



CNSX: KRI

Khan Update on International Arbitration

TORONTO, ONTARIO, Canada, December 11, 2012 – Khan Resources Inc. (CNSX:KRI) ("Khan" or the "Company") is pleased to provide to shareholders this update to the Company's international arbitration action against the Government of Mongolia. On July 25, 2012 the Company announced the Tribunal hearing this matter in May of this year ruled entirely in Khan's favour on matters of jurisdiction and has dismissed all of Mongolia's objections to the continuance of the suit. The action has now progressed to the quantum and damages phase. On December 7, 2012, Khan submitted to the Tribunal seven volumes of documentation in support of its claim. Khan's claim for damages totals US\$326 million, including interest from the July 2009 date of the expropriation of the Dornod deposit by the Government of Mongolia.

The seven volumes total approximately 500 pages of documentation of the claim itself along with thousands of pages of supporting documentation. The documentation includes two independent valuation reports; one by Raymond James Ltd. and one by the Berkeley Research Group. Also included is a report by an independent legal expert on Mongolian law in support of Khan's claim.

The Government of Mongolia is allowed until April 5, 2013 to formulate their response to the Company's claim and then Khan will have until June 28, 2013 to respond to the Government's defense. The Tribunal will meet from November 11 through to November 15, 2013, to hear the claim and their ruling would be expected in the first half of the subsequent year.

Mr. Grant Edey, President and Chief Executive Officer of Khan, commented "While the process of International Arbitration is long – we initiated our suit in January 2011 – we remain confident in a favourable outcome and that we will receive value for our investments in Mongolia."

Khan intends to pursue, to the limit of international law, the judgement and collection of the damage award.

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.

Investor Relations Contacts:

Grant Edey
Khan Resources Inc.
President & CEO
Office: 416.360.3405
gedey@rogers.com

Marilyn Barton
Khan Resources Inc.
Manager, Administration
Office: 416.360.3405
mbarton@khanresources.com