tax Refund of $1.0 million, and as a result the Company's estimate of Potential Taxes Payable is $21.7 million.

[2] The G&A Holdback is expected to be approximately $1.2 million, as the 2013 Tax Refund of $1.0 million will also be used to fund the estimated general and administration costs to operate the Corporation for a period of up to four years and the estimated legal costs associated with the potential Tax Appeal. The G&A Holdback may vary depending on the value of the Remaining Securities at the time of the Cash Distribution Record Date.

The "**Remaining Securities**" are certain securities held by the Corporation, which the Corporation may or may not be able to divest prior to the Cash Distribution Record Date. As of February 28, 2014, the Remaining Securities consisted of the following:

Conifex Timber Inc. - Share purchase warrants valued at $0.0.
Mirabela Nickel Ltd. - Bonds valued at $1.0 million.
RapidEye Canada Ltd. - Royalty stream valued at $1.5 million.
Skylink Aviation Inc. - Debtor-in-process financing, bonds and common shares; together valued at $1.4 million.

As Remaining Securities are liquidated, the Corporation intends to make additional distributions to Shareholders.

The Corporation plans to cease all investing and portfolio activities following the payment of the Cash Distribution, other than the disposition of the Remaining Securities, if any. Following the payment of the Cash Distribution, the Corporation intends to terminate the investment advisory agreement that is currently in place with Deans Knight Capital Management Ltd. (the "**Manager**"). Further, the Corporation intends to enter into a limited services agreement with the Manager ("**Services Agreement**") pursuant to which the Manager will assist the Corporation with (i) divesting any Remaining Securities; (ii) attending to, and if necessary, litigating, the CRA Audit and the Tax Appeal; (iii) attending to the distribution of any Withheld Amount to Shareholders and the eventual wind-up and termination of the Corporation thereafter; and (iv) assisting with any ancillary matters related to the foregoing. Other than a nominal fee in the amount of $10.00 per month, the Manager will not receive any fees under the Services Agreement however the Manager will be reimbursed for any expenses or disbursements incurred on behalf of the Corporation. The Corporation intends to distribute to Shareholders the remaining Withheld Amount upon the conclusion of the CRA Audit and the Tax Appeal (following payment of all liabilities of the Corporation).

Return of Capital

While the Cash Distribution itself does not require the approval of Shareholders, a return of capital to Shareholders will result in a reduction in the stated capital of the Voting Common Shares and this reduction in the stated capital does require approval of the Shareholders.

Stated capital, within the meaning of the *Canada Business Corporations Act* is comprised of the aggregate cumulative consideration received by the Corporation for its shares issued by it since incorporation, subject to any adjustments made upon the issuance of shares for other than cash consideration. The aggregate amount of the proposed reduction in stated capital is not precisely known as of the date of this Information Circular as the amount will depend, in part, on the net asset value of the Voting Common Shares and Non-Voting Common Shares on the Cash Distribution Payment Date, however, the reduction in stated capital will not exceed the Cash Distribution Amount nor will the Corporation proceed with the payment of the Cash Distribution where (i) the Corporation is, or would after the reduction be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes of shares (collectively, the "**Solvency and Liquidity Requirements**"). As of the date of this Information Circular, the Corporation does not have any reasonable grounds to believe that the Corporation does not meet, or would after the payment of the Cash Distribution not be able to meet, the Solvency and Liquidity Requirements.

Delisting

In the event that the Corporation pays the Cash Distribution, the Corporation will no longer meet the continued listing requirements of the Toronto Stock Exchange (the "**TSX**"). **As a result, provided the Capital Reduction Resolution is approved by Shareholders, the Corporation intends to take steps to voluntarily delist the Voting Common Shares from trading on the TSX on or about April 15, 2014.**

Benefits and Reasons for the Proposed Cash Distribution and Return of Capital

The proposed Cash Distribution will permit Shareholders to realize liquidity for their Voting Common Shares on substantially the same timeline as contemplated by the current Articles on a tax efficient basis, while permitting the Corporation to litigate the CRA Audit to attempt to maximize the potential return of net asset value to Shareholders.

Recommendation of the Board

The Board has approved the payment of the Cash Distribution subject to the Shareholders approving the Capital Reduction Resolution. As such, Shareholders will be asked to consider at the Meeting and, if thought advisable, approve, with or without variation, the Capital Reduction Resolution, the full text of which is attached as Appendix "A" to this Information Circular. If the Capital Reduction Resolution is approved, it is the intention of the Corporation to make the Cash Distribution by way of a return of capital.

The Board has determined that the Capital Reduction Resolution is in the best interests of the Corporation and the Shareholders. Accordingly, the Board recommends that the Shareholders vote FOR the Capital Reduction Resolution.

Shareholder Approval

In order to become effective, each of the Special Resolutions must be approved by at least 66 2/3% of the votes cast by a quorum of Shareholders present in person or by proxy at the Meeting. Each Shareholder of record on the Meeting Record Date will be entitled to one vote per Voting Common Share held for the purpose of voting upon the Capital Reduction Resolution.

Payment of the Cash Distribution on the basis described in this Information Circular is conditional upon the approval by Shareholders of the Capital Reduction Resolution.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such proxy, to vote such proxy FOR the Capital Reduction Resolution.

Should the Capital Reduction Resolution be approved by the requisite majority of Shareholders, the Cash Distribution is expected to be paid on the Cash Distribution Payment Date to Shareholders of record as of the Cash Distribution Record Date. The text of the Capital Reduction Resolution authorizes the Board, in its sole discretion, to revoke the Capital Reduction Resolution at any time before it shall have been acted upon without having to obtain any further approval from the Shareholders.

If the Capital Reduction Resolution is Not Approved

If the Capital Reduction Resolution is not approved, the Corporation may proceed with one or more of the following courses of action, or such other action as may be approved by the Board: (i) pay a distribution in an amount equal to the Cash Distribution without a reduction in stated capital, which may not be as tax efficient for certain Shareholders; or (ii) forego the payment of the Cash Distribution, book the Disputed Amount as a liability of the Corporation and wind-up the Corporation in accordance with the terms of the current Articles.

Article Amendment Resolution

Background

In order to provide the Corporation with the time to litigate the Tax Appeal, the Corporation will need to amend the Articles to extend the Termination Date (as defined in the Articles) from April 30, 2014 until such time as is reasonably practicable following the conclusion of the CRA Audit and any Tax Appeal, or such other date as the Corporation deems appropriate on not less than 30 days' notice to Shareholders (the "**Extension Amendment**"). Further, in order to permit the Corporation to attend to the CRA Audit and the Tax Appeal in a cost-effective manner, the Corporation is also proposing to remove the restrictions on the business that the Corporation may carry

on, which currently restrict the Corporation to carrying on investment activities in accordance with its investment objectives (the "**Restriction Removal Amendment**" and together with the Extension Amendment, the "**Article Amendment**").

Benefits and Reasons for the Proposed Article Amendment

The Corporation has consulted with its advisors and remains of the view that its tax filing position is appropriate, and plans to vigorously defend its position if and when the CRA issues any Reassessment. Management of the Corporation believes that the Article Amendment Resolution, which provides for the extension of the Termination Date and the removal of the restrictions on business that the Corporation may carry on, will provide the Corporation with the ability to take any and all steps it deems necessary to litigate and conclude the CRA Audit and the Tax Appeal in a manner that is beneficial to the Shareholders. While there is no guarantee that the Corporation will be successful in defending its tax filing position, the Article Amendment will, at the very least, provide the Corporation with the opportunity to defend its tax filing position. In the event that the Corporation is successful in defending its tax filing position, it is anticipated that the Disputed Amount together with the proceeds of disposition of any Remaining Securities and any remaining G&A Holdback (following payment of all liabilities of the Corporation) would be paid to Shareholders, thereby maximizing the total net asset value paid to Shareholders.

Recommendation of the Board

The full text of the resolution approving the Article Amendment (the "**Article Amendment Resolution**") is attached as Appendix "B" to this Information Circular. **The Board has determined that the Article Amendment is in the best interests of the Corporation and the Shareholders. Accordingly, the Board recommends that the Shareholders vote FOR the Article Amendment Resolution.**

Shareholder Approval

In order to become effective, the Article Amendment Resolution must be approved by at least 66 2/3% of the votes cast by a quorum of Shareholders present in person or by proxy at the Meeting. Each Shareholder of record on the Meeting Record Date will be entitled to one vote per Voting Common Share held for the purpose of voting upon the Article Amendment Resolution.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such proxy, to vote such proxy FOR the Article Amendment Resolution.

If the Article Amendment is Not Approved

If the Article Amendment Resolution is not approved, the Corporation may proceed with one or more of the following courses of action, or such other action as may be approved by the Board: (i) extend the Termination Date by 180 days pursuant to its discretionary power to do so under the Articles without Shareholder; or (ii) apply to a Court of competent jurisdiction for an order to extend the Termination Date.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the material Canadian federal income tax considerations applicable to Shareholders who receive a Cash Distribution from the Corporation and who, for the purposes of the Income Tax Act (Canada), as amended, and the regulations thereunder (the "**Tax Act**") and at all relevant times, deal at arm's length with the Corporation, are not affiliated with the Corporation and hold their Shares of the Corporation as capital property. Such shares will generally constitute capital property to a Shareholder unless those shares are held in the course of carrying on a business or have been acquired in a transaction or transactions considered to be an adventure or concern in the nature of trade for purposes of the Tax Act. Certain Resident Shareholders (as defined below) for whom Shares might not otherwise qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have those shares, and any other "Canadian securities" (as defined in the Tax Act) owned by that Shareholder in the taxation year in which the election is made and all subsequent taxation years, be deemed to be capital property.

This summary is based on the current provisions of the Tax Act, the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"), and all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that the Proposed Amendments will be enacted substantially as proposed. No assurance can be given that the Proposed Amendments will be enacted in their present form, or at all.

This summary does not apply to (i) a Shareholder that is a "financial institution" as defined in section 142.2 of the Tax Act, (ii) a Shareholder an interest in which is a "tax shelter investment" as defined in subsection 143.2(1) of the Tax Act, (iii) a Shareholder whose functional currency for purposes of the Tax Act is the currency of a country other than Canada, or (iv) a Shareholder who has entered, or will enter, into a "derivative forward agreement" with respect to Shares, as that term is defined in the Tax Act.

Other than the Proposed Amendments, this summary does not otherwise take into account or anticipate any changes in the law whether by legislative, regulatory, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Shareholders should consult their own tax advisors having regard to their own particular circumstances.

Residents of Canada

The following portion of the summary applies to a Shareholder who, at all relevant times is, or is deemed to be, resident in Canada for purposes of the Tax Act (a "**Resident Shareholder**").

Cash Distribution

If the Capital Reduction Resolution is approved by the holders of Shares, then the Cash Distribution will result in a reduction of the paid-up capital in respect of the Shares of the Corporation, to the extent of such paid-up capital. Generally, where a "public corporation" as defined in the Tax Act (which includes Deans Knight Income Corporation), reduces the paid-up capital in respect of a class of its shares, the amount distributed to its shareholders on such reduction is deemed to be a dividend (the "**General Public Corporation Rule**"). However, where the paid-up capital of the relevant class of shares of the corporation exceeds the amount of the distribution, the amount distributed may be treated as a tax-free return of capital (subject to the comments below concerning the reduction of the adjusted cost base of the shares) and not as a deemed dividend where the distribution is made on the winding-up, discontinuance or reorganization of the corporation's business (the "**Winding-Up Exception**"). The Corporation is of the view that the Winding-Up Exception should apply (and the General Public Corporation Rule should not apply) to the Cash Distribution, such that all, or a portion of it will be received as a tax-free distribution.

If the Cash Distribution per Share exceeds the paid-up capital per Share, then the excess amount will be deemed to be a dividend to the holders of Shares. The Corporation expects that the paid-up capital per Share is greater than the amount of the Cash Distribution per Share. **Thus the Cash Distribution is not expected to result in a deemed dividend.** However, if the paid-up capital per share is less than the amount of the Cash Distribution per share, then please consider the tax considerations applicable to a deemed dividend Cash Distribution, which are discussed below under the heading "*Taxation of Dividends*" for any amounts greater than the paid-up capital.

The adjusted cost base of each Share to a Resident Shareholder will be reduced by an amount equal to the amount per Share received as a reduction of paid-up capital on the Cash Distribution (but not by any amounts that are deemed to be a dividend). If such amount exceeds the adjusted cost base of such share, a Resident Shareholder will realize a capital gain equal to such excess and the adjusted cost base of the Resident Shareholder's Shares will then be restored to nil. The tax considerations applicable to a capital gain are discussed below under the heading "*Taxation of Capital Gains and Capital Losses*".

Taxation of Dividends

To the extent that any portion of the Cash Distribution is treated as a deemed dividend, the amount of the deemed dividend will be included in computing the income of the Resident Shareholder for purposes of the Tax Act. If the Resident Shareholder is an individual (including certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations including an enhanced gross-up and tax credit for "eligible dividends" (as defined in the Tax Act).

A deemed dividend received by a Resident Shareholder that is a corporation will normally be deductible in computing its taxable income. A Resident Shareholder that is a "private corporation" (as defined in the Tax Act) or a corporation controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts), will generally be liable to pay a refundable tax of 33⅓% under Part IV of the Tax Act on dividends deemed to be received to the extent that such dividends are deductible in computing taxable income unless the Corporation is "connected" with the Resident Shareholder. The Corporation is connected with a Resident Shareholder if either: (i) the Resident Shareholder "controls" the Corporation within the meaning of the provisions of Part IV of the Tax Act; or (ii) the Resident Shareholder owns shares of the Corporation representing more than 10% of all shares having the right to vote in all circumstances and more than 10% of the fair market value of all issued and outstanding shares of the Corporation. In the case of a Resident Shareholder that is a corporation, it is possible that in certain circumstances, all or part of the amount deemed to be a dividend will be treated as a capital gain and not as a dividend, except to the extent that the Resident Shareholder was subject to Part IV tax in respect of the deemed dividend.

Taxation of Capital Gains and Capital Losses

Under the provisions of the Tax Act, a Resident Shareholder who realizes or is deemed to realize a capital gain in a taxation year as a result of having a negative adjusted cost base in respect of the Resident Shareholder's Shares as described above generally will be required to include one half of any such capital gain (a "**taxable capital gain**") in the Resident Shareholder's income for the year. The Resident Shareholder generally will be entitled to deduct one half of any capital loss (an "**allowable capital loss**") that the Resident Shareholder realizes on an actual or deemed disposition of Shares (including as a result of the cancellation of those shares on the final dissolution of the Corporation as described above) in the year and, to the extent not so deductible, in any of the three preceding taxation years or any subsequent taxation year to the extent and under the circumstances described in the Tax Act.

The amount of a capital loss realized on the disposition of a Share by a Resident Shareholder that is a corporation may, to the extent and under the circumstances set out in the Tax Act, be reduced by the amount of any dividends that the Resident Shareholder previously received or was deemed to have received on the Resident Shareholder's Shares. Similar rules may apply where Shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Shareholders to whom these rules may be relevant should consult their own tax advisers in this regard.

A Resident Shareholder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax of 6⅔%, refundable in certain circumstances, on certain investment income, including taxable capital gains.

In general terms, a Resident Shareholder who is an individual (other than certain trusts) who realizes a capital gain on the disposition or deemed disposition of the Shares may be liable for a minimum tax under the Tax Act. Resident Shareholders that are individuals should consult their own tax advisors in this regard.

Dissenting Shareholders

A Resident Shareholder who, as a result of exercising dissent rights, receives a cash payment from the Corporation in consideration for the holder's Shares will be deemed to receive a taxable dividend equal to the amount by which the amount received (excluding interest) for the Shares exceeds the paid-up capital of the dissenting Resident Shareholder's Shares. In the case of a dissenting Resident Shareholder that is a corporation, in some circumstances, the amount of such deemed dividend may be treated as proceeds of disposition and not a dividend. See "*Taxation of*

Dividends" above for a general description of the treatment of dividends under the Tax Act. The dissenting Resident Shareholder will also be deemed to have received proceeds of disposition for the Shares equal to the amount (excluding interest) received by the dissenting Resident Shareholder from the Corporation less the amount of the deemed dividend referred to above. Consequently the dissenting Resident Shareholder will recognize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are exceeded by) the adjusted cost base of such dissenting Resident Shareholder's Shares. See "*Taxation of Capital Gains and Capital Losses*" above for a general description of the treatment of capital gains and losses under the Tax Act.

Interest paid or payable to a dissenting Resident Shareholder will be included in the dissenting Shareholder's income.

Non-Residents of Canada

This portion of the summary is applicable to a shareholder who, for the purposes of the Tax Act and any applicable income tax convention or treaty, and at all relevant times, (i) is not, and is not deemed to be, resident in Canada, (ii) does not and will not use or hold, or be deemed to use or hold, the Shares in, or in the course of, carrying on business in Canada, and (iii) is not, and is not deemed to be, an insurer who carries on an insurance business in Canada and elsewhere (a "**Non-Resident Shareholder**").

Cash Distribution

The tax consequences of the Cash Distribution to a Non-Resident Shareholder will be generally the same as described above with respect to Resident Shareholders. No Canadian non-resident withholding tax will apply to the Cash Distribution to the extent that such distribution is treated as a tax-free return of capital.

If any portion of either the Cash Distribution is treated as a deemed dividend, Canadian withholding tax at a rate of 25% will apply to such portion, subject to reduction under the provisions of an applicable income tax convention between Canada and the Non-Resident Shareholder's country of residence (a "**Tax Treaty**").

A Non-Resident Shareholder who realizes a capital gain as a result of the Cash Distribution (as described above for Resident Shareholders) will not be subject to Canadian income tax under the Tax Act in respect of such gain provided the Shares are not "taxable Canadian property" ("**TCP**") to such Non-Resident Shareholder. The Shares generally will not be TCP provided that: (i) such shares are listed on a designated stock exchange within the meaning of the Tax Act (which includes the TSX); (ii) at any time during the sixty month period immediately preceding the Cash Distribution either (a) the Non-Resident Shareholder has not, either alone or in combination with persons with whom the Non-Resident Shareholder does not deal at arm's length, owned 25% or more of the issued shares of any class or series of shares in the capital of the Corporation, or (b) more than 50% of the fair market value of the Shares was not derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such property; and (iii) the Shares are not deemed under the Tax Act to be taxable Canadian property to the Non-Resident Shareholder. In the event that the Shares constitute TCP to a particular Non-Resident Shareholder, the consequences under the Tax Act of realizing a capital gain will generally be the same as those for Resident Shareholders described above. Non-Resident Shareholders should consult with their own tax advisors as to the availability of relief from Canadian tax under an applicable Tax Treaty.

Dissenting Non-Resident Shareholders

A Non-Resident Shareholder who, as a result of exercising dissent rights, receives a cash payment from the Corporation in consideration for the holder's Shares will be deemed to receive a taxable dividend equal to the amount by which the amount received (excluding interest) for the Shares exceeds the paid-up capital of the dissenting Non-Resident Shareholder's Shares, if any. In the case of a dissenting Shareholder that is a corporation, in some circumstances, the amount of such deemed dividend may be treated as proceeds of disposition and not a dividend. See "*Non-Residents of Canada – Cash Distribution*" above for a general description of the treatment of dividends to non-residents under the Tax Act. The dissenting Non-Resident Shareholder will also be deemed to

have received proceeds of disposition for the Shares equal to the amount (excluding interest) received by the dissenting Shareholder from the Corporation less the amount of the deemed dividend referred to above. So long as the Shares are not TCP to the dissenting Non-Resident Shareholder, any gain will not be subject to Canadian. However, if the Shares are TCP to the dissenting Non-Resident Shareholder, then see "*Non-Residents of Canada – Cash Distribution*" above for a general description of the treatment of capital gains and losses under the Tax Act.

Interest paid or payable to a dissenting Non-Resident Shareholder will not be subject to Canadian withholding tax.

RIGHT TO DISSENT

Under the CBCA, Shareholders do not have dissent rights with respect to the proposed Capital Reduction Resolution and the Corporation will not independently provide Shareholders with any such right. The following right to dissent applies only in respect of the proposed Article Amendment Resolution.

The following description of the dissent rights that may be exercised by a Shareholder (such Shareholders referred to herein as "**Dissenting Shareholders**") is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such holder's Voting Common Shares and is qualified in its entirety by the reference to the text of Section 190 of the CBCA, which is attached to this Information Circular as Appendix "C". A Dissenting Shareholder who intends to exercise the right to dissent should carefully consider and comply with the provisions of Section 190 of the CBCA. Failure to comply with the provisions of that section and to adhere to the procedures established therein may result in the loss of all rights thereunder.

Generally, Dissenting Shareholders are entitled, in addition to any other right such Dissenting Shareholder may have, to dissent and to be paid by the Corporation the fair value of the Voting Common Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents. A Dissenting Shareholder may dissent only with respect to all of the Voting Common Shares held by such Dissenting Shareholder or on behalf of any one Beneficial Shareholder and registered in the Dissenting Shareholder's name. Only registered holders of the Voting Common Shares may dissent. Persons who are Beneficial Shareholders registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that they may only do so through the registered holder of such Voting Common Shares. A registered holder, such as a broker, who holds Voting Common Shares as nominee for Beneficial Shareholders, some of whom may wish to dissent, must exercise the Dissent Right on behalf of such Beneficial Shareholders with respect to all of the Voting Common Shares held for such Beneficial Shareholders. In such case, the demand for dissent should set forth the number of the Voting Common Shares covered by it.

Dissenting Shareholders must provide a written objection to the Article Amendment Resolution to the Corporation c/o Deans Knight Income Corporation, Suite 1500, 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2, Attention: Mark Myles, at or prior to the Meeting. The filing of a written objection does not deprive a Dissenting Shareholder of the right to vote; however, the CBCA provides, in effect, that a Dissenting Shareholder who has submitted a written objection to the Article Amendment Resolution and who votes in favour of the Article Amendment Resolution will no longer be considered a Dissenting Shareholder with respect to the Voting Common Shares voted in favour of the Article Amendment Resolution. The CBCA does not provide, and the Corporation will not assume, that a vote against the Article Amendment Resolution constitutes a written objection to the Article Amendment Resolution. There is no right of partial dissent and, accordingly, a Dissenting Shareholder may only exercise the Dissent Rights with respect to all of the Voting Common Shares held by it on behalf of any one Beneficial Shareholder and registered in the name of the Dissenting Shareholder.

Upon providing a written notice of objection, a dissenting Shareholder ceases to have any rights as a Shareholder other than to be paid the fair value of its Common Shares except where (a) such Dissenting Shareholder withdraws its written objection prior to the time as required under Section 190 of the CBCA; (ii) the Corporation fails to make an offer to the Dissenting Shareholder in accordance with Section 190 of the CBCA; or (iii) the Board revokes the Article Amendment Resolution. **Accordingly, other than in these limited circumstances, a Dissenting Shareholder shall not be entitled to the Cash Distribution.**

Shareholders are hereby advised and should understand that fair value per Voting Common Share may not be equivalent to, reflective of, nor based on, the net asset value per Voting Common Share as published by the Corporation from time to time.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by Dissenting Shareholders who seek payment of the fair value of their Voting Common Shares. Section 190 of the CBCA requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. Accordingly, Dissenting Shareholders who might desire to exercise the Dissent Rights and appraisal should carefully consider and comply with the provisions of Section 190 of the CBCA, the full text of which is set out in Appendix "C" to this Information Circular and consult their own legal advisor.

INDEPENDENT REVIEW COMMITTEE - CONCLUSION

Management of the Corporation has determined that the Extension Amendment and the Services Agreement may constitute a "conflict of interest matter" for purposes of National Instrument 81-107 - *Independent Review Committee for Investment Funds* ("**NI 81-107**"), as a reasonable person may consider members of management of the Manager, to have an interest therein that may conflict with the Corporation's ability to act in good faith and in the best interest of the Corporation. In particular, Wayne Deans, who is the Chairman and Chief Executive Officer of the Manager, is the Chairman of the Corporation; Craig Langdon, who is the President and Co-Chief Investment Officer of the Manager, is the President and Chief Executive Officer of the Corporation; Dillon Cameron, who is the Co-Chief Investment Officer of the Manager, is the Chief Investment Officer of the Corporation; and Mark Myles, who is the Chief Operating Officer of the Manager, is the Chief Financial Officer of the Corporation.

NI 81-107 requires that, when a conflict of interest matter arises and before taking any action in the matter, an investment fund company must refer the matter, along with its proposed action, to the company's independent review committee for its review and decision.

In accordance with such requirements the Corporation has referred the Extension Amendment and the terms of the proposed Services Agreement to the Corporation's independent review committee ("**IRC**") for its review. Management of the Corporation has provided a variety of information to the IRC in connection with its review, including the following:

- an identification of the Corporation's conflict of interest in connection with the Extension Amendment and the Services Agreement; and
- a basis for the IRC to conclude that the Extension Amendment and the Services Agreement achieves a fair and reasonable result for the Corporation.

Based on the foregoing, the IRC has advised the Corporation that, after reasonable inquiry, it has concluded that the Extension Amendment and the Services Agreement would achieve a fair and reasonable result for the Corporation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Corporation does not have any equity compensation plans.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed herein, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, executive officer, or anyone who has held office as such since the commencement of the last completed fiscal year of the Corporation, or of any associate or affiliate of any of the foregoing individuals, in any matter to be acted on at the Meeting.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

At no time during the most recently completed financial year was there any indebtedness of any director or executive officer, or any associate of any such director or executive officer to the Corporation or to any other entity which is, or at any time since the beginning of the most recently completed financial period, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, none of the directors, executive officers, principal Shareholders of the Corporation, or informed persons (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), and no associate or affiliate of any of them, has or has had any material interest in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transactions which has materially affected or would materially affect the Corporation.

The Corporation, the Manager and their respective directors and officers and their respective affiliates and associates may engage in the promotion, management or investment management of one or more funds or trusts which invest in securities similar to the portfolio of securities maintained by the Corporation. Certain directors and officers of the Corporation are directors, officers and/or employees of the Manager. See "Independent Review Committee – Conclusion".

The Manager is engaged in a variety of investment management, investment advisory and other business activities. The services of the Manager under the Investment Advisor Agreement are not exclusive and nothing in the Investment Advisor Agreement prevents the Manager or any of its affiliates from providing similar services to other investment funds and other clients (whether or not their investment objectives, strategies and policies are similar to those of the Corporation) or from engaging in other activities. The Manager's investment decisions in respect of the Corporation will be made independently of those made for its other clients and independently of its own investments.

Although none of the directors or officers of the Corporation or the Manager devote his or her full time to the business and affairs of the Corporation, each devotes as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Corporation.

OTHER MATTERS COMING BEFORE THE MEETING

Management of the Corporation knows of no other matters to come before the Meeting other than as set forth above and in the Notice. Should any other matters properly come before the Meeting, the Voting Common Shares represented by the proxies solicited hereby will be voted on such matters in accordance with the best judgment of the person voting by proxy.

LEGAL PROCEEDINGS

Neither the Corporation nor the Manager is a party to, nor are any of their respective properties the subject matter of, any legal proceedings material to the Corporation, nor are either of the Manager or the Corporation aware of existing or pending legal or arbitration proceedings involving the Manager or involving the Corporation that would be material to the Corporation.

AUDITORS, TRANSFER AGENT AND CUSTODIAN

The auditor of the Corporation is PricewaterhouseCoopers LLP, Chartered Accountants, Vancouver, British Columbia. The auditor was first appointed as auditor of the Corporation in March 2009.

Computershare Trust Company of Canada is the registrar, transfer agent and distribution agent for the Voting Common Shares. The register and transfer ledger is kept by the registrar at its principal stock and bond transfer offices located in Vancouver, British Columbia and in Toronto, Ontario.

RBC Investor and Treasury Services Trust (the "**Custodian**") acts as the custodian of the Corporation's assets pursuant to a custodian agreement entered into between the Corporation and the Custodian, as it may be amended from time to time. The address of the Custodian is 1055 West Georgia Street, Vancouver, British Columbia V6E 3S5. The Custodian may employ sub-custodians as considered appropriate by the Corporation in the circumstances.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information in respect of the Corporation and its affairs is provided in the Corporation's audited financial statements for the period ended December 31, 2013 and the related management report of fund performance. Copies of the financial statements and management reports of fund performance are available on SEDAR and upon request from the Corporation (telephone number: (604) 669-0212) or via the Corporation's website at www.dkincomecorp.com.

APPENDIX "A"
CAPITAL REDUCTION RESOLUTION

NOW THEREFORE BE IT RESOLVED AS A SPECIAL RESOLUTION of the holders of voting common shares ("**Voting Common Shares**") of Deans Knight Income Corporation (the "**Corporation**") that:

Reduction of Stated Capital

1. The stated capital account maintained by the Corporation in respect of the Voting Common Shares be reduced pursuant to subsection 38(1) of the *Canada Business Corporations Act* on a date to be determined by the board of directors of the Corporation by an amount equal to the net asset value of the Corporation on the Cash Distribution Record Date less the Withheld Amount (as such terms are defined in the information circular and proxy statement of the Corporation dated March 6, 2014).

General

2. Any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation to do and perform all acts and things and to execute and deliver all documents and instruments, including amending any agreement to which the Corporation is party, whether under the corporate seal or otherwise, and to take all such steps as may be necessary or advisable to give full effect to the foregoing resolutions, including without limitation, making any amendments to the articles of incorporation and/or any agreements to which the Corporation is a party, obtaining any necessary or advisable approvals, rulings or consents from, and filing any document with, any governmental or regulatory authority.

Implementation and Revocation

3. The board of directors of the Corporation is hereby authorized to effect or revoke this special resolution, in whole or in part, for any reason whatsoever at any time and from time to time, in the sole discretion of the board of directors of the Corporation, without further approval of or notice to the shareholders of the Corporation.

APPENDIX "B"
ARTICLE AMENDMENT RESOLUTION

NOW THEREFORE BE IT RESOLVED AS A SPECIAL RESOLUTION of the holders of voting common shares ("**Voting Common Shares**") of Deans Knight Income Corporation (the "**Corporation**") that:

Extension Amendment

1. The extension of the Termination Date (as defined in the Corporation's articles of incorporation (the "**Articles**")) from April 30, 2014 until such time as is reasonably practicable following the conclusion of the CRA Audit (as defined in the information circular and proxy statement of the Corporation dated March 6, 2014 (the "**Information Circular**")) or such other date as the Corporation deems appropriate on not less than 30 days' notice to holders of Voting Common Shares ("**Shareholders**"), be and is hereby approved.

Restriction Removal Amendment

2. The removal of the restrictions on business that the Corporation may carry on as set forth in the Articles, in accordance with subsection 173(1)(b) of the *Canada Business Corporations Act*, be and is hereby approved.

General

2. The Corporation be and is hereby authorized to enter into and execute an amendment to or amendment and restatement of the Articles ("**Articles of Amendment**") in order to effect the Extension Amendment and the Restriction Removal Amendment (as such terms are defined in the Information Circular).

3. Any one director or officer of the Corporation be and is hereby authorized and directed to execute by manual or facsimile signature, for and on behalf of the Corporation and to deliver, the Articles of Amendment substantially in the form and on the terms of the draft Articles of Amendment submitted to the directors of the Corporation, with such deletions, amendments, additions and changes thereto as such director or officer may determine necessary or advisable, the execution of such document in accordance with the provisions of this paragraph being conclusive evidence of such determination.

4. Any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation to do and perform all acts and things and to execute and deliver all documents and instruments, including further amending or further amending and restating the Articles or amending any other agreement to which the Corporation is party, whether under the corporate seal or otherwise, and to take all such steps as may be necessary or advisable to give full effect to the foregoing resolutions, including without limitation, making any amendments to the Articles and/or any agreements to which the Corporation is a party, obtaining any necessary or advisable approvals, rulings or consents from, and filing any document with, any governmental or regulatory authority.

Implementation and Revocation

5. The board of directors of the Corporation is hereby authorized to effect or revoke this special resolution, in whole or in part, for any reason whatsoever at any time and from time to time, in the sole discretion of the board of directors of the Corporation, without further approval of or notice to the Shareholders.

APPENDIX "C"
DISSENT RIGHTS
SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

Right to dissent

190. (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to:

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under section 184;

(d) be continued under section 188;

(e) sell, lease or exchange all or substantially all its property under subsection 189(3); or

(f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

(a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12);

(b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice; or

(c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9);

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under "Corporation may apply to court" and "Shareholder application to court".

Parties

(19) On an application to a court under "Corporation may apply to court" and "Shareholder application to court".

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under "Corporation may apply to court" and "Shareholder application to court", the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection 26 applies

(24) If subsection under "Limitation" applies, the corporation shall, within ten days after the pronouncement of an order under subsection "Final order", notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection 26 applies

(25) If subsection under "Limitation" applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection 24, may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that:

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.