



KHAN RESOURCES INC.
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May 16, 2005: Report to Securityholders of Khan Resources Inc.

DORNOD PROJECT

The undersigned, along with our Chief Operations Officer, Don Arsenaault, spent two weeks in Mongolia in late April and early May meeting with officials of the Mongolian government and visiting the Dornod uranium project in which Khan Resources holds a 58% interest. We are pleased to note that the government officials with whom we met acknowledged the 58% interest of Khan Resources in the Dornod project and are being most helpful with regard to acquisition of the necessary permits to commence our confirmation drilling program, surveying, dewatering and environmental studies. We also note with gratitude the full cooperation of our neighbour in the Dornod region, Western Prospectors Group Ltd.

Our visit to the site and careful review of geological information available to us only increased our assessment of the potential of the Dornod uranium project. Based on this assessment, the Dornod project has the potential to become a significant producer of uranium.

IPO

In last month's report we stated **"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."

We now are in discussion with several major Canadian investment banking firms with regard to management of our proposed IPO. We expect to have our selection completed by this month end. Preparation of our preliminary prospectus is underway and audited financials are near completion. We will expedite the necessary filing in respect of our proposed public financing to the best of our ability.. However, even if all goes smoothly, which it rarely does, we would not expect our issue to be brought to the market until September of this year at the earliest.

WEBSITE

Our website is constantly updated. and you may find it a valuable source of information on your Company and the market for uranium. For example, under the heading "Why Uranium?" we provide the latest spot market price for U3O8 and under the heading "Executive Summary" we provide the latest share capitalization of the Company. Any suggestions you may have for improvement of our website would be most welcome.

BOARD OF DIRECTORS

We appreciate that our four man Board needs expanding to permit Khan Resources to grow into its potential of a significant uranium producer. In this regard, we now are considering candidates to join our Board who bring complementary skills and experience to strengthen management of the Company.

On behalf of the Board

"Dale M. Hendrick"

Dale M. Hendrick: Chairman

"Kenneth G. Murton"

Kenneth G. Murton: President/CEO

