



KHAN RESOURCES INC.
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April 6, 2005: Report to Securityholders of Khan Resources Inc.

FINANCING

On February 3, 2005, we reported to you that we expected to complete a private issue of Special Warrants of which the maximum amount we at Khan had intended to place was CAN\$5 million. We are pleased to report that this issue has been successfully completed in the total amount of CAN\$5,566,500. We exceeded our intended total amount of issue in order to accommodate all interested parties including a few large investors whom, we believe, will provide significant additional support as we now move to public financing. We particularly want to recognize the strong support of Ennio and Romeo D'Angela of Novadan Capital Ltd. whose direction as financial advisor in this regard was largely responsible for the success of this financing.

The proceeds of the issue will be applied to drilling and some initial development of the Dornod property in Mongolia, i.e. the open-pit and the underground uranium deposits in which Khan has a 58% interest, as well as drilling on the new area recently acquired from Western Prospector, in which Khan has a 100% interest, plus some addition to working capital.

Each Special Warrant placed in this private issue was priced at CAN\$1.00 and entitles the holder to convert the Special Warrant into one Khan Resources common share, at no additional cost, and one-half a share purchase warrant. One full share purchase warrant entitles the holder to purchase one additional common share at a price of CAN\$1.50 at any time on or before September 30, 2006. A cash commission of up to 8.0% of the Subscription Amount may be paid to a registered dealer in connection with any particular Subscription Agreement. As additional consideration, the registered dealer may also receive a number of non-transferable broker special warrants of up to 10% of the number of Special Warrants purchased by any particular Subscriber.

The subscription agreement for the private placement contained a Disclosure Schedule of which we believe all securityholders of Khan Resources should be aware. A copy of this Disclosure Schedule follows.

DISCLOSURE SCHEDULE

The Board of Directors of the Corporation, at a meeting held on October 3, 2004, which meeting Wallace M. Mays attended by invitation, informed Mr. Mays that he was removed as a director and/or officer of the Corporation's subsidiaries and as an officer of the Corporation. This decision was made in connection with the Board's decision to focus on developing its uranium assets and to proceed with a private placement financing in that regard. The agent for the proposed financing had stated that it was a condition of its financing efforts that Mr. Mays not be associated with any of the operations being so financed. Mr. Mays was informed of that decision during the October 3 meeting and effective at that meeting he was removed as a director and/or officer of the Corporation's subsidiaries and as an officer of the Corporation.

At the meeting, Mr. Mays raised the question of AATA International, Inc. ("AATA") and its outstanding US\$448,000 account, suggesting that it was the Corporation's responsibility.

Mr. Mays was advised that (i) the Corporation has always understood that AATA's contract to provide an environmental study had been with W M Mining Company, LLC - which is Mr. May's company, (ii) the Corporation had never seen a copy of the AATA contract, was not a party to it and had never assumed any obligations under it, and (iii) the Corporation had never seen the AATA report provided to Overseas Private Investment Corporation ("OPIC") on behalf of W M Mining Company, LLC. It was acknowledged that a subsidiary

of the Corporation had accrued a project financing contingency in that regard applicable only if, as and when the OPIC project financing was successfully completed.

The directors advised Mr. Mays that, as it is now unlikely that there will be any OPIC financing, the Corporation does not have any responsibility for the AATA agreement.

On October 4, 2004, Mr. Mays purported to transfer all of the Corporation's assets, including the Company's interest in the Dornod Uranium Property and the Mongolian gold assets, to his company W M Mining Company, LLC in settlement of the outstanding AATA account pursuant to transfers wherein he signed as the purported senior officer of each of the Corporation's subsidiaries and as the senior officer of W M Mining Company, LLC.

All of this was done without the knowledge or consent of the Directors of the Corporation, without the knowledge or consent of the Corporation or the shareholders of the transferee companies and in direct violation of the Board's October 3, 2004 decision to remove Mr. Mays from all directorships and offices with the Corporation's group of companies.

Therefore the Corporation prepared an Application to the Ontario Superior Court of Justice for a Declaration that the purported transfers of the Corporation's assets which Mr. Mays attempted to effect are void and without any legal effect and Injunctions restraining Mr. Mays and his companies from dealing with or interfering with the Corporation's assets. Mr. Mays was served with the Application on January 20, 2005 and the Application will come on for a hearing on April 8, 2005. [*Now scheduled for April 19, 2005.*]

As a separate matter AATA has issued a Statement of Claim in the Ontario Superior Court of Justice against the Corporation and W M Mining Company, LLC. AATA has claimed US\$481,763.90 plus interest and costs from the two defendants. The Claim was served on the Corporation on February 10, 2005. The Corporation's position is as set out in the third paragraph of this Disclosure Schedule.

It should be noted that Mr. Mays, indirectly through his company, Nueces Investments Ltd., owns 6,000,000 common shares in the capital of the Corporation.

GOING PUBLIC

As stated in bold letters in the subscription agreement in respect of the private issue just placed, "**There is no assurance that the Corporation will be successful in becoming a "reporting issuer" under the securities laws of any Province or Territory of Canada.**" No private company may guarantee that it will be successful in "going public". However, we at Khan do guarantee that we will do our best to succeed in this regard and to effect this public financing as soon as possible.

On behalf of the Board

"Dale M. Hendrick"

Dale M. Hendrick: Chairman

"Kenneth G. Murton"

Kenneth G. Murton: President/CEO