



**Khan Resources Inc.**  
**Annual Information Form**

**For the year ended September 30, 2016**  
**Dated as of January 3, 2017**

## TABLE OF CONTENTS

GLOSSARY OF TERMS.....	4
EXPLANATORY NOTES.....	10
FORWARD-LOOKING INFORMATION.....	10
CORPORATE STRUCTURE.....	11
NAME AND INCORPORATION.....	11
INTERCORPORATE RELATIONSHIPS.....	11
GENERAL DEVELOPMENT OF THE BUSINESS.....	12
OVERVIEW.....	12
PURCHASE OF INTEREST IN PLATEAU URANIUM INC. (FORMERLY MACUSANI YELLOWCAKE INC.).....	17
PRIVATE PLACEMENT.....	17
EMPLOYEES.....	18
AS AT SEPTEMBER 30, 2016, THE CORPORATION HAD A TOTAL OF THREE (3) EMPLOYEES IN CANADA.....	18
NARRATIVE DESCRIPTION OF THE BUSINESS.....	18
WINDING UP PROCEDURE.....	18
TRADING OF SHARES.....	20
DISTRIBUTION OF ASSETS.....	20
OVERVIEW OF STEPS TO COMPLETE THE WINDING UP.....	21
RISK FACTORS.....	22
DISCONTINUANCE OF WINDING UP.....	22
LEGAL PROCEEDINGS.....	23
FOREIGN OPERATIONS.....	23
POLITICAL STABILITY AND GOVERNMENT REGULATION.....	23
INABILITY TO ENFORCE THE CORPORATION’S LEGAL RIGHTS IN CERTAIN CIRCUMSTANCES.....	24
POSSIBLE STRATEGIC OPPORTUNITIES AND TRANSACTIONS.....	24
LACK OF EARNINGS AND DIVIDEND RECORD.....	25
DIFFICULTY IN RECRUITING AND RETAINING MANAGEMENT AND KEY PERSONNEL.....	25
MARKET PRICE AND VOLATILITY OF COMMON SHARES.....	25
INTERNAL CONTROLS.....	25
INSURANCE COVERAGE.....	26
DESCRIPTION OF CAPITAL STRUCTURE.....	26
DIVIDENDS.....	26
MARKET FOR SECURITIES.....	27
TRADING PRICE AND VOLUME.....	27
DIRECTORS AND OFFICERS.....	27
NAME, OCCUPATION AND SECURITY HOLDING.....	27
CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS.....	30
LEGAL PROCEEDINGS.....	31
MATERIAL CONTRACTS.....	32
THE AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT.....	33
REGISTRAR AND TRANSFER AGENT.....	33
AUDIT COMMITTEE AND AUDITORS.....	33
AUDIT COMMITTEE CHARTER.....	33
COMPOSITION OF THE AUDIT COMMITTEE.....	33
AUDIT COMMITTEE OVERSIGHT.....	34
PRE-APPROVAL POLICIES AND PROCEDURES.....	34
EXTERNAL AUDITOR SERVICE FEES.....	34

INTERESTS OF EXPERTS.....	35
ADDITIONAL INFORMATION .....	35
EXHIBIT “A” – AUDIT COMMITTEE CHARTER.....	A-1
EXHIBIT “B” – LIQUIDATION PLAN.....	B-1

## GLOSSARY OF TERMS

The following terms used but not otherwise defined in this Annual Information Form have the meanings set out below:

“**Additional Dornod Property**” means the 100% interest held on 243 hectares of land contiguous with the Main Dornod Property.

“**Arbitral Award**” means the award of approximately US\$100 Million (comprised of a base amount of US\$80 million plus interest at LIBOR +2% (compounded annually) from July 1, 2009 to the time of payment and costs of US\$9.1 million) rendered by the Tribunal for the International Arbitration against the Government of Mongolia and Monatom LLC.

“**ARMZ**” means Atomredmetzoloto.

“**Audit Committee**” means the audit committee of the Board of Directors of Khan.

“**Azincourt**” means Azincourt Uranium Inc.

“**Board**” or “**Board of Directors**” means the board of directors of Khan.

“**CAUC**” means Central Asian Uranium Company, LLC.

“**CAUC Holding**” means CAUC Holding Company Limited.

“**Charter**” means the charter of the Audit Committee.

“**Collins Barrow**” means Collins Barrow Toronto LLP.

“**Common Shares**” means all of the issued and outstanding common shares in the capital of Khan and “**Common Share**” means any one common share of Khan.

“**Corporation**” or “**Khan**” means Khan Resources Inc., a corporation existing under the laws of the Province of Ontario.

“**CSE**” means the Canadian Securities Exchange (formerly the Canadian National Stock Exchange).

“**deposit**” means a mineralized body which has been physically delineated by sufficient drilling, trenching and/or underground work and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing Mineral Reserves until final legal, technical and economic factors have been resolved.

“**Dornod Uranium Project**” means uranium properties that are located in the Dornod district of north eastern Mongolia.

“**Dornod Deposit No. 2**” means an open pit mine located on the Main Dornod Property.

“**Dornod Deposit No. 7**” means an underground deposit located on the Main Dornod Property and the Additional Dornod Property.

“**feasibility study**” means a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.

“**GOM**” means the Government of Mongolia.

“**grade**” means the amount of mineral in each tonne of ore.

“**Hanfeng**” means Hanfeng Evergreen Inc.

“**Indicated Mineral Resource**” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

“**Initial Distribution**” means an initial distribution to shareholders of \$0.85 per Common Share in cash in the course of the winding up and discontinuance of Khan’s business by way of a return of stated capital.

“**Inspectors**” means Jeremy S. Budd, Grant A. Edey and K. Bruce Gooding who will be appointed inspectors of the Corporation’s liquidation pursuant to section 194 of the OBCA concurrently with the appointment of the Liquidator.

“**International Arbitration**” means the international arbitration action against the Government of Mongolia.

“**Khan Bermuda**” means Khan Resources Bermuda Ltd.

“**Khan Bermuda Purchase Agreement**” means a share purchase agreement entered into by Khan with an independent third party on August 17, 2016 for the purchase of all of the issued and outstanding shares of Khan Bermuda.

“**Khan BV**” means Khan Resources B.V.

“**KRL**” means Khan Resources LLC.

“**Laramide**” means Laramide Resources Ltd.

“**Liquidation Plan**” means the plan of liquidation and distribution substantially in the form attached hereto as Exhibit “B”.

“**Liquidator**” means an accounting firm or professional restructuring and advisory firm appointed to liquidate the estate and effects of the Corporation for the purpose of winding up the Corporation’s business and affairs and distributing its Assets (as defined in the Liquidation Plan), after satisfying all Claims (as defined in the Liquidation Plan), all in accordance with the Liquidation Plan.

“**Macusani**” means Macusani Yellowcake Inc., prior to the consolidation of its common shares on the basis of one (1) new post-consolidation common share for every eight (8) old pre-consolidation common

share and change of name from “Macusani Yellowcake Inc.” to “Plateau Uranium Inc.” on April 29, 2015.

“**Main Dornod Property**” consists of an open pit mine (Dornod Deposit No. 2) and approximately two-thirds of an underground deposit (Dornod Deposit No. 7).

“**mineral**” means an inorganic substance occurring in nature, having a characteristic and homogeneous chemical composition, definite physical properties, and, usually, a definite crystalline form. A few of the minerals (e.g., carbon, arsenic, bismuth, antimony, gold, silver, copper, lead, mercury, platinum, and iron) are elements, but the vast majority are chemical compounds. Minerals combine with each other to make up rocks. Many minerals, especially the metals, are of great economic importance to a highly industrialized civilization, entering into the composition of many manufactured articles. Some minerals, which would otherwise be of no economic significance, are highly valued as gems.

“**Mineral Reserve**” means the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a pre-feasibility study. This study must include adequate information on mining, processing metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes allowances for dilution and losses that may occur when the material is mined.

“**Mineral Resource**” means a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

“**Minerals Law**” means the legal regime that governed the exploration and exploitation of mineral resources in Mongolia, as revised on July 8, 2006.

“**MonAtom**” means MonAtom LLC.

“**Mongolian Parliament**” means the Great Khural.

“**MRPAM**” means the Mineral Resources and Petroleum Authority of Mongolia.

“**MRAM**” means Mineral Resources Authority of Mongolia (formerly MRPAM).

“**NEA**” means the Mongolian Nuclear Energy Agency.

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

“**Nuclear Energy Law**” means the nuclear energy law passed by the Mongolian Parliament on July 16, 2009.

“**October 8 Notices**” means the notices received by CAUC and KRL on October 8, 2009, which stated that in connection with the implementation of the Nuclear Energy Law, the existing mining license and exploration license should be considered invalidated, and that CAUC and KRL should not undertake any activities under the licenses until they obtain new licenses from the NEA under the new law.

“**OBCA**” means the *Business Corporations Act* (Ontario).

“**ore**” means a metal or mineral, or a combination of these, of sufficient value as to quality and quantity to enable it to be mined and processed at a profit.

“**outcrop**” means an exposure of bedrock at the surface.

“**Plateau**” means Plateau Uranium Inc., following the consolidation of its common shares on the basis of one (1) new post-consolidation common share for every eight (8) old pre-consolidation common share and change of name from “Macusani Yellowcake Inc.” to “Plateau Uranium Inc.” on April 29, 2015.

“**Post-Award Proceedings**” means any legal or regulatory proceeding, filing, written appearance or any activity that seeks to invoke the power of a tribunal or judiciary in order to enforce a law, or obtain legal remedies pursuant to a law in connection with the annulment, appeal, arbitration, collection, confirmation, enforcement, registration or seizure of the Arbitral Award or the decision thereof, including, but not limited to the proceedings to: (1) confirm the Arbitral Award, initiated by the Corporation, in the US District Court in the District of Columbia; and (2) annul the Arbitral Award, initiated by the Government of Mongolia, in the French Court of Appeal in Paris.

“**Priargunsky**” means JSC Priargunsky Industrial Mining and Chemical Union, a subsidiary of ARMZ.

“**Qualified Person**” means an individual who (a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; (b) has experience relevant to the subject matter of the mineral project and the technical report related thereto; and (c) is a member in good standing of a professional association as defined by NI 43-101.

“**Reserves**” means reserves for potential tax liabilities and contingent liabilities and includes financial, legal and accounting fees in relation to the Winding Up and the winding up of Khan’s subsidiaries, and ongoing reporting issuer costs, legal and audit fees, salaries and compensation, and head office lease



**Khan Resources Inc.**  
**Annual Information Form**

**For the year ended September 30, 2016**  
**Dated as of January 3, 2017**



payments.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“**Settlement Amount**” means the payment of US\$70 million paid by the Government of Mongolia to Khan in consideration for the termination and resolution of all outstanding matters pursuant to the Arbitral Award and the International Arbitration.

“**Shareholder Rights Plan**” means the amended and restated shareholder rights plan agreement dated as of November 14, 2006 between Khan and Equity Transfer & Trust Company adopted by the holders of Common Shares on February 15, 2007, as amended, supplemented or replaced from time to time.

“**Southern Andes**” means Southern Andes Energy Inc.

“**Special Meeting**” means the special meeting of Khan’s shareholders held on November 10, 2016.

“**Special Resolution**” means the special resolution put in front of shareholders at the Special Meeting to approve the following: (a) the voluntary winding up of the Corporation pursuant to the OBCA; (b) the Liquidation Plan substantially in the form attached hereto as Exhibit “B”; and (c) the Initial Distribution to shareholders of \$0.85 per Common Share in cash in the course of the winding up and discontinuance of Khan’s business by way of a return of stated capital.

“**SPC**” means the State Property Committee of Mongolia.

“**Technical Report**” means a technical report completed in compliance with NI 43-101.

“**Tribunal**” means the tribunal for the International Arbitration, comprised of Mr. David A. R. Williams Q.C. (New Zealand) and including Mr. L. Yves Fortier Q.C (Canada) and Mr. Bernard Hanotiau (Belgium).

“**TSX**” means the Toronto Stock Exchange.

“**TSXV**” means the TSX Venture Exchange.

“**Winding Up**” means the winding up of Khan.

“**Winding Up Notice**” means the notice concerning winding up filed by the Corporation on November 18, 2016.

## EXPLANATORY NOTES

Unless otherwise indicated or the context otherwise indicates, in this document, “Khan” refers to Khan Resources Inc. and the “Corporation” refers to Khan and its direct and indirect subsidiaries on a consolidated basis.

Unless otherwise stated, all dollar amounts are expressed in United States dollars.

### **Forward-Looking Information**

Certain information in this annual information form (this “AIF” or “Annual Information Form”) may contain forward-looking statements within the meaning of applicable securities laws including, among others, statements relating to Khan's objectives, beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. All statements, other than statements of historical fact, contain forward-looking information. In this Annual Information Form, the words “believe”, “plan”, “expected”, “scheduled”, “estimate”, “intend”, “anticipate”, “may”, “could”, “would”, or “will” and similar expressions or variations (including negative variations) of such words and phrases, often, but not always, identify forward-looking information. Forward-looking information can also be identified by use of statements that certain actions, events, performance or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Statements containing forward-looking information are necessarily based upon Khan's current beliefs and are based on information currently available to management that, while considered reasonable by Khan, are inherently subject to significant business, economic, political, regulatory, social and competitive uncertainties and contingencies and involve known and unknown risks and other factors which may cause the actual results, performance, events or achievements of the Corporation to be materially different from any future results, performance, events or achievements expressed or implied by the forward-looking information. Such risks, uncertainties and factors include, but are not limited to: the impact of international, Dutch and Canadian laws, trade agreements, treaties and regulatory requirements on the Corporation’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 the Corporation and Plateau Uranium Inc. (“Plateau”) carry on business; the nature and outcome of any future litigation, arbitration, appeal, enforcement and other legal or regulatory proceedings; the availability of cash for distributions in connection with the Winding Up; the potential for shareholder liability in connection with the Winding Up; discontinuance of the Winding Up; the future listing of Common Shares on the CSE; tax laws; and interest rate and other debt-related risks; changes in market conditions; changes or disruptions in the securities markets and market fluctuations in prices for the Corporation’s securities; the lack of any strategic transactions or the terms and conditions of any such strategic transactions not being acceptable; the existence of third parties interested in purchasing some or all of the Common Shares or Khan’s assets, including the shares of Plateau; the method of funding and availability of potential strategic transactions involving the Corporation, including those transactions that may produce strategic value for shareholders; conclusions of economic evaluations; fluctuations in currency exchange rates and interest rates; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the Netherlands and any other jurisdiction in which the Corporation or Plateau carries on business; political instability, insurrection, war or terrorism, hostilities and the occurrence of natural disasters; contests over title to properties; limitations of insurance coverage; employee relations and shortages of skilled personnel and contractors; as well as those risk factors discussed in the section entitled “*Risk Factors*” in this Annual Information Form. Khan cautions that this list of factors is not exhaustive. Many of these risks, uncertainties and contingencies can affect the Corporation’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 Annual Information Form is qualified by these cautionary statements. Forward-looking statements contained herein are made as of the date of this Annual Information Form. 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.

The Corporation may, from time to time, provide oral forward-looking information or statements. The Corporation advises that the above paragraph and the risk factors described in this Annual Information Form and in the Corporation's other documents filed with the Canadian securities commissions should be read for a description of certain risks, uncertainties and factors that could cause the actual results, performance, events or achievements of the Corporation to materially differ from those in the oral forward-looking information and statements. The Corporation disclaims any intention or obligation to update or revise any oral or written forward-looking information and statements whether as a result of new information, future events or otherwise, except as required by applicable law.

## CORPORATE STRUCTURE

### **Name and Incorporation**

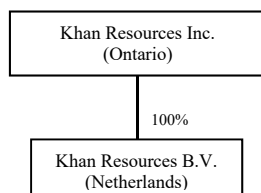
Khan was incorporated under the name "2016594 Ontario Inc." pursuant to the *Business Corporations Act* (Ontario) (the "OBCA") on October 1, 2002. By a certificate and articles of amendment dated January 6, 2003, Khan amended its articles and changed its name to "Khan Resources Inc.". Khan's articles were further amended on May 31, 2004 by a certificate and articles of amendment removing restrictions in connection with the transferability of its shares.

On November 18, 2016, the Corporation filed a Notice Concerning Winding Up (the "Winding Up Notice") which also appointed the Board as the initial liquidator of the estate and effects of the Corporation for the purpose of winding up the Corporation's Business and affairs and distributing the Assets (as defined in the Liquidation Plan), after satisfying all Claims (as defined in the Liquidation Plan), all in accordance with the Liquidation.

The Corporation's head and registered office is located at The Exchange Tower, 130 King Street West, Suite 1800, Toronto, Ontario M5X 1E3.

### **Intercorporate Relationships**

Khan's corporate structure, its material subsidiaries, the percentage ownership in its material subsidiaries and the jurisdiction of incorporation of such corporations are set out in the following chart:



## **GENERAL DEVELOPMENT OF THE BUSINESS**

### **Overview**

#### **Cancellation of Uranium Licences**

Khan is a Canadian-based company that had interests in certain uranium properties that are located in the Dornod district of north eastern Mongolia (the “Dornod Uranium Property”), a district that contains a number of known uranium deposits. These interests consisted of a 58% interest in an open pit mine (Dornod Deposit No. 2) and approximately two-thirds of an underground deposit (Dornod Deposit No. 7) (the “Main Dornod Property”) and a 100% interest in 243 hectares of land contiguous with the Main Dornod Property (the “Additional Dornod Property”). Khan held the interest in the Main Dornod Property through its wholly-owned subsidiary Khan Resources Bermuda Ltd. (“Khan Bermuda”), which held a 100% interest in CAUC Holding Company Ltd. (“CAUC Holding”), which in turn held a 58% interest in Central Asian Uranium Company, LLC (“CAUC”), the owner of the Main Dornod Property.

The mining license held by CAUC in respect of the Main Dornod Property was submitted to the Mineral Resources and Petroleum Authority of Mongolia (“MRPAM”) Department of Geology and Mining Cadastre for re-registration and was re-registered on January 23, 2007 with a term of 30 years commencing September 30, 1997 in accordance with the legal regime that governed the exploration and exploitation of mineral resources in Mongolia, as revised on July 8, 2006 (the “Minerals Law”). The mining license previously had a term of 15 years commencing September 30, 1997. All other terms and conditions of the mining license were unaltered.

On July 15, 2009, Khan reported that it had received notice from the Mineral Resources Authority of Mongolia (“MRAM”) (formerly MRPAM) that the mining license for the Main Dornod Property, held by CAUC, had been suspended. Subsequently, following communications with MRAM and the State Specialized Inspection Agency of the Government of Mongolia (the “GOM”), Khan was informed that the mining license was suspended based on the conclusions of the State Inspector who determined that CAUC was allegedly in violation of applicable laws by reason of it not having registered its deposit reserves with the State Integrated Registry for approval by the Minerals Council; however, CAUC had submitted its reserve calculations to MRAM for registration in accordance with Mongolian law initially in 2007 and again in 2008. On January 14, 2010, Khan announced that a settlement had been reached with MRAM whereby the suspension of the mining license for the Main Dornod Property, held by CAUC, had been terminated. Khan viewed this settlement as having finally resolved the July 2009 suspension of the mining license, despite subsequent reports circulated by the Mongolian Nuclear Energy Agency (the “NEA”) that the settlement was not valid. The MRAM formal report on such reserve and resource calculations was never rendered. Notwithstanding its continued efforts to register its reserves, CAUC never received approval or registration of its reserves in respect of the Main Dornod Property.

The exploration license was renewed for an additional three-year period in February 2008 with expiry on February 11, 2011. Khan had previously taken steps to convert the exploration license for the Additional Dornod Property into a mining license in accordance with the Minerals Law. To this end, Khan had submitted the reserve and resource calculation for the Additional Dornod Property, prepared in accordance with Mongolian standards and requirements, to MRAM which was a necessary precondition in the process of converting an exploration license to a mining license in accordance with the Minerals Law. The MRAM formal report on such reserve and resource calculations was never rendered.

On July 16, 2009, the Great Khural (the “Mongolian Parliament”) passed a nuclear energy law (the “Nuclear Energy Law”) that classifies all radioactive mineral deposits, regardless of size, as strategically important mineral deposits and regulates the nuclear energy industry in Mongolia, including the exploration, exploitation, development, mining and sale of uranium. The new law became effective on August 15, 2009. In connection with the passing of the Nuclear Energy Law, the Mongolian Parliament enacted certain procedures relating to the re-registration of existing exploration and mining licenses held prior to the Nuclear Energy Law becoming effective. Existing license holders were required to submit an application to the State Administrative Authority and renew and re-register their existing licenses by November 15, 2009. In order to have licenses re-registered, applicants were required to agree to abide by all of the conditions and requirements set out in the Nuclear Energy Law, including acceptance of the State’s 51% or 34% share participation in the license holder, as applicable. Any licenses not re-registered under the Nuclear Energy law, as required, were considered to automatically be suspended. Khan submitted the applications for the renewal and re-registration of the mining license and exploration license in respect of the Dornod Uranium Project on November 10, 2009. On October 8, 2009, CAUC and Khan Resources LLC (“KRL”) received notices (the “October 8 Notices”) which stated that in connection with the implementation of the Nuclear Energy Law, the existing mining license and exploration license should be considered invalidated, and that CAUC and KRL should not undertake any activities under the licenses until they obtain new licenses from the NEA under the new law. Khan inquired as to the grounds and consequences of such invalidations, and was informed by the NEA that all licenses held by all uranium license holders in Mongolia had been temporarily suspended in October 2009, pending re-registration of such licenses under the Nuclear Energy Law. Accordingly, Khan interpreted the October 8 Notices as an administrative matter which meant only that its licenses, like those of all other license-holders in Mongolia, were temporarily suspended pending re-registration under the new law. As discussed above, Khan submitted the applications for the renewal and re-registration of the mining license and exploration license for the Dornod Uranium Project on November 10, 2009. The applications were in compliance with the requirements of the new legislation, including the requirement to state that the license holder accepted the ability of the Mongolian State to take an ownership interest in the license-holder.

Subsequently, CAUC received a formal notice from the State Property Committee (the “SPC”) of Mongolia requiring CAUC to propose to its shareholders a resolution to approve an increase of the Mongolian State ownership in CAUC to 51%. The notice provided that if a favourable resolution was not provided to SPC by January 31, 2010, CAUC’s mining license would be in danger of revocation. In response to the SPC notice, effective January 25, 2010, each of MonAtom LLC (“MonAtom”), a Mongolian state owned company holding 21% of the shares of CAUC, and CAUC Holding, the wholly owned subsidiary of Khan through which Khan holds its interest in CAUC, on the basis of their collective 79% holding of the outstanding capital of CAUC, authorized and approved an increase in MonAtom’s ownership interest in CAUC from 21% to 51%, with a corresponding dilution of ownership interests of CAUC Holding and JSC Priargunsky Industrial Mining and Chemical Union (“Priargunsky”). Priargunsky, a 21% shareholder and voting member of CAUC, abstained from voting.

The CAUC shareholders' resolution was subsequently submitted to the SPC by the January 31, 2010 deadline. KRL did not receive a similar notice from the SPC in respect of its exploration licence. Subsequently, Khan announced on April 13, 2010 that CAUC and KRL had received notices from the NEA stating that the mining license for the Main Dornod Property and the exploration license for the Additional Dornod Property had been invalidated. The invalidations purported to be effective as of October 8, 2009 and purported to be based on a failure by CAUC and KRL to address violations of Mongolian law stemming from a July 2009 report issued by an inspection team appointed by the Mongolian State Specialized Inspection Agency in respect of the mining license. In response, CAUC and KRL filed separate formal claims in, and received favourable rulings from, the Capital City Administrative Court in Mongolia challenging the legal basis for the notices received from the NEA purporting to invalidate CAUC's mining license and KRL's exploration license.

However, the NEA did not reinstate and re-register the Corporation's licenses pursuant to the Nuclear Energy Law. On November 12, 2010, the NEA published what it called an official notification in certain Mongolian newspapers stating that it did not intend to reissue the CAUC and KRL licenses. The notices broadly accused KRL and CAUC, among other things, of disrespecting state laws and legislation and failing to fulfill conditions and requirements set out by law. The newspaper notice did not constitute an official decision which, under Mongolian law, must include the legal reasons for making such a decision. Khan continues to believe that there exists no legal basis for the NEA to have refused to reinstate and re-register its licenses and that it had always acted in conformance with Mongolian laws. Khan formally demanded to receive the official decision of the NEA in respect of its licenses, but never received a formal response.

#### International Arbitration with the GOM

In January, 2011, Khan initiated an international arbitration action against the GOM (the "International Arbitration") for causing substantial loss and damage to Khan through expropriatory, unlawful, unfair and discriminatory treatment in relation to Khan's licenses for the Dornod Uranium Project. The presiding tribunal (the "Tribunal") was constituted under UNCITRAL Arbitration Rules on May 9, 2011 and consisted of three well-known and highly respected international arbitrators: Mr. Yves Fortier of Canada (appointed by Khan), Mr. Bernard Hanotiau of Belgium (appointed by the Government of Mongolia), and Mr. David A.R. Williams of New Zealand (appointed as the presiding arbitrator by Messrs. Fortier and Hanotiau).

The Tribunal held its first hearing on June 21, 2011 to discuss scheduling and procedural matters. Prior to this hearing, counsel for the GOM brought a motion seeking "bifurcation" of the hearings into two separate phases: the first phase to hear various jurisdictional objections made by the GOM, and then a second phase to hear the merits of the case. The Tribunal held a hearing on September 19, 2011 to address the issue. Following the hearing, Khan and the Government of Mongolia agreed to a two phase process. As part of the agreement, the Government of Mongolia has explicitly consented that all of the claims will be heard in this single action rather than in multiple arbitrations.

Following a hearing on May 14, 2012, the Tribunal ruled entirely in Khan's favour on matters of jurisdiction and dismissed all of the GOM's objections to the continuance of the suit. The action then progressed to the quantum and damages phase and on December 7, 2012, Khan submitted to the Tribunal seven volumes of documentation in support of its claim. The GOM filed their Statement of Defense and Counterclaim on April 5, 2013. Khan submitted its response to the Statement of Defense and Counterclaim on June 28, 2013. Additional information was provided to the participants by Khan on July 28, 2013. The GOM filed its response on time by October 4, 2013.

On November 11 through November 15, 2013, the formal hearing by the Tribunal was completed as scheduled and two post-hearing briefs were subsequently submitted, the first on February 5, 2014 followed by a final brief on April 11, 2014.

On March 2, 2015, the Tribunal rendered an arbitral award (the “Arbitral Award”) of approximately US\$100 Million (comprised of a base amount of US\$80 million plus interest at LIBOR +2% (compounded annually) from July 1, 2009 to the time of payment and costs of US\$9.1 million) against the Government of Mongolia and MonAtom. Khan filed a petition for confirmation of the Arbitral Award in the US District Court in the District of Columbia on June 12, 2015. The petition for confirmation was brought under the United Nations Convention for the Recognition and Enforcement of Foreign Arbitral Awards and under the United States Federal Arbitration Act.

On July 14, 2015, the Corporation received a one page notice from the Chief Clerk of the French Court of Appeal in Paris that the Government of Mongolia initiated an attempt to annul the Arbitral Award on July 9, 2015. Under French law, an international arbitral award rendered in France can only be set aside on five grounds, restrictively interpreted and applied by French courts, which are: (1) The arbitral tribunal wrongly upheld or declined jurisdiction; (2) The arbitral tribunal was not properly constituted; (3) The arbitral tribunal ruled without complying with the mandate conferred upon it; (4) Due process was violated; and (5) Recognition or enforcement of the award is contrary to international public policy. On December 9, 2015, the GOM filed its written brief with the French Court of Appeal containing the basis for seeking annulment of the Arbitral Award.

#### International Arbitration Settlement

On March 6, 2016, Khan and the GOM signed an agreement whereby in consideration of payment to Khan of US\$70 million (the “Settlement Amount”) on or before May 16, 2016, all outstanding matters pursuant to the Arbitral Award received by Khan are resolved and terminated. The GOM further agreed to withdraw and discontinue the proceedings to annul the Arbitral Award before the Paris courts. Upon receipt of the consideration by Khan, all other proceedings were terminated by Khan, including the certification application for the Arbitral Award in the U.S. District court in Washington.

On March 16, 2016, Khan announced that it received a notice of discontinuance from the Paris Court of Appeal that the annulment proceedings initiated by the Government of Mongolia against the Arbitral Award rendered in favour of Khan were now terminated. Khan also announced that proceedings in the US District Court for recognition of the Arbitral Award had been stayed, pending receipt of the Settlement Amount. On May 10, 2016, the Settlement Amount was deposited with an escrow agent in New York.

On May 18, 2016, the Settlement Amount was released from escrow and the funds were transmitted to Khan. With the transmittal of the funds, Khan’s counsel secured a dismissal order from the United States District Court in Washington, DC of Khan’s petition for certification of the Arbitral Award.

#### Wind Up of Subsidiaries and Repatriation of Settlement Amount

The Settlement Amount was received by Khan and its subsidiaries on May 18 and May 19, 2016. Khan received US\$14.8 million directly and its subsidiaries received US\$55.2 million, of which 64% was attributable to the diminution in value of the shares and indebtedness of CAUC and the remaining 36% was attributable to the diminution in value of the shares of KRL caused by the GOM’s actions. As such, US\$35.3 million was paid to CAUC Holding, which owned 58% of CAUC, US\$5.0 was paid to Khan Bermuda, which owned 25% of KRL and US\$14.9 million was paid to Khan Resources B.V. (“Khan BV”), which owned 75% of KRL.

Subsequent to the receipt of the Settlement Amount, Khan, in conjunction with its legal, accounting and tax advisors, investigated and evaluated various options to distribute the Settlement Amount to shareholders in an efficient and timely manner. Khan discharged certain liabilities, including contingent payments due to legal counsel in connection with the International Arbitration. In addition, Khan's corporate structure was reorganized and simplified, resulting in a better alignment of fiscal year-ends for Khan and its subsidiaries. As part of the reorganization, the 75% interest of KRL held by Khan BV was transferred to Khan Bermuda.

In addition to the reorganization transactions outlined above, Khan considered various transactions to accelerate and maximize shareholder distributions. To this end, following the reorganization of Khan's corporate structure, Khan entered into a share purchase agreement (the "Khan Bermuda Purchase Agreement") with an independent third party on August 17, 2016 for the purchase of all of the issued and outstanding shares of Khan Bermuda. Under the terms of the Khan Bermuda Purchase Agreement, Khan sold all of the shares of Khan Bermuda (and accordingly, all of Khan's interest in CAUC Holding and CAUC and KRL) for a cash purchase price of US\$38.5 million.

While the proceeds of the sale were 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. The Board of Directors of Khan unanimously determined that the sale of Khan Bermuda was in the best interests of Khan and was fair to its shareholders as it further simplified Khan's corporate structure and avoided the need to wind-up and repatriate cash from foreign subsidiaries in multiple jurisdictions and reduced or eliminated any risks to Khan associated with such subsidiaries.

Subsequent to the sale of Khan Bermuda, Khan initiated winding up proceedings for its one remaining subsidiary, Khan BV. Following the winding-up of Khan BV, Khan will no longer have any subsidiaries.

At a special meeting (the "Special Meeting") of shareholders held on November 10, 2016, the shareholders of Khan approved by 99.95% of the Common Shares voted in person or represented by proxy at the Special Meeting, as a special resolution, the following: (a) the voluntary winding up of the Corporation pursuant to the *Business Corporations Act* (Ontario) (the "OBCA"); (b) the plan of liquidation and distribution substantially in the form attached hereto as Exhibit "B" (the "Liquidation Plan"); and (c) an initial distribution to shareholders of \$0.85 per Common Share in cash in the course of the winding up and discontinuance of Khan's business by way of a return of stated capital (the "Initial Distribution") (the "Special Resolution").

Following the Special Meeting, the Board declared a record date of November 22, 2016 for the payment of the Initial Distribution on November 29, 2016 and filed the Winding Up Notice on November 18, 2016 which also appointed the Board as the initial liquidator of the estate and effects of the Corporation for the purpose of winding up the Corporation's Business and affairs and distributing the Assets (as defined in the Liquidation Plan), after satisfying all Claims (as defined in the Liquidation Plan), all in accordance with the Liquidation.



## **Purchase of interest in Plateau Uranium Inc. (formerly Macusani Yellowcake Inc.)**

On November 30, 2009, Khan acquired, by way of private placement, 10,000,000 common shares of Macusani Yellowcake Inc. (“Macusani”), a Canadian TSX Venture Exchange (“TSXV”) company which holds uranium properties in the Macusani Plateau district of Peru, at a subscription price of CAD\$0.20 per share resulting in the Corporation holding approximately 17.9% of the then-outstanding common shares of Macusani immediately following the acquisition. Under separate agreement, Khan had a right to maintain its pro rata ownership of Macusani in certain subsequent treasury issuances for a period of two and a half years from the date of the private placement.

On November 4, 2010, Khan acquired by way of private placement 2,540,000 Macusani units at a subscription price of CAD\$0.25 per unit, each unit consisting of one Macusani common share and one Macusani share purchase warrant entitling the holder to purchase one Macusani common share at an exercise price of CAD\$0.35 per share for a period of 24 months after the acquisition. The warrants expired on November 4, 2012.

On March 23, 2011, Macusani completed a public offering of units. The Corporation purchased 2,983,330 of these units at a price of CAD\$0.60 per unit, each unit consisting of one Macusani common share and one half Macusani purchase warrant entitling the holder to purchase one Macusani common share at an exercise price of CAD\$0.85 per share for a period of 24 months. The warrants expired on March 23, 2013.

On April 20, 2012, Macusani announced that it completed a merger with Southern Andes Energy Inc. (“Southern Andes”) by issuing 0.8 of a common share of Macusani for each Southern Andes share held. The merged company now controls approximately 900 km<sup>2</sup> of uranium exploration ground in the Macusani Plateau uranium district in south-eastern Peru.

On September 4, 2014, Macusani announced that it completed the acquisition of 100% of Minergia S.A.C., the Peruvian subsidiary of Azincourt Uranium Inc. (“Azincourt”), which holds adjacent uranium properties located on the Macusani Plateau in south-eastern Peru. In consideration, Macusani issued 68,350,000 common shares to Azincourt. In addition, Macusani issued 31,914,513 units at a price of CAD\$.07 per unit by way of a private placement. Each unit consisting of one Macusani common share and one Macusani share purchase warrant entitling the holder to purchase one Macusani common share at an exercise price of CAD\$0.10 per share for a period of 24 months after closing.

On April 30, 2015, Plateau announced that it changed its name from “Macusani Yellowcake Inc.” to “Plateau Uranium Inc.” and that all outstanding common shares had been consolidated on the basis of one (1) new post-consolidation common share for every eight (8) pre-consolidation common shares.

The Corporation currently holds 1,055,291 Plateau common shares representing approximately 1.93% of the outstanding common shares of Plateau.

### **Private Placement**

#### *2015*

On May 29, 2015 and June 2, 2015, the Corporation completed a private placement of 5,000,000 Common Shares at a price of CAD\$0.40 per Common Share for gross proceeds of CAD\$2,000,000. No fees or commissions were paid as part of the private placement.

## Employees

As at September 30, 2016, the Corporation had a total of three (3) employees, all located in Canada.

### NARRATIVE DESCRIPTION OF THE BUSINESS

#### Winding Up Procedure

Pursuant to the Special Resolution, the Corporation has commenced the Winding Up of Khan in accordance with the Liquidation Plan. On November 18, 2016, the Board was appointed the initial liquidator of the estate and effects of the Corporation for the purpose of winding up the Corporation's business and affairs and distributing its property until such time as the Board, in its discretion, appoints a Liquidator (as defined below) to complete the Winding Up. **At any time until appointment of the Liquidator, the Board will retain the ability to discontinue or suspend the Winding Up if they determine the Winding Up is no longer in the best interests of the Corporation.**

The full text of the Liquidation Plan is attached hereto as Exhibit "B" and shareholders are urged to read the Liquidation Plan in its entirety. The description of the Liquidation Plan below is a summary and is qualified in its entirety by the more detailed information contained in Exhibit "B". The implementation of the Winding Up and the Liquidation Plan will have a number of consequences, including, but not limited to the following:

- on November 18, 2016, the Board will be appointed the initial liquidator of the estate and effects of the Corporation for the purpose of winding up the Corporation's business and affairs and distributing its Assets (as defined in the Liquidation Plan), after satisfying all Claims (as defined in the Liquidation Plan), all in accordance with the Liquidation Plan;
- the Board declared a record date of November 22, 2016 for the payment of the Initial Distribution on November 29, 2016;
- the Corporation will cease to carry on its undertaking, except insofar as may be required or beneficial for the Winding Up in the discretion of the Board or the Liquidator, as applicable;
- to the extent permitted by the CSE, the Common Shares will continue to trade on the CSE until such time as the Board, in its discretion, appoints a Liquidator (see "see also *Narrative Description of the Business – Trading of Shares*" below); and
- at a time to be determined by the Board in its sole discretion, an accounting firm or professional restructuring and advisory firm (the "Liquidator") will be appointed the liquidator of the estate and effects of the Corporation for the purpose of winding up the Corporation's business and affairs and distributing its Assets (as defined in the Liquidation Plan), after satisfying all Claims (as defined in the Liquidation Plan), all in accordance with the Liquidation Plan;
- concurrent with the appointment of the Liquidator, each of Grant Edey, Bruce Gooding and Jeremy Budd (collectively, the "Inspectors") will be appointed inspectors of the Corporation's liquidation pursuant to section 194 of the OBCA; and
- as promptly as practicable following the appointment of the Liquidator, the Common Shares will be delisted from the CSE.

Following commencement of the Winding Up, the Board, in its capacity as liquidator, and any Liquidator appointed by the Board, will have control of the estate and effects of the Corporation for purposes of the Winding Up. The Corporation itself will cease to carry on its business and any other undertaking, except as may be required or beneficial for the Winding Up. The powers and authorities of the Board (in its capacity as liquidator) and the Liquidator are derived from the OBCA and the Liquidation Plan. After appointment of the Liquidator, the Inspectors will effectively oversee and supervise the Liquidator's conduct of the Winding Up. Under the Liquidation Plan there are certain powers that the Liquidator can only exercise with the prior approval of the Inspectors (including bringing or defending actions in the name of the Corporation). See the full text of the Liquidation Plan attached hereto as Exhibit "B". Without Inspectors, these powers would require the prior approval of the shareholders which, in turn, would require the Liquidator to convene a shareholders' meeting in such instances, which would be administratively burdensome, costly and time consuming, and could delay the ultimate completion of the Winding Up and therefore the final distribution to shareholders.

Pursuant to the approval of the Special Resolution and in accordance with the Liquidation Plan, and in addition to the filing of the Winding Up Notice on November 18, 2016 and the payment of the Initial Distribution on November 29, 2016, the steps set forth below will be completed following the Effective Date at such times as the Board or the Liquidator, as applicable, deems necessary, appropriate or advisable in the best interests of the Corporation and the shareholders, all in accordance with the Liquidation Plan and the OBCA:

- the sale of any of the Corporation's remaining non-cash property and assets (see also "*Narrative Description of the Business – Distribution of Assets – Winding Up Distribution(s)*" below);
- the appointment of the Liquidator;
- the delisting of the Common Shares from the CSE (see also "*Narrative Description of the Business – Trading of Shares*" below);
- the payment of or the making of reasonable provision for the payment of all claims and obligations known to the Corporation, and the making of reserves as will be reasonably likely to be sufficient to provide compensation for any claim against the Corporation which is the subject of a pending action, suit or proceeding to which the Corporation is a party, including, without limitation, the establishment and setting aside of a reasonable amount of cash and/or property to satisfy such claims against and obligations of the Corporation;
- the final distribution to shareholders of any remaining cash of the Corporation; and
- the dissolution of the Corporation.

The Liquidator may delay any final distribution pending receipt of tax clearance certificates from the Canada Revenue Agency. There is no way to determine when these tax clearance certificates will be issued, and it will likely be one or more years before the tax clearance certificates are issued and the final distribution is made.

## Trading of Shares

The Common Shares are currently listed and posted for trading on the CSE. Pursuant to section 198 of the OBCA, all transfers of the Common Shares taking place after the commencement of the Winding Up would be void unless made with the sanction of the liquidator. Pursuant to the Liquidation Plan, the Board, in its capacity as liquidator, will consent to maintaining the listing of the Common Shares on the CSE following commencement of the Winding Up until such time as the Liquidator is appointed. It is the intention of the Corporation that the Common Shares will continue to trade on the CSE until such time as the Liquidator is appointed, at which time the Common Shares will be delisted from the CSE. As a result, it is expected that shareholders will continue to be able to trade Common Shares on the CSE for a period of time after commencement of the Winding Up, subject to the Corporation continuing to comply with applicable listing requirements.

## Distribution of Assets

### Winding Up Distribution(s)

The Corporation intends to liquidate any remaining non-cash assets, for the best price available as soon as reasonably practicable after the commencement of the Winding Up and, after paying or making reasonable provision for the payment of any claims against and obligations of the Corporation, distribute any remaining cash to shareholders.

Pursuant to section 34 of the OBCA, the Corporation may further reduce the stated capital of its outstanding shares by distributing to the holders of its Common Shares an amount not exceeding the stated capital of the Common Shares (currently estimated at \$0.026 per Common Share). Such a reduction in stated capital requires the Corporation to meet certain solvency tests under the OBCA before the reduction in stated capital can be made. Amounts distributed by way of a reduction of stated capital may, in certain circumstances, be received free of Canadian tax by a shareholder. Amounts distributed otherwise than by way of a reduction in stated capital generally will be treated as taxable dividend. **See “Certain Canadian Federal Income Tax Considerations” set out in Khan’s information circular for the Special Meeting held on November 10, 2016 for a full discussion of general tax considerations.**

The Corporation will continue to incur claims, liabilities and expenses (such as salaries and benefits, directors’ and officers’ insurance, payroll and taxes, facilities expenses, legal, accounting and consulting fees, rent and miscellaneous office expenses) until the Winding Up of the Corporation is completed. Satisfaction of these claims, liabilities and expenses will reduce the amount of assets available for ultimate distribution to shareholders. The Corporation is not able to predict with certainty the precise nature, amount or timing of any further distributions beyond the Initial Distribution, primarily due to the difficulty in predicting the amount of its remaining liabilities and the amount of costs and expenses that the Corporation will incur during the course of the Winding Up, and the net value, if any, of its remaining non-cash assets, and, the Liquidator, together with the Inspectors, will have the power and authority to approve the number, amount and timing of any further distributions in the best interests of the Corporation and its shareholders. In addition, following the Initial Distribution on November 29, 2016, the timing and amount of any further distributions may be impacted by (i) the Canada Revenue Agency completing any outstanding audits or assessments of the Corporation’s and its subsidiaries final tax returns and the issuance of tax clearance certificates to the Liquidator in respect of the Corporation, and (ii) the number and complexity of claims and whether any disputed claims can be reserved for or processed in an expedited manner. There is no way to determine when the tax clearance certificates will be issued, and the delay may be one or more years to obtain the clearance certificate. The Liquidator may defer all or any of the distributions (following the Initial Distribution) pending receipt of the tax clearance certificates.

### Estimated Amount Available for Distribution to Shareholders

The amount of funds available for distribution under the Winding Up will depend on a number of factors, including ongoing public company costs, and the expenses of the Winding Up (such as salaries and benefits, directors' and officers' insurance, payroll and taxes, facilities expenses, legal, accounting and consulting fees, rent and miscellaneous office expenses, including liquidation expenses for Khan BV), as well as reserves for potential tax liabilities and contingent liabilities ("Reserves"). Following the Initial Distribution on November 29, 2016, the remaining proceeds which will ultimately be available for distribution to shareholders may vary materially from the preliminary estimates set forth in Khan's information circular for the Special Meeting. See **"Estimated Amount Available for Distribution to Shareholders" set out in in Khan's information circular for the Special Meeting for a full discussion of estimated distributable cash per Common Share.** See also *"Risk Factors – Uncertainty of Distribution Amounts"*.

### **Overview of Steps to Complete the Winding Up**

Assuming the Board does not exercise its discretion to discontinue the Winding Up, the following is a chronological list of the principal steps required to complete the Winding Up and the expected timing of each step which are discussed in greater detail elsewhere in this AIF. Other than the Commencement of Winding Up and Payment of Initial Distribution which have already occurred, there can be no assurance that the steps listed below will occur within the timeframes noted below:

<b><u>Step</u></b>	<b><u>Expected Timing</u></b>
Commencement of Winding Up	November 10, 2016, after the passing of the Special Resolution at the Meeting.
Payment of Initial Distribution	November 29, 2016.
Appointment of Liquidator	March 2017.
Common Shares delisted from the CSE	March – April, 2017, following the appointment of the Liquidator.
Obtain Tax Clearance Certificates	2017 – 2018.
Final Distribution and Winding Up	2018, following receipt of final tax clearance certificates.

## **RISK FACTORS**

### **Uncertainty of Distribution Amounts**

There are uncertainties related to the ability for the Corporation to obtain tax clearance certificates, as well as possible tax liabilities and other contingent liabilities. It may take several years before tax clearance certificates are obtained, and the Liquidator may defer making distributions pending the receipt of these certificates. In addition, ongoing corporate costs of the Corporation will reduce the amount available for distribution to shareholders. Until the Corporation ceases to be a reporting issuer, it will continue to incur reporting issuer costs.

As a result, after the November 29, 2016 Initial Distribution of \$0.85 per Common Share, the amount of remaining cash and/or assets to be distributed to shareholders as Winding Up distributions cannot currently be quantified with certainty and is subject to change. While there is no guarantee as to the amount of any final shareholder distribution after the Initial Distribution, the Corporation currently expects to distribute at least a per share amount of approximately \$0.01 based on recent estimates of anticipated claims and obligations to be settled and expected expenses of the Winding Up. See “*Narrative Description of the Business – Distribution of Assets – Estimated Amount Available for Distribution to Shareholders*” for more details.

### **Potential Liability of Shareholders**

Under the OBCA, despite the Winding Up and dissolution of the Corporation, each Shareholder to whom any of its property has been distributed is liable to any person claiming under section 242 of the OBCA to the extent of the amount received by that Shareholder upon the distribution, and an action to enforce such liability may be brought.

Section 242 of the OBCA provides that, despite the dissolution of a corporation under the OBCA, a civil, criminal or administrative action or proceeding may be brought against the Corporation, as if the Corporation had not been dissolved, and provides, among other things, that any property that would have been available to satisfy any judgment or order if the Corporation had not been dissolved, remains available for such purpose.

The potential for shareholder liability regarding a distribution continues until the statutory limitation period for the applicable claim has expired. Under the OBCA, the dissolution of the Corporation does not remove or impair any remedy available against the Corporation for any right or claim existing, or any liability incurred, prior to such dissolution or arising thereafter.

### **Discontinuance of Winding Up**

The Winding Up became effective and commenced upon passing of the Special Resolution at the Special Meeting. However, notwithstanding shareholder approval of the Special Resolution, at any time until appointment of the Liquidator, the Board of Directors will retain the discretion to discontinue the Winding Up if it determines that continuing with the Winding Up is no longer in the best interests of the Corporation and its Shareholders.

## **Legal Proceedings**

Even though the Winding Up has commenced, legal actions, claims, arbitrations or other proceedings, with and without merit, may be commenced against the Corporation with leave of the Court, although management is not aware of any material litigation at this time. The nature and results of any such proceedings cannot be predicted with certainty. Such proceedings, and any potential future claims and proceedings, are likely to be of a material nature. In addition, such claims, arbitration and other legal proceedings can be lengthy and involve the incurrence of substantial costs and resources by the Corporation, and the outcome, and the Corporation's ability to enforce any ruling(s) obtained pursuant to such proceedings, are subject to inherent risks and uncertainty. The initiation, pursuit and/or outcome of any particular claim, arbitration or legal proceeding could have a material adverse effect on the Corporation's financial position and results of operations, and on the Corporation's business, Assets and the amount of remaining cash and/or Assets available to be distributed to shareholders. In addition, if the Corporation is unable to resolve any existing or future potential disputes and proceedings favourably, or obtain enforcement of any favourable ruling, if any, that may be obtained pursuant to such proceedings, it is likely to have a material adverse impact on the Corporation's business, financial condition, results of operations, the Assets and the amount of remaining cash and/or Assets available to be distributed to shareholders.

## **Foreign Operations**

The Corporation currently has operations in the Netherlands. Economic and other factors in the Netherlands, including inflation, fluctuations in currency and interest rates, civil unrest and labour problems, could affect its business activities and results of operations. Khan's operations could also be adversely affected by government actions such as controls on imports, exports and prices, new forms of taxation, expropriation and increased government regulation.

In addition, through its investment in Plateau, the Corporation is exposed to risks of political instability and changes in government policies, laws and regulations in Peru. Plateau holds mineral interests in the Republic of Peru that may be affected in varying degrees by political stability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect of Peru. Any changes in regulations or shifts in political conditions are beyond the Corporation's control and may adversely affect the Corporation's and/or Plateau's business.

## **Political Stability and Government Regulation**

Khan is exposed to risks of political instability and changes in government policies, laws and regulations in countries in which it has interests. Any changes in regulations or shifts in political conditions are beyond Khan's control and may adversely affect its business. The Corporation's operations may be adversely affected in varying degrees by government regulations, including those with respect to restrictions on foreign ownership and income taxes. The regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. Khan's operations may also be adversely affected in varying degrees by economic instability, economic or other sanctions imposed by other nations, terrorism, military repression, crime, risk of corruption including violations under U.S. and Canadian foreign corrupt practices statutes, fluctuations in currency exchange rates and high inflation.

### **Inability to Enforce the Corporation's Legal Rights in Certain Circumstances**

In the event of a dispute arising in respect of the Corporation's foreign operations, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada or elsewhere. The Corporation may also be hindered or prevented from enforcing its rights with respect to a government entity or instrumentality because of, among other things, the doctrine of sovereign immunity. Any adverse or arbitrary decision of a court, arbitrator or other governmental or regulatory body may have a material adverse impact on the Corporation's business, financial condition, results of operations, the Assets and the amount of remaining cash and/or Assets available to be distributed to shareholders. See also "*Risk Factors – Legal Proceedings*" above.

The Corporation's inability to enforce its contractual rights could have a material adverse effect on its future cash flows, earnings, results of operations and financial condition, as well as its business the Assets and the amount of remaining cash and/or Assets available to be distributed to shareholders.

### **Possible Strategic Opportunities and Transactions**

The Corporation evaluates from time to time possible strategic opportunities that may be in the best interests of the Corporation and accretive to its shareholders. The Corporation's success in pursuing any such strategic opportunities depends on, among other things, its ability to identify suitable candidates and enter into arrangements with such candidates on acceptable terms. Any strategic opportunity that the Corporation may pursue would be accompanied by risks, such as the difficulty of completing a strategic transaction and, if completed, the difficulty of integrating operations, if appropriate; the potential disruption to the Corporation's ongoing business; the inability of management to maximize the financial and strategic position of the Corporation; additional expenses and resources associated with pursuing and/or completing such opportunities; possible dilution of the Corporation's shareholders or its interest in its subsidiaries, joint ventures and/or assets; and potential unknown risks and liabilities associated with assets and businesses in whom the Corporation invests or enters into some other strategic transaction, among other things. There can be no assurance that the Corporation will be successful in identifying, pursuing or completing any proposed or future strategic opportunity or that the Corporation will be successful in overcoming any risks associated with any proposed, completed or future strategic opportunity pursued by the Corporation. Accordingly, such strategic opportunities and transactions may have a material adverse effect on the Corporation's business, results of operations, financial condition, cash flows, liquidity, the Assets and the amount of remaining cash and/or Assets available to be distributed to shareholders. In addition, there may be no right for shareholders to evaluate the merits or risks of any future strategic transaction undertaken by the Corporation except as required by applicable laws and regulations.



### **Lack of Dividend Record**

The Corporation has no dividend record. The Corporation has not paid dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future until the conclusion of the Winding Up process. Payments of any dividends will be at the discretion of the Board after taking into account many factors, including the financial condition and current and anticipated cash needs of the Corporation.

### **Difficulty in Recruiting and Retaining Management and Key Personnel**

Khan is dependent on a relatively small number of key directors, officers and employees. Loss of any one of those persons could have an adverse effect on it. Recruiting and retaining qualified personnel is critical to the Corporation's success. However, competition for personnel in the industry in which the Corporation operates is intense, and the Corporation may not be successful in attracting and retaining qualified personnel. If the Corporation's business activity grows, it may also require additional key financial, administrative and legal personnel, which will also be subject to intense competition. There can be no assurance that the Corporation will be successful in attracting and/or retaining qualified personnel.

### **Market Price and Volatility of Common Shares**

Securities have experienced an extreme level of price and volume volatility over the past few of years and the market price of securities of many companies has experienced wide fluctuations which, in many cases, have not necessarily been related to the performance, underlying asset values or prospects of such companies. The trading price of the Common Shares has been, and may continue to be, subject to large fluctuations and, therefore, may result in losses to investors. In addition, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Corporation's business, condition, prospects and reputation.

### **Internal Controls**

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Any failure in the Corporation's internal controls over financial reporting may have a material adverse impact on the Corporation, its financial condition or its results of operations.

## **Insurance Coverage**

While the Corporation maintains insurance against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. There are also risks against which the Corporation cannot insure or against which it may elect not to insure for various reasons. The potential costs associated with any liabilities not covered by insurance, or in excess of insurance coverage, or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future business, assets, prospects, financial condition and results of operations of the Corporation.

## **DESCRIPTION OF CAPITAL STRUCTURE**

Khan's share capital consists of an unlimited number of Common Shares, of which there are 90,166,482 issued and outstanding as of the date hereof.

Holder of Common Shares are entitled to receive notice of any meetings of shareholders of Khan, and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion and to receive, on a pro rata basis, the net assets of Khan after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions. For a full description of the characteristics of the Common Shares of the Corporation, reference should be made to the articles of amendment and by-laws of Khan and the relevant provisions of the OBCA.

The following table sets forth particulars of the fully-diluted share capitalization of Khan as of the date hereof:

<b><u>Securities</u></b>	<b><u>Number of Common Shares</u></b>
Issued and Outstanding Common Shares	90,166,482
Shares Issuable Upon Exercise of Stock Options	Nil
Total	<u>90,166,482</u>

## **DIVIDENDS**

Khan has not paid any dividends on its outstanding Common Shares and does not anticipate paying any dividends in the foreseeable future. The Board, from time to time, and on the basis of any earnings and the Corporation's financial requirements or any other relevant factor may consider paying dividends in the future when its operational circumstances permit, including earnings, cash flow, financial and legal requirements and business considerations.

## MARKET FOR SECURITIES

### Trading Price and Volume

Khan's Common Shares were listed and posted for trading on the Toronto Stock Exchange (the "TSX") until May 11, 2012. On May 14, 2012, Khan's Common Shares commenced trading on the CSE under the trading symbol "KRI". The following table outlines the high and low share price trading range for Common Shares and volume of Common Shares traded on the CSE by month in the 2016 fiscal year:

<b>Common Share Price per share Volumes Traded (in Canadian dollars)</b>			
<b>Period</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
October 2015	\$0.53	\$0.46	1,045,841
November 2015	\$0.48	\$0.40	1,832,465
December 2015	\$0.44	\$0.34	416,600
January 2016	\$0.48	\$0.36	819,171
February 2016	\$0.50	\$0.40	192,030
March 2016	\$0.85	\$0.41	9,974,222
April 2016	\$0.81	\$0.76	3,038,072
May 2016	\$0.88	\$0.75	3,893,003
June 2016	\$0.86	\$0.80	2,913,301
July 2016	\$0.84	\$0.81	488,755
August 2016	\$0.88	\$0.77	4,629,295
September 2016	\$0.87	\$0.83	3,136,372

## DIRECTORS AND OFFICERS

### Name, Occupation and Security Holding

The following table sets forth the names and municipalities of residence, offices or positions with Khan and principal occupations of the current directors and officers of Khan. The term of each director of Khan expires as of the next annual general meeting of Khan:

<b>Name and Address of Director or Officer</b>	<b>Position Presently Held</b>	<b>Principal Occupation</b>	<b>Director Since</b>
Grant A. Edey Mississauga, Ontario, Canada	Director, Chairman, President & Chief Executive Officer	Officer of Khan	2007
Marc C. Henderson <sup>(1)</sup> Toronto, Ontario, Canada	Director	President and Chief Executive Officer of Laramide Resources Ltd. ("Laramide"), a resource company and large shareholder of Khan	2010
David L. McAusland <sup>(2)</sup> Baie d'Urfé, Quebec, Canada	Director	Corporate Director, consultant, and lawyer	2008
Loudon F. M. Owen <sup>(1)(2)</sup> Toronto, Ontario, Canada	Director	Managing Partner, McLean Watson Capital Inc.	2015

Name and Address of Director or Officer	Position Presently Held	Principal Occupation	Director Since
Eric Shahinian <sup>(1)(2)</sup>	Director	Managing Partner, CAMAC Partners, LLC, a private investment firm and holder of 14.75% of Khan's outstanding common shares	2015
K. Bruce Gooding Toronto, Ontario, Canada	Chief Financial Officer	Chartered Professional Accountant	-
Jeremy S. Budd Toronto, Ontario, Canada	Corporate Secretary	Lawyer	-

Notes:

- (1) Member of the Audit and Finance Committee.
- (2) Member of the Corporate Governance, Compensation and Nominating Committee

As of the date hereof, as a group, all directors and executive officers listed above beneficially owned, or controlled or directed, directly or indirectly, 19,772,894 Common Shares, representing approximately 21.93% of the total issued and outstanding Common Shares. As of that date, there are no options outstanding.

A description of each of the directors and officers of Khan is set out below.

**Grant A. Edey**, Chairman, President and Chief Executive Officer and Director of Khan, has over 40 years of experience in the mining industry. Mr. Edey was Chief Financial Officer at IAMGOLD Corporation from 2003 to 2007. From 1996 to 2002, he was Vice-President, Finance, Chief Financial Officer and Corporate Secretary of Repadre Capital Corporation. Prior to 1996, he held senior positions with Strathcona Mineral Services Limited, TransCanada Pipelines Limited, Eldorado Nuclear Limited, Rio Algom Limited and INCO Limited. Mr. Edey is also a director of Primero Mining Corp. Mr. Edey holds a B.Sc. in Mining Engineering from Queen's University and an M.B.A. from the University of Western Ontario.

**Marc C. Henderson**, Director of Khan, is the President and CEO and a director of Laramide, a Toronto-based resource company specializing in the acquisition, discovery and development of uranium projects and a large shareholder of Khan. Mr. Henderson has more than 20 years of experience running junior mining companies and has served as president of a number of public companies, including Aquiline Resources Inc. from 1998 until its sale to Pan American Silver in 2009.

**David L. McAusland**, Director of Khan, is a senior lawyer and corporate director. A graduate of the Faculty of Law of McGill University, he practiced law for over 20 years at a prominent Montreal law firm. In 1999, he became a senior executive with Alcan Inc., a major Canadian industrial and resource company, retiring as Executive Vice President, Corporate Development and Chief Legal Officer in 2008 when the company was acquired. In 2009, Mr. McAusland joined McCarthy Tétrault LLP as a partner.

Mr. McAusland currently acts as director of Cogeco Inc. and Cogeco Cable Inc., Cascades Inc., and ATS Automation Tooling Systems Inc. He serves as a member of the Corporate Governance Committee for all the above companies, as Chairman of the Human Resource Committee of Cascades Inc., and Chairman of the Board of Directors of ATS Automation Tooling Systems Inc.

He is the Chairman of the Foundation of the National Circus School and director of the Montreal General Hospital Foundation.

**Loudon F. M. Owen**, Director of Khan, is a lawyer and international businessman with extensive experience in all facets of high stakes litigation and enforcement. He has been an investor, advisor and driving force in a wide range of cases involving property rights with several substantial awards having been obtained, including a US\$315 million award against Microsoft.

He holds a B.A., J.D. and MBA (INSEAD). Mr. Owen is a director of a number of publicly listed companies.

**Eric Shahinian**, Director of Khan, is the managing partner of CAMAC Partners, a private investment firm based in New York, which manages funds for sophisticated clients. The funds have a major investment focus on companies engaged in material litigation across the world, both in developed and emerging markets. CAMAC is currently one of Khan's largest shareholders. Prior to 2011, Mr. Shahinian was an analyst covering special situations and prior to that provided services for workout and turnaround situations.

He received a Bachelors Cum Laude from Babson College.

**K. Bruce Gooding**, Chief Financial Officer of Khan, is a Chartered Professional Accountant with over 30 years of experience in senior management positions. Most recently he has managed his own practice providing financial project and management services to smaller public companies in the mining and other industries. Prior to establishing his own practice, Bruce held various senior finance roles at McDonald's Restaurants of Canada Limited, Consumers Distributing Inc. and Foot Locker Canada Inc. He has acted as Treasurer of Ronald McDonald House Charities of Canada and other not-for-profit corporations.

**Jeremy S. Budd**, Corporate Secretary of Khan and Principal and Founder of Budd Law, has been practising corporate and securities law, in Toronto, Ontario, since 2007 representing issuers and underwriters in a wide variety of capital market transactions. Mr. Budd obtained his J.D./M.B.A. from Osgoode Hall, Law School and the Schulich School of Business at York University in 2005 and holds a Bachelor of Arts in philosophy from Huron University College at the University of Western Ontario.

## **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No director or executive officer of Khan is, as at the date hereof, or was within ten (10) years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including Khan), that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, other than Loudon F. M. Owen who served as a director of Hanfeng Evergreen Inc. (“Hanfeng”) until February 24, 2014. On February 19, 2014, a temporary cease trade order was issued by the Ontario Securities Commission against Hanfeng for failure to file interim financial statements for the six-month period ended December 31, 2013; management’s discussion and analysis relating to the interim financial statements for the six-month period ended December 31, 2013; and certification of the foregoing filings as required by National Instrument 52-109 - Certification of Disclosure in Issuers’ Annual and Interim Filings. The temporary cease trade order was replaced by a permanent cease trade order dated March 3, 2014. The securities commissions of each of Quebec and British Columbia also issued permanent cease trade orders against Hanfeng for the same deficiency.

No director or executive officer of Khan, or a shareholder holding a sufficient number of securities of Khan to affect materially the control of Khan: (a) is, as at the date hereof, or has been within the ten (10) years before the date of this Annual Information Form, a director or executive officer of any company (including Khan) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten (10) years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder, other than Loudon F. M. Owen ceased being a director of the Fight Network Inc. in October 2010, at which time the company filed for bankruptcy proceedings.

No director or executive officer of Khan, or a shareholder holding a sufficient number of securities of Khan to affect materially the control of Khan, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **Conflicts of Interest**

The directors or officers of Khan are, or may become, directors or officers of other companies with businesses which may conflict with the business of Khan. In accordance with the OBCA, directors are required to act honestly and in good faith with a view to the best interests of Khan. In addition, directors in a conflict of interest position are required to disclose certain conflicts to Khan and to abstain from voting in connection with the matter. To the best of Khan's knowledge, there are no known existing or potential conflicts of interest between Khan or a subsidiary of Khan and a director or officer of Khan or a subsidiary of Khan as a result of their outside business interests at the date hereof. However, certain of the directors and officers serve as directors and/or officers of other companies including Marc C. Henderson, who is the President and CEO and a director of Laramide, a resource company specializing in the acquisition, discovery and development of uranium projects and one of Khan's largest shareholders, and Eric Shahinian, who is the Managing Partner of CAMAC Partners, one of Khan's largest shareholders. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of Khan.

## **LEGAL PROCEEDINGS**

### **International Arbitration with the GOM**

In January, 2011, Khan initiated the International Arbitration against the GOM for causing substantial loss and damage to Khan through expropriatory, unlawful, unfair and discriminatory treatment in relation to Khan's licenses for the Dornod Uranium Project. The presiding Tribunal was constituted under UNCITRAL Arbitration Rules on May 9, 2011 and consisted of three well-known and highly respected international arbitrators: Mr. Yves Fortier of Canada (appointed by Khan), Mr. Bernard Hanotiau of Belgium (appointed by the Government of Mongolia), and Mr. David A.R. Williams of New Zealand (appointed as the presiding arbitrator by Messrs. Fortier and Hanotiau).

The Tribunal held its first hearing on June 21, 2011 to discuss scheduling and procedural matters. Prior to this hearing, counsel for the GOM brought a motion seeking "bifurcation" of the hearings into two separate phases: the first phase to hear various jurisdictional objections made by the GOM, and then a second phase to hear the merits of the case. The Tribunal held a hearing on September 19, 2011 to address the issue. Following the hearing, Khan and the Government of Mongolia agreed to a two phase process. As part of the agreement, the Government of Mongolia has explicitly consented that all of the claims will be heard in this single action rather than in multiple arbitrations.

Following a hearing on May 14, 2012, the Tribunal ruled entirely in Khan's favour on matters of jurisdiction and dismissed all of the GOM's objections to the continuance of the suit. The action then progressed to the quantum and damages phase and on December 7, 2012, Khan submitted to the Tribunal seven volumes of documentation in support of its claim. The GOM filed their Statement of Defense and Counterclaim on April 5, 2013. Khan submitted its response to the Statement of Defense and Counterclaim on June 28, 2013. Additional information was provided to the participants by Khan on July 28, 2013. The GOM filed its response on time by October 4, 2013.

On November 11 through November 15, 2013, the formal hearing by the Tribunal was completed as scheduled and two post-hearing briefs were subsequently submitted, the first on February 5, 2014 followed by a final brief on April 11, 2014.

On March 2, 2015, the Tribunal rendered the Arbitral Award of approximately US\$100 Million (comprised of a base amount of US\$80 million plus interest at LIBOR +2% (compounded annually) from July 1, 2009 to the time of payment and costs of US\$9.1 million) against the Government of Mongolia and MonAtom. Khan filed a petition for confirmation of the Arbitral Award in the US District Court in the District of Columbia on June 12, 2015. The petition for confirmation was brought under the United Nations Convention for the Recognition and Enforcement of Foreign Arbitral Awards and under the United States Federal Arbitration Act.

On July 14, 2015, the Corporation received a one page notice from the Chief Clerk of the French Court of Appeal in Paris that the Government of Mongolia initiated an attempt to annul the Arbitral Award on July 9, 2015. Under French law, an international arbitral award rendered in France can only be set aside on five grounds, restrictively interpreted and applied by French courts, which are: (1) The arbitral tribunal wrongly upheld or declined jurisdiction; (2) The arbitral tribunal was not properly constituted; (3) The arbitral tribunal ruled without complying with the mandate conferred upon it; (4) Due process was violated; and (5) Recognition or enforcement of the award is contrary to international public policy. On December 9, 2015, the GOM filed its written brief with the French Court of Appeal containing the basis for seeking annulment of the Arbitral Award.

### **International Arbitration Settlement**

On March 6, 2016, Khan and the GOM signed an agreement whereby in consideration of payment to Khan of the Settlement Amount on or before May 16, 2016, all outstanding matters pursuant to the Arbitral Award received by Khan are resolved and terminated. The GOM further agreed to withdraw and discontinue the proceedings to annul the Arbitral Award before the Paris courts. Upon receipt of the consideration by Khan, all other proceedings were terminated by Khan, including the certification application for the Arbitral Award in the U.S. District court in Washington.

On March 16, 2016, Khan announced that it received a notice of discontinuance from the Paris Court of Appeal that the annulment proceedings initiated by the Government of Mongolia against the Arbitral Award rendered in favour of Khan were now terminated. Khan also announced that proceedings in the US District Court for recognition of the Arbitral Award had been stayed, pending receipt of the Settlement Amount. On May 10, 2016, the Settlement Amount was deposited with an escrow agent in New York.

On May 18, 2016, the Settlement Amount was released from escrow and the funds were transmitted to Khan. With the transmittal of the funds, Khan's counsel secured a dismissal order from the United States District Court in Washington, DC of Khan's petition for certification of the Arbitral Award.

### **MATERIAL CONTRACTS**

Except for contracts entered into by Khan in the ordinary course of business or otherwise disclosed herein, the only material contracts entered into by Khan within the most recently completed financial year, or entered into prior to the most recently completed financial year but still in effect, are the following:



## **The Amended and Restated Shareholder Rights Plan Agreement**

On November 14, 2006, Khan implemented an amended and restated shareholder rights plan (the “Shareholder Rights Plan”) which was initially approved by the shareholders at Khan’s Annual and Special Meeting of Shareholders held on February 15, 2007. The continuation of the shareholder rights plan was subsequently ratified and approved at Annual and Special Meetings of Shareholders held on March 24, 2010, February 14, 2013 and February 11, 2016. The terms are contained in the Shareholder Rights Plan Agreement dated as of November 14, 2006 between Khan and Equity Financial Trust Company, as rights agent. The Shareholder Rights Plan is intended to provide the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made for Khan and to provide every shareholder with an equal opportunity to participate in such bid. The Shareholder Rights Plan will be in effect for a period of three years, unless reconfirmed by shareholders. A shareholder or any other interested party may obtain a copy of the Shareholder Rights Plan on SEDAR at [www.sedar.com](http://www.sedar.com).

### **REGISTRAR AND TRANSFER AGENT**

Khan’s registrar and transfer agent is TSX Trust Company (formerly TMX Equity Transfer Services and formerly Equity Financial Trust Company), located at Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1.

### **AUDIT COMMITTEE AND AUDITORS**

#### **Audit Committee Charter**

The text of the charter (the “Charter”) of the audit and finance committee (the “Audit Committee”) of the Board is attached hereto as Exhibit “A”.

#### **Composition of the Audit Committee**

The Audit Committee is composed of Marc C. Henderson, Loudon F. M. Owen and Eric Shahinian, all of whom are independent and financially literate in accordance with National Instrument 52-110 – *Audit Committees*. The following table describes the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member.

<b>Name of Audit Committee Member</b>	<b>Relevant Experience and Qualifications</b>
<b>Marc C. Henderson</b>	Over 20 years of experience in the resource industry  President and Chief Executive Officer of Laramide Resources Ltd.  Chartered Financial Analyst, B.A. in Economics from the University of Colorado
<b>Loudon F. M. Owen</b>	Extensive experience in investment banking, capital markets and corporate governance  Co-founding partner and manages McLean Watson Capital Inc., a Toronto based venture capital fund  B.A. in International Relations and Economics, J.D. and MBA (INSEAD)

Name of Audit Committee Member	Relevant Experience and Qualifications
Eric Shahinian	Analyst covering special situations  Managing partner of CAMAC Partners, a private investment firm based in New York, which manages funds for sophisticated clients  Bachelors Cum Laude from Babson College

### Audit Committee Oversight

At no time since the commencement of the Khan's most recently completed financial year was a recommendation to nominate or compensate an external auditor not adopted by the Board.

### Pre-Approval Policies and Procedures

The Charter provides that the Audit Committee must pre-approve any non-audit services to be provided to the Corporation by the external auditor.

### External Auditor Service Fees

The Corporation's independent external auditors are Collins Barrow Toronto LLP ("Collins Barrow"), located at Collins Barrow Place, 11 King Street West, Suite 700, Toronto, Ontario, M5H 4C7, has audited the financial statements of the Corporation for the financial year ended September 30, 2015 and 2016. The following fees were incurred by Khan for the financial years ended September 30, 2015 and 2016 for professional services rendered to Khan:

Fees	2016	2015
Audit Fees <sup>1</sup>	\$26,000	\$27,000
Audit-Related Fees <sup>2</sup>	\$15,600	-
Tax Fees <sup>3</sup>	-	\$9,000
All Other Fees <sup>4</sup>	-	-
Total	\$41,600	\$36,000

Notes:

- (1) Audit Fees are the aggregate fees billed or accrued, as the case may be, by the auditor of the Corporation for the applicable period in each of the last two fiscal years for audit services. Included in these aggregate fees are the amounts for the audit of the annual consolidated financial statements.
- (2) Audit-Related Fees are the aggregate fees billed or accrued, as the case may be, by the auditor of the Corporation for the applicable period in each of the last two fiscal years for assurance and related services by the current or former auditor, as applicable, that are reasonably related to the performance of the audit or review of Khan's financial statements and are not Audit Fees, including for consultations on accounting developments and the accounting for potential corporate transactions.
- (3) Tax Fees are the aggregate fees billed or accrued, as the case may be, by the auditor of the Corporation for the applicable period in each of the last two fiscal years for professional services rendered by the current or former auditor, as applicable, for tax compliance, tax advice, and tax planning.
- (4) All Other Fees are the aggregate fees billed or accrued, as the case may be, by the auditor of the Corporation for the applicable period in each of the last two fiscal years for products and services provided by the current or former auditor, as applicable, other than Audit Fees, Audit-Related Fees or Tax Fees.

### **INTERESTS OF EXPERTS**

Scientific or technical information in this Annual Information Form relating to the Dornod Uranium Project is based upon a Technical Report prepared by Aker Solutions Inc. The Technical Report provides an independent technical review of the Mineral Reserves and Mineral Resources and the mining plan of the Dornod Uranium Project. The Technical Report was prepared by Hrayr Agnerian, M.Sc., Eugene Puritch, P.Eng., Malcolm Buck, P.Eng., and Leslie H. Heymann, P.Eng. Each of Messrs. Agnerian, Puritch, Buck and Heymann was a Qualified Person. To the best of Khan's knowledge, all of the authors of the Technical Report were independent of the Corporation within the meaning of NI 43-101 and none of them held any registered or beneficial interest, directly or indirectly, in any securities or other property of Khan or its associates or affiliates.

Collins Barrow prepared an auditor's report on the annual financial statements of Khan for the financial years ended September 30, 2015 and 2016. Collins Barrow has advised that it is independent with respect to Khan within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

### **ADDITIONAL INFORMATION**

Additional information relating to Khan may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Khan's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in Khan's information circular for its annual and special meeting of shareholders held on February 11, 2016. Additional Information regarding, *inter alia*, the Winding Up and certain general tax considerations, where applicable, is contained in Khan's information circular for the Special Meeting. Additional financial information is provided in Khan's financial statements and MD&A for its most recently completed financial year, all of which are filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## EXHIBIT "A"

### AUDIT COMMITTEE CHARTER

#### 1. General

The Board of Directors (the "Board") of Khan Resources Inc. (the "Company") has established the Audit Committee (the "Committee") to assist in fulfilling the Board's responsibility for oversight of the financial reporting process. The Committee is a key component in fulfilling the Company's commitment to maintaining a higher standard of corporate responsibility.

The Committee will review the Company's financial reports and its process, internal control systems, the management of financial risks, the external audit and assurance process, and the Company's compliance with legal and regulatory requirements and the Company's own code of business conduct and ethics.

#### 2. Organization

##### 2.1 Membership

The Committee will be comprised of a minimum of three members to be nominated and appointed annually by the Board, all of whom are to be independent directors as defined in section 1.4 of National Instrument 52-140 unless exempted under applicable laws and regulations. A member continues in his/her capacity until a successor is appointed or if the member resigns, is removed, or ceases to be a director of the Company.

Members of the Committee must, in the opinion of the Board, be financially literate and at a minimum be capable of reading and understanding all financial information and understand their respective implications over the short and long term.

##### 2.2 Removal

Any member of the Committee may be removed and replaced at any time by the Board. The Board will fill vacancies for the Committee by appointment from among qualified members of the Board or the recommendation of the Committee.

##### 2.3 Committee Chair and Secretary

The Board shall nominate and appoint/reappoint the Chair of the Committee annually. The Chair of the Committee must be an independent director of the Company and meet the Company's standards of Independence outlined in Section 4 of the Corporate Governance Guidelines.

The role of Secretary can be filled by the Corporate Secretary or any other person as may be appointed by the Chair of the Committee.

##### 2.4 Meetings

A quorum for any meeting will be two members in attendance. The Committee shall meet quarterly at a minimum and may invite any outside director or member of senior management to attend a meeting as an observer or answer questions that the Committee may have. The proceedings will be minuted.

### 3. Authority

The Board has authorized the Committee, within the parameters of its responsibilities, to seek any required information from any employee or external party, including obtaining outside legal or other professional counsel. The Committee is authorized to set and pay the compensation to those parties. The Committee shall recommend to the Board (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and (ii) the compensation of the external auditor.

### 4. Duties and Responsibilities

#### 4.1 Financial Reporting

- (a) Audited Annual Financial Statements: The Committee shall review the audited annual and interim financial statements, all related management discussion and analysis ("MD&A"), and earnings press releases for submission to the Board for approval and public disclosure.
- (b) Quarterly Review: The Committee shall review the unaudited quarterly financial statements, the related MD&A, and earnings press releases for submission to the Board for approval and public disclosure.
- (c) Significant Accounting Principles and Disclosure Issues: The Committee shall review with management and the external auditor, significant accounting principles and disclosure issues, including complex or unusual transactions, highly judgmental areas such as reserves or estimates, significant changes to accounting principles, and alternative treatments under International Financial Reporting Standards ("IFRS") for material transactions. This shall be undertaken with a view to understanding their impact on the financial statements, and to gaining reasonable assurance that the statements are accurate, complete, do not contain any misrepresentations, and present fairly the Company's financial position and the results of its operations in accordance with IFRS.
- (d) Compliance: The Committee shall ensure that all of the Company's financial reporting conforms to, and meets or exceeds, the requirements of IFRS and all applicable laws and regulations.
- (e) Legal Events: In the event of any actual or anticipated litigation or other events, including tax assessments, the Committee shall examine what material effect the event may have on the Company's current or future financial statements and the manner in which these details have been disclosed in the financial statements.
- (f) Off-Balance Sheet Transactions: The Committee shall review any off-balance sheet transactions, arrangements, obligations, and other relationships with unconsolidated entities or other persons, and examine how that may have a material current or future effect on the Company's financial position.
- (g) Procedural Review: The Committee shall satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information and periodically assess the adequacy of those procedures.

## 4.2 Internal Controls

- (a) Review and Assessment: The Committee shall periodically review the effectiveness of the Company's system of internal control and management information systems through discussions with management and the external auditor. Based on that review the Committee will advise the Board of the adequacy of these controls and make recommendations for alterations to these controls when deemed necessary.
- (b) Fraud: The Committee shall oversee any investigations of alleged fraud and illegality relating to the Company's finances.
- (c) Complaints: The Committee shall ensure appropriate systems are in place for the receipt, retention, and treatment of internal and external complaints in an anonymous and confidential manner by the Company regarding accounting, internal accounting controls, or auditing matters.
- (d) Hiring from the Auditor: The Committee shall review and approve the Company's hiring policies regarding current or former partners and employees of the current or former external auditor.

## 4.3 External Audit

- (a) Auditor Reporting: The Committee shall be directly responsible for overseeing the work of the external auditor.
- (b) Auditor Performance: The Committee shall review the terms of the external auditor's engagement, accountability, experience, qualifications, independence, and overall performance.
- (c) Auditor Appointment or Replacement: The Board shall appoint or replace the auditor and set its compensation based on the Committee's evaluation and conclusions of the auditor's performance and adequacy. Audit Plan: The Committee shall review the audit plan and scope of the external audit with the external auditor and management, and consider whether the nature and scope of the planned audit procedures can be relied upon to detect weaknesses in internal controls, frauds or other illegal acts. The Committee shall make adjustments as needed.
- (d) Audit Results: The Committee shall review, in the absence of management, the results of the annual external audit, the audit report thereon and the auditor's review of the related MD&A, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment, and any other material communications with management.
- (e) Actions to be Taken: The Committee shall ensure that significant findings and recommendations by the external auditors are received and discussed on a timely basis. The Committee shall ensure that management responds to these findings and recommendations.

- (f) Disparity and Disagreements: The Committee shall ensure the resolution of any disagreements between management and the external auditor or incongruity between expectations and results regarding financial reporting.
- (g) Interim Financial Statements: The Committee may engage the external auditor to review all interim financial statements. The Committee shall review the results of the auditor's review of the interim financial statements and MD&A.
- (h) Meeting with External Auditor: The Committee shall meet with the external auditor in the absence of management at least annually to discuss and review specific issues as appropriate as well as any significant matters that the auditor may wish to bring to the Committee for its consideration.
- (i) Correspondence Review: The Committee shall review with management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.
- (j) Non-Audit/Audit Services: The Committee must pre-approve any non-audit services to be provided to the Company or its subsidiaries by the external auditor, with reference to compatibility of the service with the external auditor's independence as prescribed by OSC regulations.
- (k) Other Audit Matters: The Committee shall review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.

#### 4.4 Risk Management

The Committee shall undertake an annual review the Company's risk management policies and procedures. The Committee oversees the implementation of these systems and determines their adequacy in mitigating and managing risks.

#### 4.5 Reporting Responsibilities

- (a) Adequacy of Charter: The Committee shall assess the continued adequacy of the Committee Charter annually and submit such amendments as the Committee sees fit to the Nominating and Corporate Governance Committee.
- (b) Disclosure: The Committee shall oversee appropriate disclosure of the Committee's Charter, and other information required to be disclosed by applicable legislation, in the Company's Annual Information Form and all other applicable disclosure documents.
- (c) Reporting to the Board: The Committee shall report regularly to the Board on Committee activities, findings and recommendations. The Committee is responsible for ensuring that the Board is aware of, and understands, any matter that may have a significant impact on the financial condition or affairs of the Company. The Committee shall submit its recommendations with respect to any such matter to the Board

## EXHIBIT "B"

### LIQUIDATION PLAN

WHEREAS the board of directors of Khan Resources Inc. (the "**Board**") has concluded that it is in the best interests of Khan Resources Inc. ("**Khan**" or the "**Corporation**") to be wound up voluntarily pursuant to the *Business Corporations Act* (Ontario) in accordance with the terms of this Liquidation Plan (as defined below);

AND WHEREAS the Board has passed a resolution authorizing the Corporation to seek shareholder approval for the winding up of the Corporation and hold a special meeting of shareholders to consider and vote to require the Corporation to be wound up voluntarily and, in connection therewith, approve this Liquidation Plan;

NOW THEREFORE THIS Liquidation Plan is adopted by the Board as of the last date set forth below, having the terms and conditions as set out herein.

#### ARTICLE 1 INTERPRETATION

##### 1.1 Definitions

In this Liquidation Plan:

"**Assets**" means all of the property, assets and undertaking of Khan;

"**Board**" has the meaning given to it in the recitals of this Liquidation Plan;

"**Business Day**" means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;

"**Calendar Day**" means any day, including a Saturday, Sunday or statutory holiday in Toronto, Ontario;

"**Canadian Dollars**" or "**CDN\$**" means dollars denominated in lawful currency of Canada;

"**Claim**" means

- (a) any right of any Person against Khan in connection with any indebtedness, liability or obligation of any kind of Khan and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any claim made or asserted against Khan through or against any subsidiary, affiliate or associate, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future with respect to any matter, action, cause or chose in action; and
- (b) any existing or future right of any Person against any one or more of the Directors which arose or arises as a result of such Director's position, supervision, management or involvement as a Director or otherwise in any other capacity in connection with Khan whether such right, or the circumstances giving rise to it, arose before or after the Effective Date and whether enforceable in any civil, administrative or criminal proceeding;



**"Clearance Certificates"** means, as applicable:

- (c) a certificate issued by the Minister pursuant to subsection 159(2) of the Income Tax Act, R.S.C. 1952, c. 148 (the "**ITA**"), or any equivalent thereto, certifying that all amounts for which Khan is, or can reasonably be expected to become, liable under the ITA and the Taxation Act, 2007, S.O. 2007, c. 11, Sched. A, up to and including the date of distribution have been paid, or that the Minister has otherwise accepted security for payment;
- (d) a certificate issued by the Minister pursuant to subsection 23(5) of the Canada Pension Plan, R.S.C. 1985, c. C-8 (the "**CPP**"), or any equivalent thereto, certifying that all amounts for which Khan is liable under the CPP up to and including the date of distribution, have been paid or that security for the payment thereof has been accepted by the Minister;
- (e) a certificate issued by the Minister pursuant to subsection 86(3) of the *Employment Insurance Act*, S.C. 1996, c. 23 (the "**EIA**"), or any equivalent thereto, certifying the payment, or acceptance by the Minister of security for payment, of all amounts for which Khan is liable under the EIA up to and including the date of distribution;
- (f) a certificate issued by the Minister pursuant to subsection 81(1) of the *Excise Tax Act*, R.S.C. 1985, c. E-15 (the "**ETA**"), or any equivalent thereto, certifying that no tax, penalty, interest or other sum under the ETA, chargeable against or payable by the Liquidator or chargeable against or payable in respect of the Assets, remains unpaid or that security for the payment thereof has, in accordance with section 80.1 of the ETA, been accepted by the Minister;
- (g) a certificate issued by the Minister pursuant to subsection 270(3) of the ETA, or any equivalent thereto, certifying that all amounts payable or remittable under Part IX of the ETA by Khan in respect of the reporting period during which the distribution is made or any previous reporting period, and all amounts that are, or can reasonably be expected to become, payable or remittable under Part IX of the ETA by the Liquidator in respect of the reporting period during which the distribution is made, has been paid or that security for the payment thereof has been accepted by the Minister;
- (h) a certificate issued by the Ontario Minister of Finance pursuant to subsection 19(2) of the *Employer Health Tax Act*, R.S.O. 1990, C. E. 11 (the "**EHTA**"), or any equivalent thereto, certifying that all taxes, interest and penalties that have been assessed under the EHTA and are chargeable against or payable out of the property of Khan have been paid or that security for the payment thereof in a form acceptable to the Ontario Minister of Finance has been given; and
- (i) a certificate issued by pursuant to subsection 107(2) of the *Corporations Tax Act*, R.S.O. 1990, C.40 ("**CTA**"), or any equivalent thereto, certifying that all taxes, interest, penalties and other amounts payable by Khan under the CTA have been paid or that security for the payment thereof in a form acceptable to the Ontario Minister of Finance has been given under section 103 of the CTA;

**"Common Shares"** means the common shares in the capital of Khan;

**"Court"** means the Ontario Superior Court of Justice (Commercial List);

**"CSE"** means the Canadian Securities Exchange;

**"Creditor"** means any Person with a Claim;

"**Directors**" means all individuals who were, on or at any time before the Effective Date, directors or officers of Khan, and the term "**Director**" shall mean any one of them;

"**Dissolution Date**" means the date on which the Corporation is dissolved pursuant to the OBCA or by order of the Court;

"**Effective Date**" means the date of the passing of the Resolution;

"**Employees**" means the employees of Khan;

"**Governmental Authority**" means any nation or government, any province, state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or any Legal Requirement and any corporation or other entity owned or controlled, through capital stock or otherwise by any of the foregoing;

"**Inspectors**" has the meaning given to it in Section 6.1;

"**Khan**" or the "**Corporation**" has the meaning given to it in the recitals of this Liquidation Plan;

"**Legal Requirement**" means any statute, law, treaty, rule, regulation, order, decree, writ, injunction or determination of any arbitrator, court, Governmental Authority or securities exchange and, with respect to any Person, includes all such Legal Requirements applicable or binding upon such Person, its business or the ownership or use of any of its assets;

"**Liquidator**" means the Person appointed from time to time pursuant to Sections 4.1, 4.5, or 4.6 in its capacity as liquidator of Khan including, for greater certainty, any professional restructuring and advisory firm appointed by the Board in accordance with Section 4.1(b);

"**Liquidation Date**" means the date on which the Shareholders pass the Resolution;

"**Liquidation Plan**" means this plan of liquidation and distribution as it may be amended, modified, supplemented, restated or otherwise modified in accordance with its terms;

"**Minister**" means the Minister of National Revenue;

"**OBCA**" means the *Business Corporations Act* (Ontario);

"**OBCA Director**" means the Director appointed under Section 278 of the OBCA;

"**Person**" means any individual, partnership, limited partnership, joint venture, trust, corporation, unincorporated organization, government, agency, regulatory body or instrumentality thereof, legal personal representative or litigation guardian, or any other judicial entity howsoever designated or constituted domiciled;

"**Public Trustee**" means the Public Guardian and Trustee pursuant to the *Public Guardian and Trustee Act*, R.S.O. 1990, Chapter P.51;

"**Resolution**" means the special resolution of the Shareholders authorizing the voluntary winding up of Khan made in accordance with the OBCA and approving this Liquidation Plan;

**"Shareholders"** means all holders of Common Shares shown from time to time in the registers maintained by or on behalf of Khan by the Transfer Agent in respect of the Common Shares and, unless otherwise specified, includes all beneficial owners of Common Shares;

**"Tax Return"** means any report, return or other information required to be supplied to a taxing authority in connection with (a) all taxes, charges, fees, levies and other assessments (whether federal, provincial, local or foreign), including income, gross receipts, excise, property, sales, use, transfer, license, payroll, franchise, withholding, social security and unemployment taxes, and (b) any interest, penalties and additions related to the foregoing;

**"Transfer Agent"** means TMX Equity Transfer Services Inc., as transfer agent for the Common Shares of the Corporation; and

**"US Dollars"** or **"US\$"** means dollars denominated in lawful currency of the United States.

## 1.2 Certain Rules of Interpretation

In this Liquidation Plan and the Schedules hereto:

- (a) all references to currency are to Canadian Dollars, except as otherwise expressly indicated;
- (b) the division of this Liquidation Plan into articles, sections, subsections and clauses and the insertion of headings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Liquidation Plan. The terms "this Liquidation Plan", "hereof", "hereunder", "herein" and similar expressions refer to this Liquidation Plan and not to any particular article, section, subsection or clause and include any plan supplemental hereto. Unless otherwise indicated, any reference in this Liquidation Plan to an article, section, subsection, clause or schedule refers to the specified article, section, subsection, clause or schedule of or to this Liquidation Plan;
- (c) the use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Liquidation Plan or a schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (d) the words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes without limitation" and "including without limitation", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (e) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m., on such Business Day. Unless otherwise specified, the time period within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day. Whenever any payment to be made or action to be taken under this Liquidation Plan is required to be made or to be taken on a day other than a Business Day, such payment shall be made or action taken on the next succeeding Business Day;
- (f) unless otherwise specified, where any reference to an event occurring within any number of "days" appears in this Liquidation Plan, such reference means Calendar Days and not Business Days; and

- (g) unless otherwise provided, any reference to a statute, or other enactment of parliament or a legislature includes all regulations made thereunder, all enactments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation.

**ARTICLE 2**  
**PURPOSE OF THE PLAN**

**2.1**           **Purpose**

The purpose of this Liquidation Plan is to provide for a plan of liquidation and distribution of the Assets, payment or settlement of all Claims and dissolution of the Corporation.

**2.2**           **Commencement of Winding Up**

The voluntary winding up of the Corporation shall commence on and as of the Effective Date.

**2.3**           **Affected Persons**

This Liquidation Plan will be implemented under the OBCA and, as of the Effective Date, will be binding on the Corporation, the Directors, the Inspectors, the Liquidator and the Shareholders in accordance with its terms. On the Liquidation Date, each Shareholder shall be deemed to have consented and agreed to all of the provisions of this Liquidation Plan in their entirety.

**ARTICLE 3**  
**EFFECT OF PLAN**

**3.1**           **Share Transfers**

On and after the Effective Date, to the extent permitted by the CSE and the Liquidator, the Common Shares will continue to trade on the CSE until such time as the Liquidator determines otherwise in accordance with Section 4.2(d).

**3.2**           **Corporation to Cease Business**

On and as of the Effective Date, the Corporation shall cease to carry on its undertaking, except in so far as may be required as beneficial for the winding up thereof in the discretion of the Liquidator, but its corporate existence and all its corporate powers, even if it is otherwise provided by its articles or by-laws, shall continue until its affairs are wound up.

**ARTICLE 4**  
**THE LIQUIDATOR**

**4.1           Appointment of Liquidator**

(a)       On and as of the Effective Date, the Board is hereby appointed as the liquidator of the estate and effects of the Corporation for the purpose of winding up its business and affairs and distributing its Assets, after satisfying all Claims, all in accordance with the terms of this Liquidation Plan, and who shall serve until removal and replacement in accordance with this Liquidation Plan (such initial liquidator and any successor liquidator, the "**Liquidator**"). The Liquidator shall be the agent and attorney-in-fact of the Corporation and shall act for and on behalf of the Corporation with the authority to enter into agreements and execute documents for and on behalf of the Corporation in such capacity pursuant to the powers and obligations of the Liquidator as contained in this Liquidation Plan or as otherwise provided under the OBCA.

(b)       At a time to be determined by the Board, in its sole discretion, an accounting firm or professional restructuring and advisory firm will be appointed by resolution the majority of the Board as successor Liquidator to the Board.

**4.2           Mandatory Obligations of the Liquidator**

The Liquidator is expressly directed, empowered and authorized to, and shall:

- (a)       deposit all money that the Liquidator has belonging to the Corporation and amounting to \$100 or more in any bank of Canada listed in Schedule I or II to the *Bank Act* (Canada) or in any trust corporation or loan corporation that is registered under the *Loan and Trust Corporations Act* or in any other depository approved by the Court, and as approved by the Inspectors (if applicable), which deposit shall not be made in the name of the Liquidator individually, but shall be a separate deposit account in the Liquidator's name as Liquidator of the Corporation and in the name of the Inspectors (if applicable), and such money shall be withdrawn only by order for payment signed in accordance with such signing authorities as may be determined by the Liquidator in consultation with the Inspectors (if applicable);
- (b)       at every meeting of the Shareholders, produce a pass-book, or statement of account showing the amount of the deposits, the dates at which they were made, the amounts withdrawn and the dates of withdrawal, and mention of such production shall be made in the minutes of the meeting, and the absence of such mention shall be admissible in evidence as proof, in the absence of evidence to the contrary, that the pass-book or statement of account was not produced at the meeting;
- (c)       forthwith after the Effective Date, maintain the listing of the Common Shares on the CSE (and the Liquidator hereby consents to the continued trading of the Common Shares on the CSE subject to compliance with the listing requirements of the CSE);
- (d)       implement the de-listing of the Common Shares from trading on the CSE and provide at least two weeks advance notice to the Shareholders by press release, filed at [www.sedar.com](http://www.sedar.com) and generally disseminated within Canada, of the date on which the Common Shares shall cease trading and whereupon, pursuant to Section 198 of the OBCA, all transfers of Common Shares thereafter shall be void unless made with the explicit sanction of the Liquidator;
- (e)       with the approval of the Inspectors (if applicable), pay or otherwise satisfy all Claims from the Assets;
- (f)       after satisfying all Claims, distribute the remaining Assets rateably among the registered Shareholders according to their rights and interests in the Corporation;

- (g) cause to be filed with the appropriate Governmental Authority all Tax Returns required to be filed by Khan, its subsidiaries and, if necessary, any trusts or special purpose entities for which Khan continues to have responsibility under applicable Legal Requirements;
- (h) remit all taxes required to be remitted by Khan in accordance with all applicable statutes, all outstanding CPP contributions and EIA premiums, including any associated interest and penalties and obtain the Clearance Certificates;
- (i) cause to be filed with the appropriate Governmental Authority all financial statements and reports required to be filed by Khan;
- (j) maintain the continuous disclosure requirements applicable to the Corporation under all applicable securities laws;
- (k) after their appointment in accordance with Section 6.1, meet with the Inspectors regularly and call such meetings by providing at least two days written notice to the Inspectors which notice period may be waived by such Inspectors in their discretion;
- (l) subject to the approval of the Inspectors (if applicable), maintain appropriate director and officer insurance in place for the Liquidator and the Inspectors (if applicable); and
- (m) make up an account showing the manner in which the winding up has been conducted and the Assets disposed of, and thereupon shall call a meeting of the Shareholders for the purpose of having the account laid before them and hearing any explanation that may be given by the Liquidator, and the meeting shall be called in the manner prescribed by the articles or by-laws of the Corporation or, in default thereof, in the manner prescribed by the OBCA for the calling of meetings of shareholders, and within ten days after the meeting is held file a notice in the prescribed form under the OBCA with the OBCA Director stating that the meeting was held and the date thereof and shall forthwith publish the notice in The Ontario Gazette.

#### **4.3 Discretionary Powers of the Liquidator**

The Liquidator is expressly empowered and authorized, but not obligated, to do any of the following:

- (a) with the prior approval of the Inspectors (if applicable), bring or defend any action, suit or prosecution, or other legal proceedings, civil or criminal, in the name and on behalf of the Corporation, provided that the Inspectors (if applicable), in their sole discretion, may determine to oversee and manage the administration of any such proceedings and, if the Inspectors so determine, the Inspectors (and not the Liquidator) shall have full carriage of the administration and management of such proceedings (which may include any proceedings with respect to any Claim) including the ability to settle or otherwise compromise any or all of the matters subject to such proceedings;
- (b) carry on the business of the Corporation so far as may be required as beneficial for the winding up of the Corporation, including the sale of the Corporation;
- (c) sell any of the Assets by public auction or private sale or, where applicable, through a stock exchange, and receive payment of the purchase price either in cash or otherwise;
- (d) do all acts and execute, in the name and on behalf of the Corporation, all documents, and for that purpose use the seal of the Corporation, if any;

- (e) draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the Corporation;
- (f) raise upon the security of the Assets any requisite money;
- (g) call meetings of the Shareholders for any purpose the Liquidator thinks fit;
- (h) with the approval of the Shareholders or the Inspectors (if applicable), make such compromise or other arrangement as the Liquidator thinks expedient with any Creditor or person claiming to be a Creditor or having or alleging that he, she or it has a Claim whereby the Corporation may be rendered liable;
- (i) with the approval of the Shareholders or the Inspectors (if applicable), compromise all debts and liabilities capable of resulting in debts, and all claims, whether present or future, certain or contingent, liquidated or unliquidated, subsisting or supposed to subsist between the Corporation and any contributory, alleged contributory or other debtor or person who may be liable to the Corporation and all questions in any way relating to or affecting the Assets, or the winding up of the Corporation, upon the receipt of such sums payable at such times and generally upon such terms as are agreed, and the Liquidator may take any security for the discharge of such debts or liabilities and give a complete discharge in respect thereof;
- (j) at any time, make an application to the Court under Section 207 of the OBCA to have the liquidation of the Corporation supervised by the Court if the Liquidator considers such an application advisable under the circumstances then existing;
- (k) at any time after the affairs of the Corporation have been fully wound up, make an application to the Court for an order dissolving the Corporation;
- (l) make or cause to be made, from time to time, any interim distributions or distributions in kind of portions of the Assets to the registered Shareholders rateably among the registered Shareholders according to their rights and interests in the Corporation, as considered appropriate and approved by the Inspectors, and while maintaining such reserves as are reasonably necessary to provide for all Claims;
- (m) at any time after the Effective Date, request the Transfer Agent to refrain from making any changes to the registers maintained by the Transfer Agent in respect of the Common Shares, except to the extent necessary as a result of the continued trading of the Common Shares on the CSE;
- (n) wind up or dissolve all wholly-owned subsidiaries of the Corporation; and
- (o) do and execute all such other things as are necessary for winding up the business and affairs of the Corporation and distributing the Assets.

#### **4.4 Reporting Obligations**

The Liquidator shall report to the Shareholders at such times and intervals as the Liquidator may deem appropriate with respect to matters relating to the Assets, Khan and such other matters as may be relevant to this Liquidation Plan.

#### **4.5 Removal of the Liquidator**

The Liquidator may be removed by:

- (a) order of the Court;
- (b) resolution of the majority of the Inspectors (if applicable); or
- (c) ordinary resolution of the Shareholders at a meeting called for the purpose of removing the Liquidator, but only if such order of the Court or resolution of Shareholders or Inspectors (if applicable) appoints another liquidator in the Liquidator's stead which successor liquidator shall become the Liquidator under this Liquidation Plan.

#### **4.6 Resignation of the Liquidator and Filling Vacancy**

If the Liquidator resigns, then a successor liquidator shall be appointed by resolution of the majority of Inspectors, by ordinary resolution of the Shareholders at a meeting called for the purpose of appointing a successor liquidator, or by order of the Court, and such successor liquidator shall become the Liquidator under this Liquidation Plan.

#### **4.7 Fees of the Liquidator**

The Liquidator shall be paid its reasonable fees and disbursements, at such rates as are agreed in writing with the Inspectors (if applicable), from the Assets as and when the Liquidator renders an account to the Corporation and such account is approved by the Inspectors (if applicable). With the agreement of the Liquidator (if applicable), amendments to the terms of the Liquidator's engagement may be made if the Inspectors approve of such amendments. Pursuant to Section 222 of the OBCA, the costs, charges and expenses of the winding up, including the remuneration of the Liquidator, are payable out of the Assets in priority to all other Claims.

#### **4.8 Indemnity**

The Corporation hereby releases, holds harmless, and indemnifies the Liquidator from and against all liabilities, claims and costs of any nature arising from the Liquidator's execution of this Liquidation Plan, save and except any such liabilities, claims or costs arising as a result of the Liquidator's fraud, gross negligence or wilful misconduct.

### **ARTICLE 5 TERMINATION OF EMPLOYEES**

#### **5.1 Termination of Employment**

All Employees shall be terminated on the Effective Date, other than those Employees who are requested by the Liquidator to remain in service and assist in the implementation of this Liquidation Plan and agree to do so which Employees shall remain Employees of the Corporation.

#### **5.2 Employment Agreements**

In connection with the termination of all Employees, Khan shall honour and fully comply with all existing agreements with such Employees.



**ARTICLE 6**  
**INSPECTORS**

**6.1**           **Appointment of Inspectors**

Concurrent with the appointment by the Board of any professional restructuring and advisory firm as successor Liquidator in accordance with Section 4.1(b), each of Grant Edey, Bruce Gooding and Jeremy Budd are hereby appointed as inspectors of the Corporation's liquidation pursuant to Section 194 of the OBCA (the "**Inspectors**").

**6.2**           **Approval of Inspectors**

For any action or inaction which requires the approval of the Inspectors under this Liquidation Plan or the OBCA, such approval shall exist if a majority of the Inspectors approve of the action or inaction by vote at a meeting of Inspectors or otherwise by written resolution signed by a majority of the Inspectors.

**6.3**           **Meetings of Inspectors**

The Liquidator or any one of the Inspectors may call a meeting of Inspectors by providing all of the Inspectors with two days written notice of such meeting, which notice may be waived by the Inspectors in their discretion. Such meetings may be held by teleconference. Quorum for any meeting of Inspectors shall be a majority of the Inspectors. Each of the Inspectors shall have one vote at any such meetings. The Liquidator shall have no vote at such meetings but may chair such meetings with the approval of a majority of the Inspectors. Where the Liquidator is not in attendance at such meetings, the Inspectors may decide among themselves which one shall act as chair of the meeting.

**6.4**           **Removal of Inspectors**

An Inspector may be removed by:

- (a) order of the Court; or
- (b) ordinary resolution of the Shareholders at a meeting called for the purpose of removing an Inspector.

**6.5**           **Filing Vacancies of Inspectors**

There shall always be at least one Inspector and not more than three Inspectors at any time. Any vacancy in the number of permissible Inspectors may be filled by election by the majority of remaining Inspectors.

**6.6**           **Remuneration of Inspectors**

The compensation paid to Inspectors shall be the hourly rates or per diem fees as determined in consultation with the Liquidator. Inspectors shall also be reimbursed for their reasonable expenses and shall participate in the insurance arrangement, if any, described in Section 4.2(1).

**6.7**                    **Indemnity**

The Corporation hereby releases, holds harmless, and indemnifies the Inspectors from and against all liabilities, claims and costs of any nature arising from the Inspector's actions as an Inspector under the Liquidation Plan and pursuant to the OBCA, save and except any such liabilities, claims or costs arising as a result of the Inspector's fraud, gross negligence or wilful misconduct.

**ARTICLE 7**  
**DISTRIBUTIONS**

**7.1**                    **Delivery of Distribution to Shareholders**

Unless otherwise directed, distributions to registered Shareholders shall be made by the Liquidator at the addresses set forth in the registers maintained by the Transfer Agent in respect of the Common Shares as at the date of any such distribution, or if applicable, and to the extent differing from the foregoing, at the address of such registered Shareholder's respective legal representatives, in trust for such registered Shareholder. Beneficial holders of Common Shares shall be entitled to receive distributions only through the applicable registered Shareholder on the registers maintained by the Transfer Agent in respect of the Common Shares.

**7.2**                    **Undeliverable Distributions to Shareholders**

Where the Liquidator is unable to distribute rateably the Assets among the registered Shareholders because a registered Shareholder is unknown or a registered Shareholder's whereabouts is unknown, the share of the Assets of such registered Shareholder may, by agreement with the Public Trustee, be delivered or conveyed by the Liquidator to the Public Trustee to be held in trust for the registered Shareholder, and such delivery or conveyance shall be deemed to be a distribution to that registered Shareholder of his, her or its rateable share for the purpose of this Liquidation Plan.

**7.3**                    **Interim Distributions**

Any distributions to registered Shareholders (other than any final distribution on the cancellation of the Common Shares) shall be either as a reduction of stated capital, subject to satisfying the applicable solvency tests in the OBCA, or as a dividend. The determination as to whether or not to make any such interim distribution and whether or not any such interim distribution is made as a reduction of stated capital or as a dividend shall be made by the Liquidator or the Inspectors (if applicable).

**ARTICLE 8**  
**COMPLETION OF THE LIQUIDATION PLAN**

**8.1**                    **Discharge of Liquidator and Inspectors**

At the Dissolution Date, the Liquidator and Inspectors shall be discharged and shall have no further obligations or responsibilities, except only with respect to any remaining duties or power required to implement and give effect to the terms of this Liquidation Plan.

**ARTICLE 9**  
**GENERAL PROVISIONS**

**9.1           Liquidation Plan Amendment**

(a)       The Liquidator and Inspectors (if applicable) may, at any time prior to the Dissolution Date, agree to amend, modify and/or supplement this Liquidation Plan without the approval of the Shareholders, (i) in order to correct any clerical or typographical error, (ii) as required to maintain the validity or effectiveness of this Liquidation Plan as a result of any change in any Legal Requirement, or (iii) in order to make any change that in the opinion of the Liquidator and the Inspectors (if applicable) is administrative in nature and does not materially change the terms of this Liquidation Plan.

(b)       Subject to the ability of the Liquidator and Inspectors (if applicable) to agree to amend, modify and/or supplement or amend this Liquidation Plan without the approval of the Shareholders as provided in Section 9.1(a), the Liquidator and Inspectors (if applicable) reserve the right, at any time prior to the Dissolution Date, to amend, modify and/or supplement this Liquidation Plan, provided that any such amendment, modification or supplement shall not be effective until approved by a special resolution of the Shareholders at a meeting of Shareholders called for the purposes of approving such amendment, modification or supplement.

**9.2           Severability**

In the event that any provision in this Liquidation Plan is held by the Court to be invalid, void or unenforceable, the Court shall have the power to alter and interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered and interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Liquidation Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

**9.3           Paramountcy**

From and after the Liquidation Date, any conflict between: (A) this Liquidation Plan; and (B) any information summary in respect of this Liquidation Plan, or the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, document or agreement, written or oral, and any and all amendments and supplements thereto existing between Khan and any of the Shareholders, Directors, Liquidator, and Inspectors as at the Liquidation Date, will be deemed to be governed by the terms, conditions and provisions of this Liquidation Plan, which shall take precedence and priority.

**9.4           Responsibilities of the Liquidator**

The Liquidator will have only those powers granted to it by this Liquidation Plan, by the OBCA and by any order of the Court.

**9.5           Notices**

Any notice or communication to be delivered hereunder shall be in writing and shall reference this Liquidation Plan and may, subject as hereinafter provided, be made or given by personal delivery, by fax, courier or e-mail addressed to the respective parties as follows:

- (i) if to a Shareholder:  
at the addresses set forth in the securities register kept at the Transfer Agent;
- (ii) if to a Creditor:  
at the addresses set forth in the books and records of the Corporation or the proofs of claim filed by such Creditor
- (iii) if to the Liquidator or the Inspectors:

The Exchange Tower  
130 King St. West  
Suite 1800  
Toronto, Ontario M5X 1E3

Attention: Grant Edey  
Fax: 416.360.3405  
E-mail: gedey@rogers.com

or to such other address as any party may from time to time notify the others in accordance with this Section 9.5. All such notices and communications which are delivered shall be deemed to have been received on the date of delivery. Any such notices and communications which are faxed shall be deemed to be received on the date faxed if sent before 5:00 p.m. Eastern Standard Time on a Business Day and otherwise shall be deemed to be received on the Business Day next following the day upon which such fax was sent. Any notice or other communication sent by mail shall be deemed to have been received on the fifth Business Day after the date of mailing. The unintentional failure by the Liquidator to give a notice contemplated hereunder shall not invalidate any action taken by any Person pursuant to this Liquidation Plan.

#### **9.6 Governing Law**

This Liquidation Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to conflict of laws. All questions as to the interpretation or application of this Liquidation Plan and all proceedings taken in connection with this Liquidation Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

The foregoing Liquidation Plan being adopted by the Board as of this day of October 5<sup>th</sup>, 2016