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**KHAN TO VIGOROUSLY DEFEND CLAIM COMMENCED BY
WALLACE MAYS AND WM MINING**

TORONTO, ONTARIO, SEPTEMBER 19, 2006 – On September 18, 2006, the Company learned that an action had been commenced in the Superior Court of Justice of Ontario against it and 20 other defendants by Wallace Mays, WM Mining Company LLC and Nueces Investments Ltd. Mr. Mays is a former director and officer of the Company and Nueces Investments is the Company's largest shareholder.

In the action, which has not yet been served on the Company, the Plaintiffs allege, among other things, that the business and affairs of the Company have been carried on in a manner that is oppressive to the Plaintiffs' interests and that the Company knowingly assisted in a breach of trust or fiduciary duty by others. The Plaintiffs have asserted claims for damages of \$150 million, as well as certain other relief.

The Company believes the action and claims asserted against it are completely without merit. The Company intends to vigorously defend the action and will pursue all legal rights and remedies available to it. The Company does not expect that the action commenced by Mays and WM Mining will delay the hearing of the application for an oppression remedy brought by a shareholder of the Company against Mays, WM Mining, the Company and its affiliates which is scheduled to be heard by a Judge of the Commercial Court on October, 12 2006.

This press release may contain forward-looking statements, which are subject to certain risks, uncertainties and assumptions. A number of factors could cause actual results to differ materially from the results discussed in such statements, and there is no assurance that the actual results will be consistent with them. Such forward-looking statements are made as of the date of this news release, and the Company assumes no obligation to update or revise them, either publicly or otherwise, to reflect new events, information or circumstances, except as may be required under applicable securities laws.

About KHAN:

Khan is a Canadian exploration and development company. Its current activities are focused on the Dornod area in north eastern Mongolia, the site of a former Russian open-pit uranium mine.

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