



TSX:KRI

**CNNC LAUNCHES OFFER AND KHAN MAILS DIRECTORS' CIRCULAR
RECOMMENDING ACCEPTANCE OF CNNC'S \$0.96 PER SHARE CASH OFFER**

TORONTO, ONTARIO, February 26, 2010 – Khan Resources Inc. (TSX:KRI) ("Khan") announced today that CNNC Overseas Uranium Holding Ltd. ("CNNC"), an indirect wholly owned subsidiary of China National Nuclear Corporation, has commenced its previously announced offer to acquire all of the outstanding common shares (the "Shares") of Khan at C\$0.96 in cash per share (the "CNNC Offer"). Khan's Board of Directors unanimously recommends that shareholders accept the CNNC Offer and tender their Shares to the CNNC Offer. The Board of Directors unanimously believes that the CNNC Offer is fair, from a financial point of view, to shareholders and is in the best interests of Khan and its shareholders.

The CNNC Offer is open for acceptance until 5:00 p.m. (Toronto time) on April 6, 2010 unless withdrawn or extended. The CNNC Offer is subject to certain conditions, including that at least 66 2/3% of Khan Shares (calculated on a fully diluted basis) be tendered to the CNNC Offer and not withdrawn.

Full details of the CNNC Offer are contained in CNNC's offer to purchase and take-over bid circular dated February 25, 2010 and related materials that are being mailed today to each of Khan's shareholders and will be available on SEDAR at www.sedar.com.

The Board of Directors, on recommendation of its Special Committee, identified several factors as being the most relevant to the Board's recommendation to shareholders that they ACCEPT the CNNC Offer and TENDER their Shares, including:

- ***The CNNC Offer Provides a Strong Premium to Shareholders:*** The consideration offered under the CNNC Offer represents a premium of approximately 118.2% to the closing Share price on the TSX on November 26, 2009, the last trading day prior to the announcement by Atomredmetzoloto JSC ("ARMZ") of its intention to make its unsolicited take-over bid (the "ARMZ Offer"), and approximately a 47.7% premium to the C\$0.65 price per share offered under the ARMZ Offer.
- ***The CNNC Offer is Fair to Shareholders:*** Haywood Securities Inc., the financial advisor to the Special Committee, has provided a written opinion that, as of the date of such opinion, the consideration offered under the CNNC Offer is fair, from a financial point of view, to Khan's shareholders (other than CNNC and its affiliates and associates).
- ***The CNNC Offer Has Fewer Conditions And Is More Likely to be Completed Than The ARMZ Offer:*** Unlike the highly conditional and subjective nature of the ARMZ Offer, the conditions to the CNNC Offer were carefully negotiated by Khan to more appropriately reflect the nature of Khan's business and the unique circumstances in which it operates in the Republic of Mongolia. Unlike the ARMZ Offer, the more limited and less discretionary conditions of the CNNC Offer create greater deal certainty for shareholders and increase the likelihood that the CNNC Offer will be completed.

- ***The CNNC Offer is the Most Attractive and the Best Alternative Currently Available:*** The Board of Directors and the Special Committee have considered a variety of strategic alternatives and the CNNC Offer is the most attractive alternative available.
- ***The CNNC Offer Provides Shareholders with Immediate Liquidity:*** In addition to more global factors, Khan's Share price has been negatively impacted by the unique regulatory challenges and uncertainty in Mongolia. The CNNC Offer represents a liquidity opportunity for shareholders to dispose of all of their Shares for cash consideration of C\$0.96 per Share.
- ***Directors and Executive Officers of Khan Have Agreed to Tender Their Shares to the CNNC Offer:*** Directors and executive officers of Khan collectively holding approximately 6.0% of the issued and outstanding Shares (assuming the exercise of all options to acquire Shares held by such directors and executive officers), have executed lock-up agreements with CNNC requiring them to tender their Shares to the CNNC Offer, except in certain circumstances.
- ***The Board of Directors Has Preserved The Ability to Respond to Superior Proposals.*** Under the definitive agreement between Khan and CNNC pursuant to which CNNC agreed to make the CNNC Offer, the Board of Directors remains able to respond, in accordance with its fiduciary duties, to unsolicited *bona fide* superior proposals that are more favorable, from a financial point of view, than the CNNC Offer.

The Board of Directors' recommendation that Khan's shareholders ACCEPT the CNNC Offer and TENDER their Shares, as well as a more detailed discussion of the reasons for accepting the CNNC Offer and the full text of Haywood Securities Inc.'s fairness opinion, is contained in the Khan directors' circular dated February 25, 2010 (the "Directors' Circular") that is being mailed today to each of Khan's shareholders, and filed with Canadian securities regulatory authorities. The Directors' Circular will be available on SEDAR at www.sedar.com. Shareholders are advised to read the Directors' Circular carefully and in its entirety, as it contains important information regarding Khan and the CNNC Offer.

Haywood Securities Inc. is acting as financial advisor and Davies Ward Phillips & Vineberg LLP is acting as legal counsel to Khan. BMO Capital Markets is acting as financial advisor and Stikeman Elliott LLP is acting as legal advisor to CNNC.

ABOUT KHAN RESOURCES INC.

Khan Resources Inc. (TSX:KRI) is a Canadian company engaged in the acquisition, exploration and development of uranium properties. Its current activities are focused on the Dornod area in northeastern Mongolia, the site of a former Russian open-pit uranium mine. Khan holds interests in the Main Dornod Property and in the Additional Dornod Property. The Company's website is www.khanresources.com.

ABOUT CNNC OVERSEAS URANIUM HOLDING LTD.

CNNC Overseas Uranium Holding Ltd. (a wholly-owned branch of China Uranium Corporation Ltd.) is incorporated in Hong Kong and is an indirect wholly-owned private subsidiary of China National Nuclear Corporation, China's leading uranium development and nuclear fuel company.

Forward-Looking Statements and Information

This press release may contain forward-looking statements and forward-looking information, which are subject to certain risks, uncertainties and assumptions. Forward-looking statements and information are characterized by words such as "will", "plan", "expect", "project", "intend", "believe", "anticipate", "forecast", "schedule", "estimate" and similar expressions, or statements that certain events or conditions

"may" or "will" occur. Forward-looking statements and information are not historical facts and are based upon a number of estimates and assumptions and are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors, including the impact of Mongolian and Canadian laws and regulatory requirements on the CNNC Offer, the ARMZ Offer and Khan's business, properties, licenses, operations and capital structure, Khan's ability to re-register its existing licenses, regulatory uncertainty and obtaining governmental and regulatory approvals for the CNNC Offer, legislative, political, social, regulatory and economic developments or changes in jurisdictions in which Khan, CNNC and ARMZ carry on business, the speculative nature of exploration and development, risks involved in the exploration, development and mining business, changes in market conditions, changes or disruptions in the securities markets and market fluctuations in prices for Khan securities, the existence of third parties interested in purchasing some or all of the Shares or Khan's assets, the satisfaction or waiver of the conditions to the CNNC Offer, the extent to which holders of Shares determine to tender their Shares to the CNNC Offer or the ARMZ Offer, the anticipated benefits of the CNNC Offer, the method of funding and availability of potential alternative strategic transactions involving Khan, including those transactions that may produce superior strategic value to shareholders, the need to obtain and maintain licenses and permits and comply with national and international laws, regulations, treaties or other similar requirements, and uncertainty in the estimation of mineral reserves and resources. In addition, a number of other factors could cause actual results to differ materially from the results discussed in such statements and information, and there is no assurance that actual results will be consistent with them. For further details, reference is made to the risk factors discussed or referred to in Khan's annual and interim management's discussion and analyses and Annual Information Form on file with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com. Such forward-looking statements and information are made or given as at the date of this news release, and Khan 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 law.

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Information Agent:

Georgeson Shareholder Communications Canada Inc. has been retained by Khan as information agent to provide Khan shareholders with a resource for information concerning Khan's response to the CNNC Offer and the ARMZ Offer. **Any questions concerning Khan, the CNNC Offer or the ARMZ Offer may be directed to Georgeson as follows:**

Georgeson

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