



TSX: KRI

Khan update on ARMZ Litigation

TORONTO, ONTARIO, Canada, March 12, 2012 – Khan Resources Inc. (TSX:KRI) ("**Khan**") announces that it has received the decision of Justice O'Marra of the Superior Court of Justice of Ontario upholding an appeal by Atomredmetzoloto JSC ("ARMZ") of the decision by Master Graham which had validated service of a statement of claim commenced by Khan and its affiliates against ARMZ and JSC PIMCU. The effect of Justice O'Marra's decision, unless overturned on appeal, is that Khan and its affiliates will not be able to proceed in Ontario with their lawsuit commenced against ARMZ and JSC PIMCU.

Khan has been attempting to effect service on ARMZ since late 2010 in connection with its \$300 million lawsuit against ARMZ. After following the necessary procedures in Russia to serve ARMZ, Khan's attempts at service were stymied when the Russian Ministry of Justice refused to effect service on ARMZ. The Ministry of Justice cited Article 13 of the Hague Convention that provides that the State addressed may refuse to effect service "only if it deems that compliance would infringe its sovereignty or security". The Ministry of Justice provided no reason or explanation for why service would infringe Russian sovereignty or security. On October 31, 2011, Khan announced that it had obtained an order of the Ontario Superior Court of Justice validating service on ARMZ. The decision of Justice O'Marra released on Friday overrules this earlier order.

Mr. Grant Edey, President and Chief Executive Officer of Khan, commented "This decision is obviously disappointing. It raises the perturbing question as to how a company like ourselves can achieve adequate recourse for its shareholders given the inability to even serve ARMZ with our claim."

Khan is still reviewing the decision and is considering the options available to it, including its rights of appeal.

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.

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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