

# 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

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