Khan Announces US$100 Million International Arbitration Award

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TORONTO, ONTARIO--(Marketwired - Mar 2, 2015) - Khan Resources Inc. ("**Khan**" or the "**Company**") (CSE:KRI) announces that an international arbitration tribunal, constituted under the UNCITRAL Arbitration Rules, has determined an award of approximately US$100 Million (including interest and costs). The award is given as compensation to Khan for the Government of Mongolia's actions in relation to the cancellation of Khan's uranium licenses in 2009. The award is final and binding and is now due from the Government of Mongolia and Monatom LLC. If settlement is not forthcoming, the Company will initiate collection procedures pursuant to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958), a multilateral treaty to which Mongolia is a signatory.

The award was rendered by an internationally respected Tribunal, chaired by Mr. David A. R. Williams Q.C. (New Zealand) and including Mr. L. Yves Fortier Q.C (Canada) and Mr. Bernard Hanotiau (Belgium). The arbitration was administered by the Permanent Court of Arbitration, located in The Hague, Netherlands. The international arbitration was initiated in January, 2011 pursuant to the Founding Agreement for the joint venture, the Energy Charter Treaty and the Foreign Investment Law of Mongolia. Hearings were held on jurisdictional matters at the International Chamber of Commerce Hearing Centre in Paris in May 2012. The Tribunal's decision on jurisdiction in July 2012 dismissed all of Mongolia's objections to the continuance of the arbitral claim. As a consequence, a full hearing was held in November 2013 again at the ICC Hearing Centre, on the merits of the claim and the damages suffered by Khan. Crowell & Moring LLP, skillfully led by Ian Laird, acted as counsel for Khan in the arbitration.

In respect of the merits of the claim, the Tribunal agreed with virtually all of Khan's arguments and concluded that Mongolia had breached their obligations towards Khan under Mongolia's Foreign Investment Law. As a consequence, Mongolia had also breached the multi-lateral Energy Charter Treaty to which Mongolia is a signatory.

In determining the damages to Khan, the Tribunal stated that the Net Present Value approach used in Khan's Feasibility Study and the Company's expert reports was not appropriate. The Tribunal's determination of damages relied primarily on previous offers made for the Dornod asset, the most important of which the Tribunal stated was the offer by CNNC to purchase Khan in February 2010. As a result, the Tribunal stated that the level of damages suffered at July, 2009 (the time of the expropriation) was limited to US$80 Million, plus interest from the time of the award until payment at LIBOR plus 2% (compounded annually). The Tribunal also made a full award of arbitration and counsel costs of US$9.1 Million in favour of Khan.

Mr. Grant Edey, President and CEO of Khan, commented, "We are very pleased with the Tribunal's ruling that the expropriation of the Dornod asset violated Mongolian law. A former Mongolian government illegally expropriated Khan's uranium property without any compensation which is contrary to the rule of law. And while the current Government of Mongolia has taken certain progressive action to diminish the harmful acts of former regimes, western investors and governments will scrutinize the Mongolian government's action in this matter as the rule of law also dictates prompt payment of compensation. Khan intends to continue our vigorous pursuit of obtaining value for our shareholders."

The number of Khan shares on a fully diluted basis stands at 83.3 million or US$1.20 per share. Using the March 2, 2015 US$-Cdn$ exchange rate of 1.2535, the award translates into approximately Cdn$1.50 per share.

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, treaties and regulatory requirements on Khan's business, operations and capital structure, 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 the international arbitration proceedings (the "International Arbitration") against the Government of Mongolia or the collection of all or part of the award rendered by the tribunal for the International Arbitration proceedings against the Government of Mongolia or any future litigation, arbitration and other legal or regulatory proceedings, 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, fluctuations in currency exchange rates and interest rates, including fluctuations in the value of the United States dollar and the Canadian dollar relative to the Mongolian tögrög, changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Bermuda, the Netherlands, Mongolia or the British Virgin Islands and any other jurisdiction in which the Company carries on business, political instability, insurrection, war or terrorism, hostilities and the occurrence of natural disasters;
requirements for additional capital; environmental risks, the need to comply with national and international laws, regulations, treaties or other similar requirements. 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. Many of these risks, uncertainties and contingencies can affect the Company's actual results, performance, events or achievements and could cause actual performance, actions, events or results to differ materially from those expressed or implied in any forward-looking information. All of the forward-looking information in this press release is qualified by these cautionary statements. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements containing forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. 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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