



TSX:KRI

Khan Files Formal Claim Against ARMZ

TORONTO, ONTARIO, August 20, 2010 – Khan Resources Inc. (TSX:KRI) ("Khan") announced today that it has filed a statement of claim against Atomredmetzoloto JSC ("ARMZ") and its affiliate JSC Priargunsky Industry Mining and Chemical Union ("JSC PIMCU") with the Ontario Superior Court of Justice.

The claim has been brought by Khan and certain of its subsidiaries, and seeks damages from ARMZ and its affiliate in the total amount of CDN\$300,000,000, including equitable compensation resulting from their breach of fiduciary duties as one of Khan's joint venture partners and a shareholder of Central Asian Uranium Company, LLC ("CAUC"), general damages resulting from their unlawful interference with the plaintiffs' economic relations, general damages resulting from their deliberately causing damage to Khan's and its subsidiaries' rights, business reputation and property and aggravated, exemplary and punitive damages.

The statement of claim alleges, among other things, that the harmful conduct of ARMZ and its affiliates, namely in seeking to establish a joint venture with the Government of Mongolia over the Dornod uranium region without regard to Khan's rights and interests, impugning the legitimacy of Khan's interests in Mongolia, interfering with its economic relations with MonAtom LLC (Khan's other joint venture partner in CAUC and the Mongolian state-owned entity with which Khan sought to pursue a strategic transaction), and interfering with the competing and superior take-over bid by CNNC Overseas Uranium Holding Ltd., all with the goal of eliminating Khan's interests in Mongolia, has caused Khan, its subsidiaries and its shareholders substantial damage.

Mr. Grant Edey, President and Chief Executive Officer of Khan stated, "Khan has been carefully evaluating the ongoing conduct of ARMZ and its affiliates and determined that it had no choice but to pursue a formal claim in order to try to protect Khan's rights and interests and seek compensation for the significant damage we believe Khan has suffered." Mr. Edey added, "ARMZ has made no secret of its desire to acquire control of the Dornod uranium property in Mongolia." In the Statement of Claim, Khan alleges that, having failed to acquire Khan through its hostile take-over bid, ARMZ and its affiliates have embarked on a course of conduct intended to eliminate Khan's mining and exploration licenses so as to enable them to proceed with their joint venture with the Mongolian Government, without any regard to, and to the detriment of, Khan's rights and interests.

Khan intends to continue to vigorously defend its rights and interests, including pursuing all available rights and remedies in Canada, Mongolia and elsewhere.

***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. 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 Khan's business, properties, licenses, operations and capital structure, Khan's ability to re-instate or re-register the Dornod uranium project licenses, regulatory uncertainty and obtaining governmental and regulatory approvals, legislative, political, social, regulatory and economic developments or changes in jurisdictions in which Khan carries on business, the nature and outcome of pending and future litigation, arbitration and other legal proceedings, 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 common shares or Khan's assets, the method of funding and availability of any potential alternative strategic transactions involving Khan or its assets, including those transactions that may produce strategic value to shareholders, the need to obtain, maintain and/or re-register 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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