

For Immediate Release, November 10, 2010

Deans Knight Income Corporation

Announces Third Quarter 2010 Operating Update - Unaudited

Vancouver, B.C. - Deans Knight Income Corporation (the "Company") (TSX: DNC) is pleased to provide an operational update of the Company for the nine months ended September 30, 2010.

Highlights:

- At September 30, 2010, the net asset value ("NAV") of the Company was \$12.76 per Share.
- Net earnings¹ for the nine months ended September 30, 2010 were \$5.64 million, or \$0.5354 per Share.
- The Company paid dividends of \$0.5247 per share on all of its outstanding voting and non-voting common shares (collectively, the "Shares") for the nine months ended September 30, 2010, which equated to 98% of net earnings.

Corporate:

During the nine months ended September 30, 2010, the Company generated net earnings of \$5.64 million. In addition to net earnings, the Company also generated \$5.52 million of gains [on disposition](#) in the nine month period, from the sale of certain holdings and settlement of foreign currency contracts. The Company paid out \$5.53 million in dividends, equalling \$0.0583 per Share each month, or \$0.5247 per Share, for the nine months ended September 30, 2010. This represented approximately 98% of net earnings.

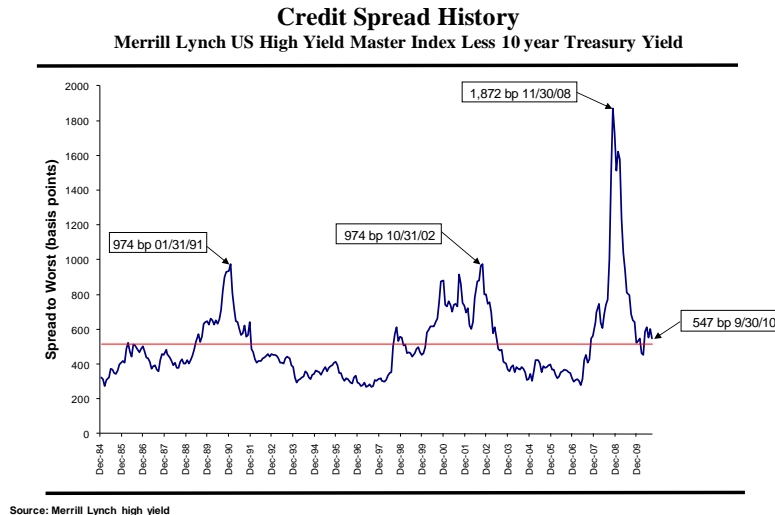
Based on the Company's investments at September 30, 2010, the Company anticipates that it will be able to generate enough income from its investments to pay the monthly dividends of \$0.0583 per Share throughout the fourth quarter of 2010.

Investments:

In positioning the portfolio, the Company has bought shorter term corporate debt with higher yields where ~~you are the Company is~~ being compensated for the [investment](#) risk. At September 30, 2010, the average maturity of the investments in the portfolio is currently 4.3 years and they are yielding, on average, 7.7%. By comparison, the Merrill Lynch U.S. Corporate & Government Master Index, a basket of government and investment grade bonds, has an average maturity of 7.5 years and is trading at a yield

¹ The Company calculates net earnings as interest income less the on-going operating costs of the Company, and excluding any realized capital gains and losses and any income or loss not derived from debt securities.

of 2.2%². The graph below shows the current spread in yields between U.S. 10-year Treasuries and high yield bonds is roughly at the long term average.



With an average maturity of approximately 4.3 years, we believe the portfolio is less susceptible to rising interest rates than longer term government and corporate bonds. Investments in long term bonds will be locked in at low yields or will need to be sold at a lower price, [in a rising interest rate environment. Whereas, the securities in our portfolio provide an attractive yield, will mature at par in the shorter term, and can therefore be reinvested at potentially higher yields.](#) ~~whereas, when the securities in our portfolio mature we will be repaid at their par value.~~

The balance sheets of the Company’s investees have improved since the beginning of the recession, as good management teams have reacted to the challenging environment by reducing debt and getting costs back in order. In comparison, Government agencies appear to be moving in the opposite direction with rising debt levels and increasing “costs”. It begs the question, what’s the attraction to Government bonds? Given our analysis of the credit quality of the portfolio’s holdings, a 7.7% yield is very attractive versus a basket of government and investment grade bonds with an average yield of 2.2%³.

The Company continues to seek out attractive opportunities to invest in private debt financings. These private debt financings are typically short term, [secured](#), provide a coupon, ~~secured through contain~~ appropriate covenants and ~~provide allow for~~ capital growth through equity incentives in the form of warrants or convertible debt.

Subsequent to quarter end, the Company has agreed to participate in at least 25% of a \$20 million secured [subordinated](#) note provided to **Sure Energy Inc. (“Sure”)**, a public oil and gas producer. Sure has 850 barrels of oil equivalent per day (“BOE/d”) of production with 370 BOE/d behind pipe. Sure has material exposure to the emerging Viking light oil resource at Redwater, with an extensive inventory of 148 locations. The purpose of the facility is to develop this asset and provide infrastructure to increase production.

² Merrill Lynch U.S. Corporate & Government Master Index

³ Merrill Lynch U.S. Corporate & Government Master Index

Sure is required to draw down a minimum of \$10 million of the facility upon closing. Additional draws on the secured note facility may be made at Sure's discretion in minimum tranches of \$2.5 million. The drawn portion of the secured note facility bears interest at 6.25 percent per annum. The undrawn portion bears a standby fee of 0.25 percent. Warrants to purchase 2.5 million common shares at a price of \$1.80 per share will be issued as additional consideration, regardless of the total amount drawn down on the facility. The notes mature and the warrants expire 36 months from the date of closing. Implementation of the secured note facility is subject to the finalization and execution of formal agreements and regulatory and Sure shareholder approval.

Detail of Net Asset Value:

The net asset value of the Company at September 30, 2010 was \$134,439,961, or \$12.76 per Share, which consisted of the following components:

	\$	Per Share (1)	%
Investments (2)	121,672,405	11.55	90.5%
Gain/(Loss) on forward contracts (3)	(382,020)	-0.04	-0.3%
Cash and cash equivalents	5,468,224	0.52	4.1%
Accrued Income	2,755,723	0.26	2.0%
Future Income Tax Asset (4)	5,430,000	0.52	4.0%
Accrued Liabilities net of prepaids	(500,579)	-0.05	-0.4%
	134,443,754	12.76	100.0%

Notes

(1) Based on 10,537,262 Shares, being the total number of voting and non-voting common shares outstanding during the period.

(2) Details of the investments held at September 30, 2010 are included in the Summary of Investment Portfolio below.

(3) Represents the mark-to-market gain (loss) on forward foreign currency contracts at September 30, 2010. The Company has hedged substantially all foreign denominated investments back to the Canadian Dollar.

(4) The Company has approximately \$55,000,000 of losses and deductions available to be applied against future years' income tax returns. The Company's policy is to recognize a future tax asset to the extent that it believes that it is more likely than not that the future tax asset will be realized. The Company will continue to review these estimates on a periodic basis and will amend the asset value accordingly, if deemed appropriate.

About Deans Knight Income Corporation

Deans Knight Income Corporation is an investment company focused on investing in corporate debt securities, predominantly rated below investment grade. The Company's objective is to maximize the total return for shareholders, consisting of bond price appreciation and income received from bond

investments. The Company will pay a monthly dividend to shareholders, based on earned income each month. The capital of the Company is actively managed by Deans Knight Capital Management, a respected investment firm based in Vancouver B.C. that has been investing in corporate bonds since its inception in 1992. For more information: www.dkincomecorp.com.

As an investment company, Deans Knight Income Corporation falls under the continuous disclosure requirements for investment funds. In compliance with such continuous disclosure requirements, the Company will provide shareholders with financial statements on a semi-annual basis. In an effort to keep shareholders informed, the Company intends to provide shareholders with an operational update each quarter, detailing relevant investment activity and holdings.

Forward-Looking Statements

This press release contains forward-looking statements. More particularly, this press release contains forward-looking statements concerning the Company's corporate objectives, availability of tax losses and deductions, the Company's expectations concerning market trends, redemption of certain bonds held by the Company, the anticipated total return to the Company's shareholders and the Company's intention to pay out earned income in the form of monthly dividends. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because the Company can give no assurance that they will prove to be correct since forward-looking statements address future events and conditions and by their very nature, involve inherent risks and uncertainties. The forward-looking statements contained in this press release are made as of the date hereof and the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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Summary of Investment Portfolio

The following is a summary of the Company's investment portfolio as at September 30, 2010. This is a summary only and will change due to ongoing portfolio transactions of the Company. Additional information is available at www.dkincomecorp.com.

Summary of Investment Portfolio

Top Investments				% of Net Asset Value		Portfolio Composition		% of Net Asset Value	
Whitecap Resources	8.0%	30-Sep-12	8.3%	Fixed Income					
Paramount Resources	8.5%	31-Jan-13	6.4%	Canadian denominated in CAD				12.9%	
North American Energy Partners	9.125%	7-Apr-17	6.1%	Canadian denominated in USD				32.5%	
Calfrac Holdings LP	7.75%	15-Feb-15	5.4%	United States denominated in CAD				0.0%	
CCS Inc.	11.0%	15-Nov-15	5.3%	United States denominated in USD				24.1%	
Stone Energy Corp.	8.625%	1-Feb-17	4.7%	Other Foreign denominated in USD				1.6%	
Trinidad Drilling	7.75%	31-Jul-12	4.3%	Other Foreign denominated in AUD				0.0%	
MetroPCS Wireless	9.25%	1-Nov-14	4.3%					71.2%	
Bombardier Inc.	8.0%	15-Nov-14	4.2%	Convertible Debentures					
Harvest Energy	7.25%	30-Sep-13	4.2%	Canadian denominated in CAD				16.8%	
Cott Beverages Inc.	8.375%	15-Nov-17	3.5%	Other Foreign denominated in AUD				2.5%	
National Money Mart	10.375%	15-Dec-16	3.3%	Investment Portfolio				90.5%	
Methanex Corp.	8.75%	15-Aug-12	3.0%	Cash & Short-term Deposits				4.1%	
Sherritt International Corp.	7.75%	15-Oct-15	2.8%	Other Net Assets				5.4%	
Western Areas NL	8.0%	2-Jul-12	2.5%					100%	
Teck Resources Ltd.	10.75%	15-May-19	2.4%	Sector Breakdown					
Beazer Homes USA	9.125%	15-Jun-18	2.3%	Energy				53.7%	
Pacific Rubiales Energy	8.75%	10-Nov-16	2.1%	Materials & Metals				10.3%	
Harvest Operations	6.875%	1-Oct-17	2.0%	Industrial/Manufacturing				6.5%	
Garda World Security	9.75%	15-Mar-17	1.9%	Consumer Discretionary				5.5%	
Gibson Energy ULC	11.75%	27-May-14	1.7%	Technology				4.5%	
Mcmoran Exploration	11.875%	15-Nov-14	1.7%	Chemicals				3.8%	
FMG FIN PTY Ltd.	10.625%	1-Sep-16	1.6%	Financial Services				3.3%	
ABI Escrow Corp.	10.25%	15-Oct-18	1.6%	Forestry				1.6%	
OPTI Canada Inc.	7.875%	15-Dec-14	1.1%	Services				1.3%	
				Investment Portfolio				90.5%	
				Cash & Short-term Deposits				4.1%	
				Other Net Assets				5.4%	
								100%	