



TSX:KRI

Khan Receives Notice of License Invalidations

TORONTO, ONTARIO, April 13, 2010 – Khan Resources Inc. (TSX:KRI) ("Khan") announced today that its 58%-owned Mongolian joint venture subsidiary, Central Asian Uranium Company, LLC ("CAUC") and its 100%-owned Mongolian subsidiary, Khan Resources LLC ("Khan Mongolia") have received notice from the Mongolian Nuclear Energy Agency (the "NEA") stating that CAUC's mining license 237A (the "Mining License") and Khan Mongolia's exploration license 9282X (the "Exploration License") have been invalidated. The invalidations purport to be effective as of October 8, 2009 and purport to be based on a failure by CAUC and Khan to address violations of Mongolian law stemming from a July 2009 report issued by an inspection team appointed by the Mongolian State Specialized Inspection Agency (the "SSIA") in respect of the Mining License.

Khan continues to believe that it and its Mongolian subsidiaries have always operated and continue to operate in compliance with all applicable Mongolian laws, including the Nuclear Energy Law, and there is no legal basis for the NEA invalidation notices. Khan intends to challenge the NEA's actions through all legally available means. In Khan's view, the actions by the NEA are a clear violation of Khan's rights and interests under the laws and Constitution of Mongolia, and are in breach of Mongolia's obligations under international law. Khan and its legal counsel intend to vigorously defend its rights and interests, and to pursue all available rights and remedies in the Canadian and Mongolian courts and, if necessary, in international arbitration.

Background

Khan believes that in order to understand the latest action by the NEA, it is necessary to understand the background and recent history.

As previously announced by Khan, in July 2009 CAUC was informed by the Mineral Resources Authority of Mongolia ("MRAM") that the Mining License (and only the Mining License) had been temporarily suspended due to CAUC's alleged violation of applicable laws cited by inspectors from the SSIA based on their visit to the Dornod site in mid-April, 2009. The principal violation was that CAUC had not registered its deposit reserves with the State Integrated Registry for approval by the Minerals Professional Council. In fact, CAUC had submitted the deposit reserves and resource calculation for registration in 2007, but the Minerals Professional Council had never (and to this day has never) held the requisite meeting to consider the calculation and prepare the requisite report. Following receipt of such notice, CAUC met and communicated with SSIA representatives on several occasions and responded to each of the alleged violations cited by the SSIA and continued to work cooperatively to resolve any allegations surrounding the Mining License or CAUC's activities in Mongolia. CAUC also brought a legal action in Mongolia against MRAM challenging the temporary suspension. In January, 2010, CAUC reached a settlement with MRAM in which the temporary suspension was terminated, which was announced by Khan on January 14, 2010. Khan viewed this settlement as having finally resolved the July 2009 suspension of the Mining License.

Also in July 2009, the Government of Mongolia passed the new Nuclear Energy Law which became effective on August 15, 2010. Under the Nuclear Energy Law, all holders of uranium licenses were required to submit formal applications to re-register their licenses in compliance with the new legislation. On October 8, 2009, CAUC and Khan received notices (the "October 8 Notices") which stated that in connection with the implementation of the Nuclear Energy Law, the existing Mining License and Exploration License should be considered invalidated, and that CAUC and Khan should not undertake any activities under the licenses until they obtain new licenses from the NEA under the new law. Khan inquired as to the grounds and consequences of such invalidations, and was informed by the NEA that all licenses held by all uranium license holders in Mongolia had been temporarily suspended in October 2009, pending re-registration of such licenses under the Nuclear Energy Law. Accordingly, Khan interpreted the October 8 Notices as an administrative matter which meant only that its licenses, like those of all other license-holders in Mongolia, were in limbo pending re-registration under the new law. In November 2009, CAUC and Khan submitted lengthy and detailed applications for the re-registration of the Mining License and the Exploration License. The applications were in compliance with the requirements of the new legislation, including the requirement to state that the license holder accepted the ability of the Mongolian State to take an ownership interest in the license-holder without compensation. Although this expropriation provision of the Nuclear Energy Law has been challenged by the Mongolian Mining Association and others, Khan and CAUC made a decision to accept it and to work cooperatively with the Mongolian State-owned uranium company MonAtom LLC ("MonAtom") on a basis that gave MonAtom a 51% ownership interest in the entities that own the Mining License and Exploration License.

Indeed, on January 25, 2010, Khan announced that it had entered into a non-binding memorandum of understanding (the "MOU") with MonAtom, which sought to establish the principal elements of a joint venture transaction which would finalize the ownership structure surrounding the Dornod Uranium Project and create a framework for developing the project and bringing it into operation as expeditiously as possible. Among other things, the MOU contemplated MonAtom acquiring a 51% interest in each of CAUC and Khan Mongolia in accordance with the Nuclear Energy Law and also contemplated re-registration of the Mining License and the Exploration License within 7 days of signing the MOU. This latter condition to the MOU was never fulfilled and, accordingly, despite Khan's efforts to cooperate with the Government of Mongolia, the transactions contemplated under the MOU were not pursued further. Additional details concerning the MOU can be found in Khan's January 25, 2010 press release.

Despite the fact that the Nuclear Energy Law stipulates that exploration licenses must be re-issued within 3 months and mining licenses with 6-12 months, the license re-registrations of Khan are still pending. Khan has made repeated requests for an official update as to the status of these applications and its licenses, however, until now, Khan had not yet received any official response from the NEA.

The latest notices from the NEA came in response to Khan's latest attempt, in a letter dated April 9, 2010 to the NEA, to seek official confirmation as to the status of its licenses. Although Khan is aware of several news stories in the Mongolian and Russian press which have suggested that Khan's licenses had been annulled, this is the first time that Khan has received any official confirmation to this effect.

Indeed, as recently as March 29, 2010, representatives of CAUC and Khan met with a committee of the SSIA to discuss various renewed allegations of non-compliance identified by the SSIA subsequent to receiving the October 8 Notices based on another inspection conducted by the SSIA in March 2010, which Khan understood would form the basis of a future decision regarding the licenses. In several instances, the alleged violations had already been the subject of previous investigations by the SSIA and previously responded to. In any event, Khan believes that the alleged violations are not an appropriate or legal basis upon which the NEA could properly make a decision to invalidate the licenses or not to re-register them under the Nuclear Energy Law. At the end of these meetings with the SSIA committee, SSIA Chairman Sodbaatar indicated that further audit and inspection would be undertaken and, following a preparation of a report on the results of that further audit and inspection, only then would a decision, if any, be made with respect to the licenses by the SSIA. He also indicated that the matter may be elevated for discussion and consideration by higher-level Government authorities. Khan had not received any further communication from the Mongolian Government since the March 29 meeting with the SSIA, until now.

Khan finds the basis upon which the invalidation notices purport to be issued highly troubling. Notwithstanding the assurances received from the NEA in October 2009 that the October 8 Notices were common to all license holders and the suspensions were temporary in nature pending re-registration of licenses under the new law, the NEA is now, several months later, alleging that the October 2009 invalidations of the licenses were actually on the basis of the violations cited in the July 2009 SSIA report. This stated rationale is in direct contrast to the October 8 Notices themselves and to the assurances received at that time from the NEA as to the scope and purpose of the October 8 Notices. It is also in direct contrast to the inspection efforts of the SSIA, which were still ongoing as of March 29, 2010 and, Khan understands, continue to be ongoing.

Khan notes that rumours and allegations as to the status of its licenses in Mongolia have appeared in the Mongolian and Russian press and posted on various websites in Mongolia and Russia since late February. Indeed, when Atomredmetzoloto JSC ("ARMZ"), a subsidiary of the Russian state-owned nuclear energy company Rosatom, allowed its unsolicited take-over bid for Khan to expire on March 1, 2010 in the face of a superior bid from CNNC Overseas Uranium Holding Ltd., its stated reason for doing so was a report by a working group established by the Security and Foreign Policy Standing Committee of the Mongolian Parliament which recommended that a number of uranium exploration and mining licenses in the Dornod province should be invalidated based on alleged and unspecified violations of Mongolian law. Although Khan was not mentioned in this report, allegations that Khan's licenses had been annulled based on this report were repeated by Rosatom officials in the Russian media.

Martin Quick, President and CEO of Khan, said: "It is entirely unclear and completely nonsensical as to why the SSIA would continue to inspect the Dornod licenses and engage in communications and discussions with Khan and its subsidiaries concerning the Dornod licenses with a view to coming to a formal decision at some point in the future, if in fact that licenses were invalidated in October 2009, as the NEA now alleges." Mr. Quick added, "We view the NEA decision to invalidate the Dornod licenses as without any legitimate or legal foundation and may be politically motivated. The NEA's intention appears to be to invalidate our licenses, as well as potentially those held by other foreign companies operating in the region, with a view to transferring all of the mineral rights and interests in the entire Dornod uranium region to a 'Dornod Uranium joint venture' that is purportedly being established between the Russian and Mongolian Governments, with complete disregard to Khan's rights and interests."

Additional details regarding the background to the recent NEA actions are set out in more detail in Khan's directors' circular dated December 14, 2009 issued in response to the unsolicited take-over bid for Khan by ARMZ. The circular can be found at www.sedar.com.

As mentioned above, Khan intends to take all legally available steps to protect its interests, including by pursuing all available rights and remedies in the Canadian and Mongolian courts and, if necessary, international arbitration. Khan has instructed its legal counsel to immediately begin preparations for a legal challenge to NEA's actions.

Khan will provide further updates as information becomes available.

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. Khan's website is www.khanresources.com.

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 International, Mongolian and Canadian laws, trade agreements and regulatory requirements on the offer by CNNC Overseas Uranium Holding Ltd. ("CNNC") and Khan's business, properties, licenses, operations and capital structure, Khan's ability to re-register or reinstate the Dornod licenses, regulatory uncertainty and obtaining governmental and regulatory approvals for the offer by CNNC, legislative, political, social, regulatory and economic developments or changes in jurisdictions in which Khan and CNNC 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 Khan's shares or 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, the anticipated benefits of the CNNC offer, litigation and other legal proceedings, 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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