

# Gold Newsletter

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• As I predicted, **Khan Resources** (KRI.TO; KHRIF.PK; C\$2.12) rebounded strongly after the Mongolian government did an abrupt about-face on an earlier announcement that threatened to invalidate exploration licenses for a chunk of Khan's Dornod uranium property.

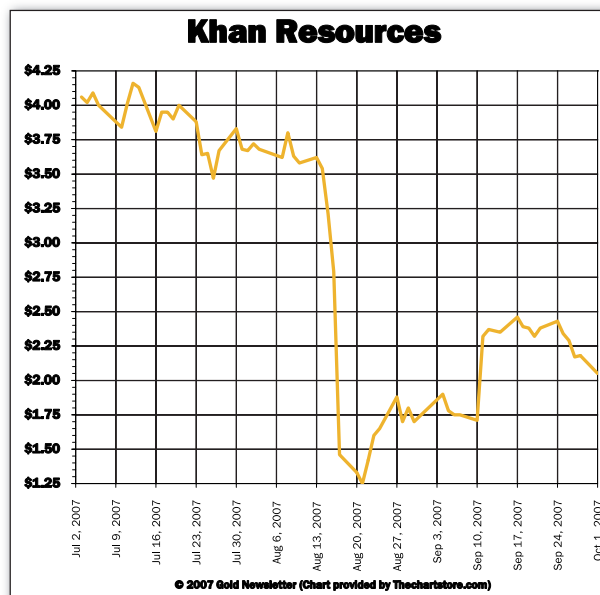
First, the Mineral Resources and Petroleum Authority of Mongolia (MRPAM) modified its position by saying the exploration license had not been rendered invalid, but rather subject to review and may be declared invalid.

After discussions with Khan management and a speedy rethink, the bureaucrats then confirmed that Khan was at no risk of losing its rights so long as it continued to play by the rules, which it always had anyway. Those rules require the company to eventually convert the exploration license into a mining license by developing the deposit.

Understandably, this "Wild East" standoff made investors a tad nervous and sent the stock tumbling 60% before clearer heads prevailed and it rebounded.

So now it's back to business, which, as we've just seen, can be risky at times in developing countries. The payoff, however, is well worth the occasional hassle. Khan's next step is to complete a final feasibility study. Hopefully, this will answer a 64-million-pound question: Will the preliminary estimates of a 64-million pound uranium resource, capital costs of \$283 million and a 37% internal rate of return be confirmed or enhanced?

My answer: It seems like a good bet to me. So at current prices the stock is still a buy on weakness. ▲



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