

**FORM 51-102F3  
NATIONAL INSTRUMENT 51-102  
MATERIAL CHANGE REPORT UNDER SECTION 7.1 OF NI 51-102**

**FILED VIA SEDAR**

**Item 1. Name and Address of Company**

Khan Resources Inc. (“Khan” or the “Company”)  
130 King Street West, Suite 1800  
Toronto, ON M5X 1E3

**Item 2. Date of Material Change**

A material change took place on May 29, 2015.

**Item 3. News Release**

On May 29, 2015, a news release in respect of the material change was released by telecopier through the facilities of Marketwire.

**Item 4. Summary of Material Change**

On May 29, 2015, the Company announced that it closed the first tranche of its private placement of common shares (the “**Offering**”) announced on May 15, 2015. Closing of the first tranche of the Offering resulted in the issuance of 4,100,000 common shares at a price of \$0.40 per common share for gross proceeds of \$1,640,000. The common shares issued are subject to usual resale restrictions until September 30, 2015. No fees or commissions were paid as part of the financing. The Company expects the second and final tranche of the Offering to close shortly.

Khan intends to use the proceeds of the offering to: (i) advance proceedings to enforce the collection of a US\$104 million arbitration award (the “**Award**”) rendered in March 2015 in favour of Khan and against the Government of Mongolia; and (ii) for general corporate purposes.

The Offering is considered a related party transaction for the purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”) because of the participation of certain insiders of the Company. See the Press Release for further information in connection with the investments of the aforementioned related parties.

According to MI 61-101, a related party transaction requires formal valuation and minority shareholder approval unless exempt. The Offering is exempt from the formal valuation and minority approval requirements due to: (1) the Issuer is not listed on selected markets as set out in section 5.5(b); and (2) the fair market value of the Offering is not more than \$2,500,000 as set out in section 5.7(b) of MI 61-101. A committee of independent directors reviewed the Offering and determined that as a CSE issuer Khan is not listed on a specified market, the issue price of \$0.40 is reasonable in the circumstances of Khan and the fair market value of the Offering, in so far as it involves related parties, is not more than \$2,500,000. Accordingly, the Offering is exempt from minority shareholder approval and formal valuation requirements of MI 61-101.

**Item 5. Full Description of Material Change**

A full description of the material change can be found in the Company's press release which is attached as Schedule “A” hereto.

**Item 6. Reliance on Section 7.1(2) of National Instrument 51-102**

The report is not being filed in reliance on section 7.1(2) of National Instrument 51-102.

**Item 7. Omitted Information**

No information has been omitted.

**Item 8. Executive Officer**

Grant A. Edey, President, Chief Executive Officer and Director  
416-360-3405

**Item 9. Date of Report**

May 29, 2015.

SCHEDULE “A”



CSE: KRI

**Khan Completes Private Placement of Shares**

**TORONTO, ONTARIO, Canada, May 29, 2015** – Khan Resources Inc. (“**Khan**” or the “**Company**”) (CSE: KRI) is pleased to announce that it has closed the first tranche of its private placement of common shares (the “**Offering**”) announced on May 15, 2015. Closing of the first tranche of the Offering resulted in the issuance of 4,100,000 common shares at a price of \$0.40 per common share for gross proceeds of \$1,640,000. The common shares issued are subject to usual resale restrictions until September 30, 2015. No fees or commissions were paid as part of the financing. The Company expects the second and final tranche of the Offering to close shortly.

*Use of Funds*

Khan intends to use the proceeds of the offering to: (i) advance proceedings to enforce the collection of a US\$104 million arbitration award (the “**Award**”) rendered in March 2015 in favour of Khan and against the Government of Mongolia; and (ii) for general corporate purposes.

*Related Party Transaction*

The Offering is considered a related party transaction for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) because of the participation of certain insiders of the Company. The interest in the Offering and anticipated effect on securities holdings of related parties following the Offering are as follows:

Name	Relationship to the Company	Interest in the Offering		Post-Closing Number of Common Shares, directly or indirectly, beneficially owned or controlled	Post-Closing Percentage of Common Shares of Khan
		Amount \$	# Shares		
Camac Partners, LLC through two of its funds	10% shareholder	\$400,000	1,000,000	11,252,321	13.67%
West Face Capital Inc., through one of its funds	10% shareholder	\$300,000	750,000	13,108,000	15.93%

According to MI 61-101, a related party transaction requires formal valuation and minority shareholder approval unless exempt. The Offering is exempt from the formal valuation and minority approval requirements due to: (1) the Issuer is not listed on selected markets as set out in section 5.5(b); and (2) the fair market value of the Offering is not more than \$2,500,000 as set out in section 5.7(b) of MI 61-101. A committee of independent directors reviewed the Offering and determined that as a CSE issuer Khan is not listed on a specified market, the issue price of \$0.40 is reasonable in the circumstances of Khan and

the fair market value of the Offering, in so far as it involves related parties, is not more than \$2,500,000. Accordingly, the Offering is exempt from minority shareholder approval and formal valuation requirements of MI 61-101.

The Offering is closing in less than 21 days due to the Company's need to have funds available to advance proceedings to enforce the collection of the Award, which shorter period is both reasonable and necessary in the circumstances. MI 61-101 requires if a material change report is filed less than 21 days before the expected date of the closing of the transaction, an explanation is to be provided why the shorter period is reasonable or necessary in the circumstances.

To the knowledge of the Company, after reasonable inquiry, none of the related parties have knowledge of any material information concerning the Company or its securities that has not been generally disclosed.

### **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](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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