

## INITIAL ALTERNATIVE MONTHLY REPORT

### Report under Part 4 of National Instrument 62-103 *The Early Warning System and Related Take-over Bid and Insider Reporting Issues* ("NI 62-103")

Re: Khan Resources Inc. (the "Issuer")

**1. *The name and address of the eligible institutional investor:***

Name: West Face Capital Inc. ("WFCI"), as portfolio manager of West Face  
Long Term Opportunities Global Master L.P. ("GMLP")  
Address: 2 Bloor Street East  
Suite 810  
P.O. Box 85  
Toronto, Ontario  
M4W 1A8

**2. *The net increase or decrease in the number or principal amount of securities, and in the eligible institutional investor's security holding percentage in the class of securities, since the last report filed by the eligible institutional investor under Part 4 of National Instrument 62-103 or the early warning requirements:***

This is the initial report filed by WFCI in respect of the Issuer under NI 62-103.

**3. *The designation and number or principal amount of securities and the eligible institutional investor's security holding percentage in the class of securities at the end of the month for which the report is made:***

As at April 30, 2012, WFCI exercised, or was deemed to exercise, control or direction, on behalf of GMLP, over 10,850,000 voting common shares ("Shares") of the Issuer, representing approximately 15.93% of the outstanding Shares (based on 68,125,445 Shares issued and outstanding as at April 19, 2012, as reported by the Issuer in a Press Release).

As at April 30, 2012, GMLP beneficially owned all of the 10,850,000 Shares referred to above.

**4. *The designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:***

**(i) *the eligible institutional investor, either alone or together with any joint actors, has ownership and control:***

WFCI exercises, or is deemed to exercise, control or direction over the securities referred to in paragraph 3 above in its capacity as portfolio manager of GMLP. GMLP, which may be considered to be a joint actor of WFCI, has beneficial ownership of the securities referred to in paragraph 3 above.

***(ii) the eligible institutional investor, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the eligible institutional investor or any joint actor:***

Not Applicable.

***(iii) the eligible institutional investor, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:***

Not Applicable.

***5. The purpose of the eligible institutional investor and any joint actors in acquiring or disposing of ownership of, or control over, the securities, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:***

The Shares referred to above were acquired by WFCI on behalf of GMLP for investment purposes. WFCI expects to review from time to time the investment of GMLP in the Issuer and may, depending on the market and other conditions: (i) acquire additional Shares, options or related derivatives in the open market, in privately negotiated transactions or otherwise, and (ii) dispose of all or a portion of the Shares, options or related derivatives over which it now or hereafter exercises, or may be deemed to exercise, control or direction.

***6. The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the eligible institutional investor, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence resulting in the change in ownership or control giving rise to the report, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:***

Dispositional and voting authority over the Shares of the Issuer is held by WFCI pursuant to an investment advisory agreement between WFCI and GMLP.

***7. The names of any joint actors in connection with the disclosure required by this report:***

GMLP and WFCI may be considered to be joint actors.

West Face Long Term Opportunities (USA) Limited Partnership, West Face Long Term Opportunities Master Fund L.P. and West Face Long Term Opportunities Limited Partnership (the “**Funds**”) collectively own all participating interests in GMLP. WFCI exercises, or is deemed to exercise, control or direction over the holdings of each of the Funds and GMLP, as portfolio manager. As a result of these relationships, the Funds may be considered to be joint actors with GMLP and WFCI in connection with the securities disclosed herein.

**8. *If applicable, a description of any change in any material fact set out in a previous report by the eligible institutional investor under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities:***

Not applicable.

**9. *A statement that the eligible institutional investor is eligible to file reports under Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities:***

WFCI is eligible to file reports under Part 4 of NI 62-103 in respect of the Issuer’s securities. WFCI is an “investment manager” as defined in NI 62-103, by virtue of (a) being registered as an adviser with the Ontario Securities Commission in the category of investment counsel and portfolio manager to provide investment counseling, portfolio management or similar advisory services, and (b) providing such advisory services for valuable consideration under contractual arrangements.

The filing of this report is not an admission that any entity named herein owns or controls any of the Issuer’s securities or is a joint actor with another named entity.

**DATED** at Toronto, Ontario this 10<sup>th</sup> day of May, 2012.

**WEST FACE CAPITAL INC.**

By: “Alexander A. Singh”  
Name: Alexander A. Singh  
Title: General Counsel & Secretary  
Tel: (647) 724-8900