

Mongolia's uranium industry emerging

On March 17, 2009, Mongolia signed a cooperation agreement with **Russia**, designed to ramp-up development of nuclear energy in both countries.

The agreement opens the door to potential smaller nuclear plants in Mongolia, as well as joint venture exploration and development of uranium projects in Mongolia, Russia or other states.

It is estimated that **Mongolia** holds over 220 million pounds of U3O8 in reserves.

Major foreign junior companies active in uranium exploration and development in Mongolia are: Kahn Resources (KRI – TSX) and Western Prospector (WNP – TSX.V), both based in Canada.



Khan Resources (Cdn\$ 0.46)

TSX	: KRI
H+L prices (12 months)	: Cdn\$ 1.43 – 0.14
Net issued shares	: 54.0 million
Market capitalization	: Cdn\$ 25.1 million

Kahn's current activities are focused on the Dornod area in north eastern Mongolia, the site of a former Russian open-pit uranium mine. The Company holds interests in the Main

Dornod Property, licensed for mining, and in the Additional Dornod Property, licensed for exploration.

Kahn has a 55% interest in the No.2 Deposit and two-thirds of the No.7 Deposit, plus a 100% interest in the remaining one-third of the No.7 Deposit.

This ownership gives Khan an overall interest of 69% of the uranium contained in both deposits.

The 2008 Probable Mineral reserve, prepared by P & E Mining Consultants, for the No.2 open pit and No.7 underground deposits is 18 million tonnes at an average grade of 0.133% U3O8 for 52 million pounds of U3O8 out of the 64.4 million pounds of Indicated mineral resources (NI 43-101 compliant).

On March 17, 2009, Khan announced the results of its Definitive Feasibility Study for its Dornod Uranium Project. The Study, jointly completed by engineering consultants Aker Metals and resource consultants Scott Wilson Roscoe Postle Associates, was based on the NI 43-101 compliant Indicated mineral resource reported for the Project, prepared by Scott Wilson RPA, of 25.3 million tonnes at an average grade of 0.116% U3O8 for 64.3 million pounds of U3O8 at an Inferred mineral resource of 2.2 million tonnes at an average grade of 0.050% U3O8 for 2.4 million pounds of U3O8.

The Study assumes a long-term uranium price of US\$ 65 per pound U3O8 (currently US\$ 70), and a through-put of 3,500 tonnes per day over a 15-year mine life, which will generate an average annual production rate of 3.0 million pounds U3O8 at a cost of US\$ 23.22 per pound U3O8 or US\$ 58.26 per tonne of ore.

The initial capital cost of the Project is projected to approximately US\$ 333 million. The above parameters yield a project internal rate of return (IRR) after tax of 29.1% and a net present value (NPV) at a 10% discount rate of US\$ 276 million.

The after tax NPV at 10% using a uranium price of US\$ 70 per pound U3O8 is US\$ 339 million and the IRR after tax increases to 32.5%.

The results of the Definitive Feasibility Study demonstrate that the share price of Khan is trading at a substantial discount to the intrinsic value of its assets.

Khan Resources is featured as a **Special Situation** by **Uraniumletter International** and included in its list of favourite investment opportunities within the worldwide uranium industry.