



TSX Venture Exchange: GA

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GOLCONDA ANNOUNCES CLOSING OF THE FIRST AND SECOND TRANCHES OF ITS PRIVATE PLACEMENT OF CONVERTIBLE DEBENTURE UNITS, Q1 2012 FINANCIAL RESULTS AND OPERATIONAL UPDATE

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CALGARY, ALBERTA — Golconda Resources Ltd. (the “**Corporation**” or “**Golconda**”) is pleased to announce that it has completed the first and second tranches of a non-brokered private placement (the “**Offering**”) of debenture units (each a “**Debenture Unit**”) for gross proceeds of \$200,000. For each \$1.00 invested, subscribers received a Debenture Unit comprised of an unsecured 13% convertible debenture (“**Debenture**”) in the principal amount of \$1.00 and 10 common share purchase warrants of the Corporation (“**Warrant**”), with each Warrant entitling the holder thereof to purchase one common share of the Corporation (“**Common Share**”) at an exercise price of \$0.10 per Common Share for a period of two years.

The Debentures have a two year term (the second anniversary of the Debentures being the “**Maturity Date**”) and bear an interest rate of 13% per annum payable quarterly in arrears. The principal amount of the Debentures will be convertible, in whole or in part, into Common Shares at the option of the holder at any time prior to the close of business on the Maturity Date at a conversion price of \$0.10 per Common Share. All securities issued in connection with the Offering will be subject to a four (4) month hold period.

The Corporation intends to use the proceeds from this private placement for general working capital purposes. The completion of the private placement is subject to final TSX Venture Exchange approval.

An insider of the Corporation subscribed for 100,000 Debenture Units. The Corporation has determined that there are exemptions available from the various requirements of the TSX Venture Policy 5.9 and Multilateral Instrument 61-101 for the issuance of these Debenture Units (Formal Valuation - Issuer Not Listed on Specified Markets; Minority Approval - Fair Market Value Not More Than 25% of Market Capitalization).

The Corporation also announces that the financial statements and MD&A for the three months ended March 31, 2012 are now available on SEDAR.

The Board of Directors continues to review strategic alternatives and business opportunities available to the Corporation. This process includes but is not limited to the entry into the oil and gas exploration, development and production business. At this time, the Board of Directors has identified one business opportunity that is being investigated and a decision on this opportunity should be made in the third quarter.

Currently, the Company is not actively pursuing contracts in the drilling business. In 2011, the Company incurred a significant loss of \$1.5 million and since commencing drilling operations in December 2008, the Company has incurred cumulative losses of approximately \$5.3 million related to drilling operations. The outlook for 2012 drilling appears to be somewhat pessimistic in light of global economic news. At best, the financial markets for the junior mining companies appear to be volatile and for some companies, the raising of funds would appear to be near impossible. The Company has decided to reduce costs to the extent possible in the drilling business and continue to evaluate as economic factors change.

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This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. All statements included herein, other than statements of historical fact, constitute forward-looking information and such information involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information. A description of certain assumptions used to develop such forward-looking information and a description of risk factors that may cause actual results to differ materially from forward-looking information can be found in the Corporation's disclosure documents on the SEDAR website at www.sedar.com. The Corporation does not undertake to update any forward-looking information except in accordance with applicable securities laws.

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