

TORONTO, ONTARIO--(Marketwired - Aug 18, 2016) - [Khan Resources Inc.](#) ("Khan" or the "Company") (CSE:KRI) is pleased to provide the following update on its progress to distribute the net proceeds received from the Government of Mongolia as settlement of the international arbitration award in respect of the expropriation of Khan's properties in Mongolia. The proceeds were allotted to KRI and its subsidiaries on May 18, 2016 first as a reimbursement of the expenses incurred to obtain the award and collect the settlement and the balance allocated based on the proportionate ownership of the underlying properties. The settlement funds remain in US dollars.

Subsequent to receipt of the settlement proceeds, the Company, in conjunction with its legal, accounting and tax advisors, has continued to investigate and evaluate various options to distribute the settlement funds to shareholders in an efficient and timely manner. Over the last few months, certain liabilities have been discharged, including contingent payments due to legal counsel in connection with the arbitration proceedings. In addition, the Company's corporate structure has been reorganized and simplified, resulting in a better alignment of fiscal year-ends for the Khan group of companies.

Following this reorganization, an agreement (the "Khan Bermuda Sale Agreement") was signed and closed on Aug 17, 2016 with an independent third party for the purchase of Khan's directly held subsidiary, Khan Resources Bermuda Ltd. ("Khan Bermuda"). Khan Bermuda holds all of the issued and outstanding shares of Khan Resources LLC ("Khan LLC") and CAUC Holding Company Ltd. ("CAUC Holding"), which in turn holds a 58% interest of Central Asian Uranium Company, LLC ("CAUC"). As part of the distribution of the settlement funds, Khan Bermuda received US\$4,965,067 and CAUC Holding received US\$35,307,148. Under the terms of the Khan Bermuda Sale Agreement, Khan sold all of the shares of Khan Bermuda (and accordingly, all of Khan's interest in CAUC Holding and CAUC and Khan LLC) for a cash purchase price of US\$38,462,686. The cash proceeds will be converted to Canadian dollars in the near future.

Having consulted with its various professional advisors, the Company has concluded that the sale of Khan Bermuda and its subsidiaries will accelerate and maximize shareholder distributions by simplifying the corporate structure and avoiding the need to wind-up and repatriate cash from these foreign subsidiaries in multiple jurisdictions and reducing or eliminating any risks to Khan associated with such subsidiaries. While the proceeds of the sale are expected to be less than the consolidated assets of Khan Bermuda, the discount is offset by the present-value benefits that Khan shareholders will receive due to a more expeditious distribution of cash and the avoidance of the costs to liquidate the subsidiaries and attendant risks. As such, and for all of the reasons mentioned above, the board of directors of Khan has unanimously determined that the sale is in the best interest of the Company and is fair to its shareholders.

With the completion of the sale of Khan Bermuda, the Company has only one remaining subsidiary, Khan Resources BV ("Khan Netherlands"), which will be wound up as soon as practicable. The assets of Khan Netherlands primarily consist of approximately US\$14.2 million of cash which will also be repatriated to Khan and converted to Cdn\$ in connection with the winding up of Khan Netherlands. The Khan board of directors then expects to commence the process of winding up Khan itself. In connection with this, the board expects to release a circular within the next few weeks that calls for a meeting of Khan's shareholders to authorize an interim cash distribution to shareholders by way of a reduction of the stated capital of the Company and to authorize the liquidation of the Company. The amount of the cash distribution has not yet been determined, but the Board expects that it will constitute the majority of the net proceeds received from the settlement with the Government of Mongolia. No date has been set for the shareholders meeting or the distribution, but the Board anticipates being in a position to call the meeting for the early fall of 2016, with the interim distribution being made promptly after the meeting, if shareholders approve the distribution and liquidation.

The Company expects to release its financial results for the quarter ended June 30, 2016 on Friday, August 19, 2016.

#### Forward-Looking Statements and Information

This press release may contain forward-looking statements and forward-looking information, including the timing, completion and anticipated benefits of the sale of Khan Bermuda, 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, Bermuda, Netherlands, BVI, 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, 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, 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](http://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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