This document is important and requires your immediate attention. If you have any questions as to how to deal with it, you should consult your investment dealer, broker, bank manager, lawyer or other professional advisor. No securities regulatory authority in Canada or the United States (including the United States Securities and Exchange Commission or any securities regulatory authority of any U.S. State) has expressed an opinion about, or passed upon the fairness or merits of, the transaction described in this document, the securities being offered pursuant to such transaction or the adequacy of the information contained in this document and it is an offense to claim otherwise.

ARRANGEMENT

INVOLVING

KHAN RESOURCES INC. AND

2567850 ONTARIO INC.

NOTICE OF ANNUAL AND SPECIAL MEETING AND

MANAGEMENT PROXY CIRCULAR FOR

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF KHAN RESOURCES INC.

TO BE HELD ON MAY 5, 2017

April 6, 2017

TAKE ACTION AND VOTE TODAY

These materials are important and require your immediate attention. They require shareholders of Khan Resources Inc. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors, or our proxy solicitation agent listed below.

Your vote is important regardless of the number of shares you own. Whether or not you are able to attend, we urge you to vote using your enclosed proxy or voting instruction form. Please carefully follow the instructions provided to vote your shares.

If you have any questions or require assistance with voting, please contact our proxy solicitation agent: Laurel Hill Advisory Group

North American Toll-Free Number: 1-877-452-7184

Collect Calls Outside North America: 416-304-0211

Email: assistance@laurelhill.com

April 6, 2017

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Khan Resources Inc. ("**Khan**", the "**Corporation**" or the "**Company**"), I would like to invite you to attend Khan's annual and special meeting (the "**Meeting**") of the shareholders ("**Shareholders**") of Khan to be held on Friday, May 5, 2017 at 2:00 p.m. (Toronto Time) at the offices of Davies Ward Phillips & Vineberg LLP, 40th Floor, 155 Wellington Street West Toronto, Ontario.

The Arrangement

At the Meeting, you will be asked to consider and, if thought advisable, approve, *inter alia*, a special resolution (the "**Arrangement Resolution**") with respect to the arrangement (the "**Arrangement**") involving the acquisition by 2567850 Ontario Inc. ("**Arden**"), of all of the outstanding common shares (the "**Common Shares**") of Khan, pursuant to an arrangement agreement dated March 22, 2017 between Khan, Arden Holdings Ltd. ("**Arden Holdings")** and Arden (the "**Arrangement Agreement**"), for cash consideration of $0.05 per Common Share (the "**Consideration**").

Board Recommendation

On November 10, 2016, the voluntary liquidation and dissolution of Khan (the "**Winding-Up**") was approved by way of a special resolution (the "**Liquidation Resolution**") with 99.95% of the Common Shares voted in person or represented by proxy at a special meeting of the Shareholders. The Liquidation Resolution gave a clear mandate to the Company, supported by an overwhelming majority of Shareholders, to implement the Winding-Up. The Liquidation Resolution does, however permit the Board to discontinue the Winding-Up if it determines that continuing with the Winding-Up is no longer in the best interest of the Company and its Shareholders. As disclosed in connection with the Liquidation Resolution, at the time Khan anticipated that any further distributions of cash to Shareholders as part of the Winding-Up would aggregate between $0.01 and $0.08 per Common Share. Khan now anticipates that any such further distribution would aggregate between $0.02 and $0.07 per Common Share (based on the worst case and best case scenarios). The Arrangement provides Shareholders with the opportunity to receive cash of $0.05 per share now rather than wait for the completion of the Winding-Up which could take another year or more. In light of this, the Board has determined that it is in the best interest of Khan and its Shareholders to discontinue the Winding-Up to enable Shareholders the opportunity to vote in favour of this opportunity. If the required Shareholder approval for the Arrangement Resolution is not obtained at the Meeting, or the Arrangement is otherwise not completed, the Board will continue to proceed with the Winding-Up of Khan in accordance with the Liquidation Resolution.

Accordingly, the special committee of independent directors formed for the purpose of evaluating the Arrangement (the "Special Committee") unanimously believes, as does all but one of the directors, that the Arrangement is in the best interests of Khan and its Shareholders, and recommend that Shareholders vote their Common Shares <u>IN FAVOUR</u> of the Arrangement Resolution. In making their recommendations, the Board and the Special Committee considered a number of factors as described on page 15 in the accompanying management information circular of Khan dated April 6, 2017 (the "Circular") under the heading "The Arrangement — Reasons for the Recommendations".

One of the directors of Khan, Mr. Marc Henderson, opposes the Arrangement. Mr. Henderson has indicated that he intends to vote all shares owned or controlled by him against the Arrangement, and to exercise his dissent rights. He also indicated that he has had discussions with certain other shareholders who also intend to vote against the Arrangement. After the public announcement of the Arrangement, Khan has received correspondence from certain shareholders indicating their intention to vote against the Arrangement and to exercise their dissent rights in order to block the transaction. The opposing Shareholders have urged the Board to discontinue the Winding-Up and to terminate the Arrangement Agreement and to pursue a reverse take-over or similar transaction, despite the fact that no alternative transaction has been proposed. The opposing Shareholders have requested that at least two of Khan's directors resign and that two directors nominated by the opposing Shareholders be appointed to the Board. The Company has refused to do so. The Special Committee and all but one of the directors continue to believe that, if the Arrangement is not completed, it would be in the best interest of the Company and its Shareholders to continue

with the Winding-Up, in accordance with the overwhelming approval of the Shareholders who voted in favour of the Winding-Up.

Voting Requirements

To become effective, the Arrangement Resolution must be approved (a) by at least two-thirds of the votes cast by Shareholders present at the Meeting in person or by proxy and (b) a simple majority of the votes cast by Shareholders present at the Meeting in person or by proxy, excluding the votes cast by such Shareholders who are required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). To the knowledge of Khan, only the votes attached to the Common Shares owned by Mr. Grant A. Edey, Khan's Chairman, President and Chief Executive Officer, will be excluded from the "majority of the minority" vote mandated by MI 61-101. The Arrangement is also subject to certain other conditions, including certain regulatory approvals and the approval of the Ontario Superior Court of Justice.

Your participation in the Meeting is important, regardless of the number of shares you hold. Whether or not you intend to attend the Meeting, please complete the enclosed form of proxy in accordance with the instructions set out therein and in the Circular and promptly return the form of proxy in the enclosed envelope.

Completion Date

Subject to the satisfaction or waiver of all conditions precedent including obtaining court and other approvals, if Shareholders approve the Arrangement Resolution, it is anticipated that the Arrangement will be completed in May 2017.

On behalf of Khan, we would like to thank all Shareholders for their ongoing support during our international arbitration with the Government of Mongolia, subsequent settlement and initial distribution. The Board and the Special Committee believes that, in the circumstances, the Arrangement is the best possible outcome for Khan and Shareholders.

We hope that we will have the opportunity to welcome you to the Meeting.

Sincerely,

GRANT A. EDEY (signed)
Chairman, President and Chief Executive Officer

KHAN RESOURCES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "**Meeting**") of shareholders ("**Shareholders**") of Khan Resources Inc. ("**Khan**", the "**Corporation**" or the "**Company**") will be held at the offices of Davies Ward Phillips & Vineberg LLP, 40th Floor, 155 Wellington Street West Toronto, Ontario on Friday, May 5, 2017 at 2:00 p.m. (Toronto time) in order to:

1. to elect directors of Khan to hold office until the earlier of when the Arrangement (as defined below) becomes effective and the next annual meeting of Shareholders;

2. to receive the financial statements for the year ended September 30, 2016 and the report of the auditors thereon;

3. to re-appoint auditors and to authorize the directors to fix their remuneration**;**

4. to consider, pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 6, 2017, and, if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix A to the accompanying management proxy circular (the "**Circular**"), approving an arrangement (the "**Arrangement**") pursuant to Section 182 of the *Business Corporations Act* (Ontario), as amended (the "**OBCA**"), all as more particularly described in the Circular; and

5. to act upon such other matters, including amendments to the foregoing, as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

Khan's board of directors (the "**Board**") has fixed the close of business on April 5, 2017 as the record date for determining Shareholders entitled to receive notice of, attend and to vote at, the Meeting and any postponement or adjournment of the Meeting. Only Shareholders of record at the close of business on the record date are entitled to have their votes counted at the Meeting.

In order to become effective, the Arrangement Resolution must be approved by (a) at least two-thirds of the votes cast by Shareholders present at the Meeting in person or by proxy and (b) a simple majority of the votes cast by Shareholders present at the Meeting in person or by proxy, excluding the votes cast by such Shareholders who are required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). To the knowledge of Khan, only the votes attached to the Common Shares owned by Mr. Grant A. Edey, Khan's Chairman, President and Chief Executive Officer, will be excluded from the "majority of the minority" vote mandated by MI 61-101.

Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) dated April 6, 2017, registered Shareholders have been granted the right to dissent in respect of the Arrangement Resolution. If the Arrangement becomes effective, a registered Shareholder who dissents in respect of the Arrangement Resolution (a "**Dissenting Shareholder**") is entitled to be paid the fair value of the Common Shares held by such Dissenting Shareholder, provided that such Dissenting Shareholder has delivered a written objection to the Arrangement Resolution to Khan by 5:00 p.m. (Toronto time) on May 3, 2017, being the second Business Day (as defined in the Circular) preceding the Meeting (or, if the Meeting is postponed or adjourned, the second Business Day preceding the date of the postponed or adjourned Meeting) and has otherwise complied strictly with the dissent procedures described in the Circular, including the relevant provisions of Section 185 of the OBCA. This right is described in detail in the accompanying Circular under the heading "Rights of Dissenting Shareholders". The text of Section 185 of the OBCA, which will be relevant in any dissent proceeding, is set forth in Appendix G to the Circular. **Failure to comply strictly with the dissent procedures described in the Circular may result in the loss of any right of dissent. Beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered owners of Common Shares are entitled to dissent.** The obligation of Arden to complete the Arrangement is subject, among other matters, to there

not having been delivered and not withdrawn notices of dissent in respect of more than 10% of the outstanding Common Shares.

If you have any questions or require assistance in voting your proxy, please contact our proxy solicitation agent, Laurel Hill Advisory Group, at 1-877-452-7184 toll free in North America, or call collect outside North America at 416-304-0211 or by email at assistance@laurelhill.com.

DATED at Toronto, Ontario this 6th day of April, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

GRANT A. EDEY (signed)
Chairman, President and Chief Executive Officer

Shareholders are cordially invited to attend the Meeting. Shareholders are urged to complete and return the enclosed proxy or voting instruction form promptly. To be effective, Khan proxies must be received at the Toronto office (200 University Ave West, Suite 300 M5H 4H1) of TSX Trust Company ("**TSX Trust**"), the Corporation's registrar and transfer agent, by 2:00 p.m. (Toronto time) on May 3, 2017 or the two business days prior to any adjourned or postponed Meeting. Shareholders whose shares are held by a nominee may receive either a voting instruction form or form of proxy from such nominee and should carefully follow the instructions provided by the nominee in order to have their shares voted at the Meeting.

Proxies will be counted and tabulated by TSX Trust, the Corporation's registrar and transfer agent, in such a manner as to protect the confidentiality of how a particular shareholder votes except where they contain comments clearly intended for management, in the case of a proxy contest, or where it is necessary to determine the proxy's validity or to permit management and the Board of Directors to discharge their legal obligations to the Corporation or its shareholders.

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QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE ARRANGEMENT

The following is a summary of certain information contained in or incorporated by reference into this Circular, including the Appendices hereto, together with some of the questions that you, as a Shareholder, may have and answers to those questions. You are urged to read the remainder of the Circular, the form of proxy and the Letter of Transmittal carefully, because the information contained below is of a summary nature and therefore is not complete. The following summary is qualified in its entirety by the more detailed information contained elsewhere in or incorporated by reference into this Circular, including the Appendices hereto, the form of proxy and the Letter of Transmittal all of which are important and should be reviewed carefully. Capitalized terms used in these Questions and Answers but not otherwise defined herein have the meanings set forth elsewhere in the Circular.

Q: What am I voting on?

A: Shareholders are voting on:

(a) the election of directors to the board of directors of Khan to hold office until the earlier of when the Arrangement (as defined below) becomes effective and the next annual meeting of Shareholders;

(b) the appointment of auditors for Khan for 2017; and

(c) the passing of the Arrangement Resolution, in the form set out in Appendix A, approving the Arrangement.

Q: Who is entitled to vote?

A: Shareholders as of the close of business on April 5, 2017 are entitled to vote. Each Common Share is entitled to one vote on those items of business identified in the Notice of Annual and Special Meeting of Shareholders.

Q: How do Registered Shareholders vote?

A: There are two ways that you can vote your Common Shares if you are a registered holder of Common Shares (a "**Registered Shareholder**"). You may vote in person at the meeting or you may sign the enclosed form of proxy appointing the named persons or some other person you choose, who need not be a shareholder, to represent you as proxy holder and vote your Common Shares at the meeting.

Q: How do Beneficial Shareholders vote?

A: There are two ways that you can vote your Common Shares if you hold your shares through a brokerage firm, bank or trust. You may complete the enclosed voting instruction form ("**VIF**") and return it in the enclosed envelope provided or vote online at www.proxyvote.com

Q: What if I plan to attend the meeting and vote in person?

A: If you are a Registered Shareholder and plan to attend the meeting on May 5, 2017 and wish to vote your Common Shares in person at the meeting, do not complete or return the form of proxy. Your vote will be taken and counted at the meeting. Please register with Khan's transfer agent, TSX Trust, upon arrival at the meeting. If your Common Shares are held in the name of a nominee, please see the box on page 6 for voting instructions.

Q: Who is soliciting my proxy?

A: The enclosed form of proxy is being solicited by Khan and the associated costs will be borne by Khan. Khan has retained Laurel Hill Advisory Group to assist with the solicitation of votes and communications with Shareholders in connection with the Arrangement. In connection with these services, Laurel Hill is expected to receive a fee of up to $35,000 plus taxes and reasonable out-of-pocket expenses. Shareholders with any questions or concerns on the Arrangement or the information contained in this Information Circular are encouraged to contact Laurel Hill Advisory Group toll-free at 1-877-452-7184 (416-304-0211 collect) or by email at assistance@laurelhill.com.

Q: What if I sign the form of proxy enclosed with this Circular?

A: Signing the enclosed form of proxy gives authority to Grant A. Edey who is a director and an officer of Khan, or to another person you have appointed, to vote your Common Shares at the meeting.

Q: Can I appoint someone other than these directors or officers to vote my Common Shares?

A: Yes. Each Shareholder has the right to appoint a person, who need not be a Shareholder, to represent, attend and act on behalf of the Shareholder at the meeting. To exercise this right, write the name of this person in the blank space provided in the form of proxy.

It is important to ensure that any other person you appoint is attending the meeting and is aware that he or she has been appointed to vote your Common Shares. Proxy holders should, upon arrival at the meeting, present themselves to a representative of the TSX Trust.

Q: What do I do with my completed proxy?

A: Return it to the Toronto office of TSX Trust, Khan's transfer agent, in the envelope provided or by fax to 416.595.9593, so that it arrives no later than 2:00 p.m. (Eastern Standard Time) on May 3, 2017. This will ensure your vote is recorded. The time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion, without notice.

Q: If I change my mind, can I take back my proxy once I have given it?

A: Yes. If you change your mind and wish to revoke your proxy, prepare a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered to the registered office of Khan no later than 5:00 p.m. (Eastern Standard Time) on May 3, 2017 or two business days before any adjourned or postponed Meeting.

Q: How will my shares be voted if I give my proxy?

A: The persons named on the form of proxy must vote for or against or withhold from voting your Common Shares in accordance with your directions.

Q: What if amendments are made to these matters or if other matters are brought before the meeting?

A: The person named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Shareholders and with respect to other matters that may properly come before the meeting or any adjournment(s) or postponement(s) thereof, whether or not such other amendment, variation or other matter that comes before the Meeting is routine or is contested.

As at the time of printing this Circular, management of Khan knows of no such amendment, variation or other matter expected to come before the meeting. If any other matters properly come before the meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

Q: How many shares are entitled to vote?

A: As of April 6, 2017, there were outstanding 90,166,482 Common Shares. Each Registered Shareholder has one vote for each Common Share held at the close of business on April 5, 2017. To the knowledge of the directors and management of Khan and based on public filings of Shareholders, the following shareholders are the only shareholders who own or exercise control or direction over more than 10% of the outstanding Common Shares of Khan:

(a) Camac Partners, LLC, with 13,296,821 Common Shares, or 14.75% of the outstanding Common Shares; and

(b) VR Global Partners, LP, with 16,639,000 Common Shares, or 18.45% of the outstanding Common Shares**.**

Q: How will the votes be counted?

A: Each question brought before the meeting, aside from the Arrangement Resolution, is determined by a majority of votes cast on the question.

The Arrangement Resolution must be approved by (a) at least two-thirds of the votes cast by Shareholders present at the Meeting in person or by proxy and (b) a simple majority of the votes cast by Shareholders present at the Meeting in person or by proxy, excluding the votes cast by such Shareholders who are required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). To the knowledge of Khan, only the votes attached to the Common Shares owned by Mr. Grant A. Edey, Khan's Chairman, President and Chief Executive Officer, will be excluded from the "majority of the minority" vote mandated by MI 61-101.

Q: Who counts the votes?

A: Khan's transfer agent, TSX Trust, counts and tabulates the proxies. This is done independently of Khan to preserve the confidentiality of individual shareholder votes. Proxies are referred to Khan only in cases where a Shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

Q: If my Common Shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my Common Shares?

A: There are two ways that you can vote your Common Shares held by your nominee. Unless you have previously informed your nominee that you do not wish to receive material relating to the meeting, you will have received from your nominee either a request for voting instructions or a form of proxy for the number of Common Shares you hold.

For your Common Shares to be voted for you, please follow the instructions provided by your nominee.

Since Khan has limited access to the names of its beneficial Shareholders ("**Beneficial Shareholders**"), if you attend the meeting, Khan will have no record of your shareholdings or your entitlement to vote unless your nominee has appointed you as proxy holder. Therefore, if you wish to vote in person at the meeting, insert your own name in the space provided on the request for voting instructions or form of proxy to appoint yourself as proxy holder and return same in the manner instructed by your nominee. Do not otherwise complete the form as your vote will be taken at the meeting. Please register with the transfer agent, TSX Trust, upon arrival at the meeting.

Q: What are the recommendations of the Board and the Special Committee?

A: **The Board and the Special Committee have determined (i) that the Arrangement is in the best interests of Khan and the Shareholders and (ii) to recommend that Shareholders vote <u>IN FAVOUR</u> of the Arrangement Resolution.**

Q: Why are the Board and the Special Committee making these recommendations?

A: During March, 2017 the Board established the Special Committee, comprised of its independent directors (Messrs Eric Shahinian, Loudon Owen and David L. McAusland), to consider all of the strategic options available to Khan. As part of this mandate, the Special Committee oversaw and supervised the process carried out by Khan in negotiating and entering into the Arrangement Agreement and advised the Board with respect to any recommendation that the Board should make to Shareholders. The Special Committee retained Blair Franklin Capital Partners Inc. (the "**Financial Advisor**") as the financial advisor to Khan, the Board and the Special Committee.

The Special Committee unanimously determined that the proposed Arrangement with Arden was fair to Shareholders and in the best interests of Khan. The Special Committee then recommended that the Board approve the Arrangement Agreement.

In making their recommendations, the Board and the Special Committee considered a number of factors as described in the Circular under the heading "The Arrangement — Reasons for the Recommendations", including the Fairness Opinion.

See "The Arrangement — Background to the Arrangement" and "The Arrangement – Reasons for the Recommendations".

Q: Have any Shareholders indicated their support for the Arrangement?

A: Yes. Certain Shareholders, including the senior officers and all but one of the directors of Khan, representing, in aggregate approximately 38.9% of the issued and outstanding Common Shares (the "**Supporting Shareholders**"), have indicated their support for the Arrangement and their intention to vote in favour of the Arrangement. Of the Shareholders that have indicated their support, senior officers and directors of Khan and certain Shareholders, representing in aggregated approximately 20.4% of the issued and outstanding Common Shares (the "**Locked-Up Shareholders**") have entered into lock-up agreements (the "**Lock-Up Agreements**") with Arden and Arden Holdings to vote their Common Shares in favour of the Arrangement Resolution.

Q: Have any Shareholders indicated their opposition to the Arrangement?

A: Yes. Mr. Marc Henderson, a director of Khan and Chief Executive Officer of Laramide Resources Inc. has expressed his opposition. Mr. Henderson has also indicated to Khan that he is aware of other shareholders who have recently purchased Common Shares in order to amass a sufficient number of Common Shares to block the Arrangement. Khan has also received communications with some of these Shareholders indicating their intention to vote against the Arrangement and to exercise their dissent rights in order to block the transaction. The opposing Shareholders have urged the Board to discontinue the Winding-Up and to terminate the Arrangement Agreement and to pursue a reverse take-over or similar transaction, despite the fact that no alternative transaction has been proposed. The opposing Shareholders have requested that at least two of Khan's directors resign and that two directors nominated by the opposing Shareholders be appointed to the Board. The Company has refused to do so. The Special Committee and

all but one of the directors continue to believe that, if the Arrangement is not completed, it would be in the best interest of the Company and its Shareholders to continue with the Winding-Up.

Q: When will the Arrangement become effective?

A: Subject to obtaining Court and other approvals as well as the satisfaction of all other conditions precedent, if Shareholders approve the Arrangement Resolution, it is anticipated that the Arrangement will be completed in May, 2017.

Q: How will I know when the Arrangement will be implemented?

A: On the Effective Date, Khan and Arden will publicly announce that the conditions are satisfied or waived and that the Arrangement has been implemented.

Q: What will I receive for my Common Shares under the Arrangement?

A: Under the Arrangement, each Shareholder shall receive, for each Common Share held cash consideration of $0.05 per Common Share (the "**Consideration**").

See "The Arrangement — Description of the Arrangement".

Q: How do I receive my consideration under the Arrangement?

A: If you hold your Common Shares through a broker, trustee, financial institution or other nominee, your broker or other nominee will surrender your Common Shares in exchange for the cash payable for such Common Shares following completion of the Arrangement. As soon as practicable after the completion of the Arrangement and the receipt by the Depositary from a Registered Shareholder of a properly completed Letter of Transmittal together with the certificates representing its Common Shares, and all other required documents, the Depositary will pay to such Registered Shareholder the cash to which it is entitled under the Arrangement.

If you are a Registered Shareholder, you should have received with this Circular a Letter of Transmittal. In order to receive the cash to which you are entitled for your Common Shares pursuant to the Arrangement, Registered Shareholders must complete and sign the Letter of Transmittal accompanying this Circular and deliver it, certificates representing their Common Shares and the other documents required by it to the Depositary in accordance with the instructions contained in the Letter of Transmittal. You can request additional copies of the Letter of Transmittal by contacting the Depositary. The Letter of Transmittal is also available electronically on SEDAR at *www.sedar.com*.

Q: What are the Canadian federal income tax consequences of the elections that I make with respect to the Arrangement?

A: A Shareholder who is a resident in Canada and holds Common Shares as capital property will generally realize a capital gain (or capital loss) to the extent the cash received for such Common Shares exceeds (or is exceeded by) the aggregate of the Shareholder's adjusted cost base of such shares and its reasonable costs of disposition. If the Shareholder is a non-resident of Canada, any capital gain realized will not be subject to Canadian income tax unless the Common Shares are taxable Canadian property to the Shareholder and a tax treaty does not exempt the gain from taxation.

See "Certain Canadian Federal Income Tax Considerations".

Q: What will happen to Khan if the Arrangement is completed?

A: If the Arrangement is completed, Arden will acquire all of the Common Shares and Khan will become a wholly-owned subsidiary of Arden. Arden and Khan intend to have the Common Shares de-listed from the

Canadian Securities Exchange (the "**CSE**"). In addition, Khan will apply to cease to be a reporting issuer (or the equivalent) in all jurisdictions in which it is a reporting issuer (or the equivalent) and thus will terminate its reporting obligations in Canada. See "Effect of the Arrangement on Markets and Listings".

Q: What will happen if the Arrangement Resolution is not approved or the Arrangement is not completed for any reason?

A: If the Arrangement Resolution is not approved or the Arrangement is not completed for any reason, the Arrangement Agreement may be terminated. If this occurs, Khan will continue with the Winding-Up in accordance with the liquidation plan approved by the Shareholders by way of the Liquidation Resolution passed on November 10, 2016. As contemplated in the liquidation plan, a formal Liquidator will be appointed, at which time the Common Shares will be de-listed from the CSE and will no longer be transferable. Khan anticipates that any further distribution of cash to Shareholders as part of the Winding-Up would aggregate between $0.02 and $0.07 per Common Share (based on the worst case and best case scenarios). See Effect of the Arrangement on Markets and Listings" and "Risk Factors Relating to the Arrangement".

In certain circumstances, such as the Arrangement Agreement being terminated as a result of Khan receiving a Superior Proposal, Khan will be required to pay to Arden a termination fee of $175,000. In other circumstances, such as the Arrangement Agreement being terminated as a result of Arden or Arden Holdings breaching certain representations, warranties or covenants, Arden or Arden Holdings will be required to pay to Khan a termination fee of $175,000. Khan may be required to reimburse Arden Holdings for reasonable and documented out-of-pocket expenses incurred by Arden Holdings in connection with the Arrangement if the Arrangement Agreement is terminated by Arden Holdings due to the Arrangement failing to occur before June 30, 2017. See "The Arrangement Agreement – Termination Fee and Expense Reimbursement".

Q: What approvals are required by Shareholders at the Meeting?

A: To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of (a) at least two-thirds of the votes cast by Shareholders present at the Meeting in person or by proxy and (b) a simple majority of the votes cast by Shareholders present at the Meeting in person or by proxy, excluding the votes cast by such Shareholders who are required to be excluded pursuant to MI 61-101.

Q: Are Shareholders entitled to Dissent Rights?

A: Yes. Under the Interim Order, Registered Shareholders are entitled to Dissent Rights only if they follow the procedures specified in the OBCA, as modified by the Interim Order. If you wish to exercise Dissent Rights, you should review the requirements summarized in the Circular carefully and consult with legal counsel. See "Rights of Dissenting Shareholders".

Q: What do I need to do now?

A: You should carefully read and consider the information contained in this Circular. Shareholders should then complete, sign and date the enclosed form of proxy and return it in the enclosed return envelope or by facsimile as indicated in the Notice of Meeting as soon as possible so that your Common Shares may be represented at the Meeting. To be eligible for voting at the Meeting, unless otherwise determined by the Chairman of the Meeting in his sole discretion. Late proxies may be accepted or rejected by the Chairman of the Meeting at his discretion and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice, the form of proxy must be returned by mail or by facsimile to the Transfer Agent not later than 2:00 p.m. (Toronto time) on May 3, 2017 or, if the Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays or any other holiday in Toronto, Ontario) prior to the time of such

adjourned or postponed Meeting. See "General Information Concerning the Meeting and Voting – Appointment of Proxyholder".

Q: If my Common Shares are held in street name by my broker, will my broker vote my Common Shares for me?

A: A broker will vote the Common Shares held by you only if you provide instructions to your broker on how to vote. Without instructions, those Common Shares will not be voted. Shareholders should instruct their brokers to vote their Common Shares by following the directions provided to them by their brokers. Unless your broker gives you its proxy to vote the Common Shares at the Meeting, you cannot vote those Common Shares owned by you at the Meeting. See "General Information Concerning the Meeting and Voting – Explanation of Voting Rights for Beneficial Owners of Common Shares".

Q: Should I send in my proxy now?

A: Yes. To ensure the Arrangement Resolution is passed, you need to complete and submit the enclosed form of proxy or, if applicable, provide your broker with voting instructions. See "General Information Concerning the Meeting and Voting – Appointment of Proxyholder" and "General Information Concerning the Meeting and Voting – Explanation of Voting Rights for Beneficial Owners of Common Shares".

Q: When will I receive the consideration payable to me under the Arrangement for my Common Shares?

A: You will receive the consideration due to you under the Arrangement promptly after the Arrangement Resolution is approved, Court and other approvals have been obtained, the Arrangement becomes effective and your Letter of Transmittal and Common Share certificate(s) (if you are a Registered Shareholder) and all other required documents are received by the Depositary. See "The Arrangement – Procedure for Arrangement to Become Effective".

Q: What happens if I send in my Common Share certificates and the Arrangement Resolution is not approved or the Arrangement is not completed?

A: If you are a Registered Shareholder and the Arrangement Resolution is not approved or if the Arrangement is not otherwise completed, your Common Share certificates will promptly be returned to you by the Depositary.

Q: Who can help answer my questions?

A: Shareholders who have additional questions about the Arrangement, including the procedures for voting, should contact Laurel Hill at 1-877-452-7184 toll free in North America, or call collect outside North America at 416-304-0211, or by email at assistance@laurelhill.com. Shareholders who have questions about deciding how to vote should contact their professional advisors.

MANAGEMENT PROXY CIRCULAR

This management proxy circular ("**Circular**") is furnished in connection with the solicitation of proxies by or on behalf of the management of Khan Resources Inc. ("**Khan**") for use at the annual and special meeting of shareholders ("**Shareholders**") of Khan (the "**Meeting**") to be held at the offices of Davies Ward Phillips & Vineberg LLP, 40th Floor, 155 Wellington Street West Toronto, Ontario on Friday, May 5, 2017 at 2:00 p.m. (Toronto time), and at any adjournment(s) or postponement(s) thereof, for the purposes set forth in the Notice of Meeting. The costs of solicitation will be borne by Khan. It is expected that solicitation will be made primarily by mail, but proxies may also be solicited personally or by telephone or other communication by directors, officers and employees of Khan with special compensation.

Except where otherwise indicated, the information contained in this Circular is given as of April 6, 2017.

All currency amounts referenced to in this Circular are expressed in Canadian dollars, unless otherwise indicated.

FINANCIAL INFORMATION

All financial statements and financial data derived therefrom included or incorporated by reference in this Circular pertaining to Khan have been prepared in accordance with IFRS.

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

Khan and Arden are corporations organized and existing under the laws of the Province of Ontario. Khan, Arden, this Circular and the solicitation of proxies contemplated in this Circular are not subject to the proxy solicitation and disclosure requirements of the *United States Securities Exchange Act* of 1934, as amended, and the rules and regulations promulgated thereunder. The solicitation of proxies is being made, and the transactions contemplated herein are being undertaken, by a Canadian issuer in accordance with applicable Canadian federal and provincial corporate and securities laws, and this Circular has been prepared in accordance with the federal and provincial disclosure requirements applicable in Canada. Shareholders should be aware that disclosure requirements under such Canadian laws are different from those of the United States applicable to registration statements under U.S. federal and state securities laws.

The enforcement by Shareholders of rights, claims and civil liabilities under U.S. federal or state securities laws may be affected adversely by the fact that Khan and Arden exist under the laws of the Province of Ontario, that some or all of their respective officers and directors or experts named herein, if any, are not residents of the United States and that all or substantially all of the respective assets of such Persons are located outside the United States. You may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. federal or state securities laws. It may be difficult to compel such parties or affiliates of a non-U.S. company to subject themselves to the jurisdiction of a court in the United States or to enforce a judgment obtained from a court in the United States.

THIS CIRCULAR AND THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES REGULATORY AUTHORITY IN ANY STATE OF THE UNITED STATES NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY SECURITIES REGULATORY AUTHORITY IN ANY STATE OF THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

This Circular does not address any tax considerations of the Arrangement other than Canadian federal income tax considerations to Shareholders. Shareholders who are resident in jurisdictions other than Canada should consult their own tax advisors with respect to the relevant tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions. All Shareholders should

also consult their own tax advisors regarding relevant provincial or territorial tax considerations of the Arrangement.

The solicitation of proxies made pursuant to this Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with disclosure requirements applicable in Canada, and the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws. Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and to proxy statements under the U.S. Exchange Act.

Also see the section entitled "Dissenting Shareholders' Rights" in the Circular and Appendix G to the Circular.

Shareholders in the United States should be aware that the financial statements and financial information of Khan are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards, each of which differ in certain material respects from U.S. generally accepted accounting principles and auditing and auditor independence standards and thus may not be comparable in all respects to financial statements and information of U.S. companies.

FORWARD-LOOKING STATEMENTS

Certain information in this Circular may contain forward-looking statements within the meaning of applicable securities laws including, among others, those relating to the proposed Arrangement, the timing of the closing of the proposed Arrangement and the completion thereof, 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. Forward-looking statements generally can be identified by words such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect Khan's current beliefs and are based on information currently available to management. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future, and readers are cautioned that such statements may not be appropriate for other purposes. These statements are not guarantees of future results and are based on Khan's estimates and assumptions that are subject to risks and uncertainties. Those risks and uncertainties include, among other things, risks related to: satisfaction of the conditions precedent to the Arrangement; that the Arrangement will not be completed on the terms set out in the Arrangement Agreement; 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. See "Risk Factors". Khan cautions that this list of factors is not exhaustive. Although the forward-looking statements contained in this Circular are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. All forward-looking statements in this Circular are qualified by these cautionary statements. The forward-looking statements are made only as of the date on which such statements are or were made and Khan assumes no obligation to update or revise them to reflect new information or the occurrence of future events or circumstances, except as required by applicable law.

NOTICE REGARDING INFORMATION

No person has been authorized to give information or to make any representations in connection with or with respect to the Arrangement other than those contained in this Circular and, if given or made, any such information or representations should not be relied upon in making a decision as to how to vote on the Arrangement Resolution or be considered to have been authorized by Khan or Arden.

This Circular does not constitute solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

All summaries of, and references to, the Arrangement in this Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Appendix C to this Circular, and to the Arrangement Agreement, a copy of which is attached as Appendix B to this Circular. You are urged to carefully read the full text of the Plan of Arrangement.

Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial or other matters in connection herewith.

THIS CIRCULAR AND THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

SUMMARY OF CIRCULAR

The following is a summary of certain information contained elsewhere in, or incorporated by reference into, this Circular, including the Appendices hereto. Certain capitalized terms used in this summary are defined elsewhere in this Circular. This summary is qualified in its entirety by the more detailed information appearing elsewhere, or incorporated by reference, in this Circular.

The Meeting

The Meeting will be held at 2:00 p.m. (Toronto time) on May 5, 2017 at Davies Ward Phillips & Vineberg LLP at 155 Wellington Street West, Toronto, Ontario, M5V3J7 for the purposes set forth in the Notice of Meeting. At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass, with or without variation, the Arrangement Resolution to approve the Arrangement under Section 182 of the OBCA.

Khan has fixed April 5, 2017 as the record date for determining those Shareholders entitled to receive notice of and to vote at the Meeting.

Shareholder Approval

The Board and the Special Committee recommend that Shareholders vote their Common Shares **IN FAVOUR** of the Arrangement Resolution. To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of (a) at least two-thirds of the votes cast by Shareholders on the Arrangement Resolution, in person or by proxy, and (b) a simple majority of the votes cast by Shareholders present at the Meeting in person or by proxy, excluding the votes cast by such Shareholders who are required to be excluded pursuant to MI 61-101. To the knowledge of Khan, only the votes attached to the Common Shares owned by Mr. Grant A. Edey, Khan's Chairman, President and Chief Executive Officer, will be excluded from the "majority of the minority" vote mandated by MI 61-101.

The Arrangement Resolution must be passed in order for Khan to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the Final Order. See "The Arrangement — Shareholder Approval".

Effects of the Arrangement

If the Arrangement Resolution is passed and all of the other conditions to closing of the Arrangement are satisfied or waived, Arden will acquire all of the outstanding Common Shares from Shareholders in exchange for $0.05 per Common Share. Upon completion of the Arrangement, Khan will become a wholly-owned subsidiary of Arden. See "The Arrangement — Description of the Arrangement".

Description of the Arrangement

If the Arrangement is approved by the Shareholders and all of the conditions precedent to the completion of the Arrangement are satisfied or waived, the Arrangement will become effective at the Effective Time (which is expected to be at 12:01 a.m. (Toronto time) on the Effective Date). At the Effective Time, the following shall be deemed to occur in the following order:

1. Commencing at the Effective Time:

   (a) The shareholder rights plan of Khan shall terminate and be of no further force and effect and all rights issued thereunder shall terminate and expire without any payment in respect thereof.

   (b) The current directors of Khan shall cease to be directors and the following persons shall become the directors of Khan: Colin Hames and Karen McArthur.

(c) The following steps shall occur simultaneously: each Common Share outstanding immediately prior to the Effective Time shall be transferred from the holder thereof to Arden in exchange for the Consideration from Arden, subject to (for greater certainty) applicable withholdings, which amount shall be paid to the holder from the funds deposited with the Depositary, and the names of the holders of such Common Shares transferred to Arden shall be removed from the register of holders of Common Shares, and Arden shall be recorded as the registered holder of the Common Shares so acquired and shall be the legal and beneficial owner thereof; provided that, if ultimately entitled under the OBCA, Dissenting Shareholders shall have the right to receive a payment from Arden equal to the fair value of the outstanding Common Shares held immediately prior to the Effective Time by such Dissenting Shareholders in lieu of the Consideration.

See "The Arrangement — Description of the Arrangement".

Khan

Khan is a Canadian-based company that had interests in the Dornod Uranium Project. Khan and its subsidiaries' mining and exploration licences were not renewed by the NEA, and Khan subsequently initiated the International Arbitration against the GOM. Khan was successful in the arbitration and ultimately received US$70 million in settlement proceeds from the GOM. Pursuant to a special Shareholders meeting held on November 10, 2016, the Shareholders resolved to proceed with the Winding-Up of Khan. See "Information Relating to Khan – General" and "The Arrangement – Background to the Arrangement".

Arden

Arden is a wholly-owned subsidiary of Arden Holdings, incorporated pursuant to the laws of the Province of Ontario for the purposes of carrying out the Arrangement. Arden Holdings is a private Turks and Caicos company. which holds investments in a number of private and public companies in Canada, the United States and the United Kingdom.

Fairness Opinion

Blair Franklin Capital Partners Inc. (the "**Financial Advisor**") was formally engaged by the Special Committee on March 6, 2017 as the financial advisor to Khan and the Special Committee, to advise and assist the Special Committee in connection with reviewing and assessing Arden's offer, including providing an opinion as to the fairness, from a financial point of view, of the consideration to be received in respect of any transaction that emerged from such offer.

On March 21, 2017, the Financial Advisor delivered orally to the Special Committee and the Board its opinion as to the fairness, from a financial point of view, of the consideration payable under the Arrangement to the Shareholders (the "**Fairness Opinion**"). The Financial Advisor subsequently confirmed the Fairness Opinion by delivery of a written opinion to the Special Committee and the Board dated March 24, 2017, a copy of which is attached to this Circular as Appendix F. Based upon and subject to the assumptions made and the matters considered in the Fairness Opinion, **the Financial Advisor is of the opinion that, as of the date of such opinion, the consideration payable to the Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders**.

The Fairness Opinion does not constitute a recommendation to Shareholders with respect to the Arrangement Resolution. See "The Arrangement — Fairness Opinion".

Recommendation of the Board and the Special Committee

The Board and the Special Committee believe that the Arrangement is in the best interests of Khan and Shareholders. Accordingly, Khan has entered into the Arrangement Agreement and the Board and the Special Committee recommend that Shareholders vote their Common Shares <u>IN FAVOUR</u> of the Arrangement Resolution.

Reasons for the Recommendations

In making their recommendations, the Board and the Special Committee considered a number of factors, including:

1. The risks and uncertainties affecting Khan and the Winding-Up, including uncertainty regarding the potential tax liability in connection with the orderly winding-up of Khan BV in Netherlands and of Khan in Canada.

2. The time-value of receiving cash of $0.05 per Common Share earlier as opposed to continuing with the Winding-Up, in which Khan anticipates that any further distributions of cash in the future aggregate between $0.02 and $0.07 per Common Share (based on the worst case and best case scenarios).

3. The Consideration is payable in cash, which provides certainty of value and liquidity to the Shareholders as opposed to continuing with the Winding-Up, under which the ultimate value is uncertain and the Common Shares will become illiquid upon the appointment of a formal Liquidator.

4. The Fairness Opinion, which provides that, based upon and subject to the assumptions made and the matters considered in such opinion, the Financial Advisor is of the opinion that, as of the date of such opinion, the consideration payable to the Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders.

5. The likelihood that Arden will be able to complete the Arrangement, given the absence of a financing condition.

6. Under the Plan of Arrangement, all Shareholders are treated the same.

7. Directors, officers and major shareholders holding approximately 38.9% of the 90,166,482 Common Shares (the "**Supporting Shareholders**"), some of which have entered into Lock-Up Agreements, have indicated their support of the Arrangement and their intention to vote in favour of the Arrangement.

8. The Arrangement Agreement does not prevent a third party from making an unsolicited Acquisition Proposal.

9. Subject to compliance with the terms of the Arrangement Agreement, the Board is not precluded from considering and responding to an unsolicited Acquisition Proposal that is a Superior Proposal at any time prior to the approval of the Arrangement Resolution by Shareholders, and in the event that a Superior Proposal is made and not matched by Arden, upon payment by Khan of the Termination Fee, the Arrangement Agreement may be terminated by Khan and Khan may enter into an acquisition agreement with the third party making the Superior Proposal.

10. The terms and conditions of the Arrangement Agreement, including Khan's and Arden's representations, warranties and covenants and the conditions to their respective obligations are, in the judgment of Khan, after consultation with its legal counsel, reasonable.

11. The requirement that the Arrangement Resolution be passed by at least (a) two-thirds of the votes cast by Shareholders present at the Meeting in person or by proxy and (b) a simple majority of the votes cast by Shareholders present at the Meeting in person or by proxy, excluding the votes cast by such Shareholder that are required to be excluded pursuant to MI 61-101.

12. If a Superior Proposal is made to Shareholders prior to the Meeting, Shareholders, other than the Locked-Up Shareholders, are free to support such Superior Proposal and vote against the Arrangement Resolution; in the event that the Arrangement Agreement is terminated by Khan as described above to enable it to enter into an acquisition agreement with a third party that has made a Superior Proposal, then such Lock-Up Agreements terminate and the Locked-Up Shareholders are free to support such Superior Proposal.

13. The procedures by which the Arrangement is to be approved, including the requirement for approval by the Court after a hearing at which fairness will be considered.

14. The availability of rights of dissent to the Registered Shareholders with respect to the Arrangement. See "Rights of Dissenting Shareholders".

15. The Special Committee retained independent financial advisors, who advised the Board and the Special Committee as to the fairness of the consideration payable to Shareholders under the Arrangement.

16. The Arrangement Agreement is the result of arm's-length negotiations between Khan and Arden Holdings Ltd. (the parent company of Arden) ("**Arden Holdings**") and Arden.

17. The Plan or Arrangement and Arrangement Agreement treat other stakeholders equitably and fairly.

18. Arden or Arden Holdings is required to pay the Reverse Termination Fee to Khan under certain circumstances where the Arrangement Agreement is terminated.

The Special Committee and the Board also considered a number of potential risks and potential negative factors relating to the Arrangement, including the following:

1. The risk to Khan if the Arrangement is not completed, including the costs to Khan in pursuing the Arrangement and the diversion of management's attention away from the Winding-Up.

2. The conditions to Arden's obligation to complete the Arrangement and the right of Arden to terminate the Arrangement Agreement under certain limited circumstances.

3. The limitations contained in the Arrangement Agreement on Khan's ability to solicit additional interest from third parties, as well as the fact that if the Arrangement Agreement is terminated under certain circumstances, Khan must pay the Termination Fee to Arden, and if the Arrangement Agreement is terminated under certain other circumstances, Khan must pay the Expense Reimbursement to Arden, as described in "The Arrangement Agreement – Termination Fee".

Letter of Transmittal

A Letter of Transmittal is being mailed, together with this Circular, to each person who was a Registered Shareholder on the Record Date. Each Registered Shareholder must forward a properly completed and signed Letter of Transmittal, with accompanying Common Share certificates, in order to receive the consideration to which such Shareholder is entitled under the Arrangement. It is recommended that Registered Shareholders complete, sign and return the Letter of Transmittal with accompanying Common Share certificates to the Depositary as soon as possible.

Lock-Up Agreements

Certain of the Supporting Shareholders who own, directly or indirectly, approximately 20.4% of the outstanding Common Shares (the "**Locked-Up Shareholders**"), as of the close of business on April 6, 2017 have entered into lock-up agreements (the "**Lock-Up Agreements**") with Arden and Arden Holdings pursuant to which, among other things, they agreed to vote the Common Shares owned by them, or for which voting or dispositive power is held by them (the "**Locked-Up Shares**"), in favour of the Arrangement Resolution. See "The Arrangement – Lock-Up Agreements".

Interests of Certain Persons in the Arrangement

Except as otherwise disclosed in this Circular, including under "The Arrangement – Interests of Certain Persons in the Arrangement", no director or executive officer of Khan, and no associate or affiliate of any of the

foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in respect of the Arrangement.

The Arrangement Agreement

The Arrangement Agreement provides for the Arrangement and matters related thereto. Under the Arrangement Agreement, Khan has agreed to, among other things, call the Meeting to seek approval of Shareholders for the Arrangement Resolution and, if approved, apply to the Court for the Final Order. See "The Arrangement Agreement".

Court Approval and Completion of the Arrangement

The Arrangement requires approval by the Court. Prior to the mailing of this Circular, Khan obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is attached hereto as Appendix D. A copy of the Notice of Application applying for the Final Order is attached hereto as Appendix I.

Subject to the approval of the Arrangement Resolution by Shareholders at the Meeting, the hearing in respect of the Final Order is expected to take place on or about May 9, 2017 in the Court at 330 University Avenue, Toronto, Ontario, or as soon thereafter as is reasonably practicable. Any Shareholder who wishes to appear or be represented and to present evidence or arguments must serve and file a notice of appearance as set out in the Notice of Application for the Final Order and satisfy any other requirements of the Court. The Court will consider, among other things, the fairness and reasonableness of the Arrangement and the rights of every person affected. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Assuming the Final Order is granted and the other conditions to closing contained in the Arrangement Agreement are satisfied or waived, it is currently anticipated that Articles of Arrangement for Khan will be filed with the Director under the OBCA to give effect to the Arrangement in May, 2017. See "The Arrangement — Court Approval and Completion of the Arrangement".

Dissent Rights

The Interim Order expressly provides registered holders of Common Shares with the right to dissent with respect to the Arrangement. As a result, any Dissenting Shareholder is entitled to be paid the fair value (determined as of the close of business on the Effective Date) of all, but not less than all, of the shares of the same class beneficially held by it in accordance with Section 185 of the OBCA, if the Shareholder dissents with respect to the Arrangement and the Arrangement becomes effective.

Section 185 of the OBCA provides that a shareholder may only make a claim under that section with respect to all of the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the shareholder's name. One consequence of this provision is that a Registered Shareholder may only exercise the Dissent Rights under Section 185 of the OBCA (as modified by the Plan of Arrangement and the Interim Order) in respect of Common Shares that are registered in that Shareholder's name.

The execution or exercise of a proxy does not constitute a written objection for purposes of the right to dissent under the OBCA.

The Interim Order and the OBCA require strict adherence to the procedures established therein and failure to adhere strictly to such procedures may result in the loss of all rights of dissent with respect to the Arrangement Resolution. Accordingly, each Shareholder who desires to exercise rights of dissent should carefully consider and comply with the provisions of Section 185 of the OBCA, as modified by the Plan of Arrangement and the Interim Order, and consult its legal advisors.

Notwithstanding subsection 185(6) of the OBCA (pursuant to which a written objection may be provided at or prior to the Meeting), a Dissenting Shareholder who seeks payment of the fair value of its Common Shares is required to deliver a written objection to the Arrangement Resolution to Khan by 5:00 p.m. (Toronto time) on the second Business Day preceding the Meeting (or, if the Meeting is postponed or adjourned, the second Business Day preceding the date of the reconvened or postponed Meeting). Khan's address for such purpose is 130 King Street East, Suite 1800, Toronto, Ontario, M5X 1E3.

A vote against the Arrangement Resolution or a withholding of votes does not constitute a written objection.

A Dissenting Shareholder who fails to send to Khan, within the required time frame, a dissent notice, demand for payment and certificates representing the Common Shares in respect of which the Shareholder dissents forfeits the right to make a claim under Section 185 of the OBCA as modified by the Plan of Arrangement and the Interim Order. The Transfer Agent will endorse on the share certificates received from a Dissenting Shareholder a notice that the holder is a Dissenting Shareholder and will forthwith return the certificates to the Dissenting Shareholder.

Failure to comply strictly with the dissent procedures described in the Circular may result in the loss of any right of dissent. Beneficial Shareholders of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only Registered Shareholders are entitled to dissent. The obligation of Arden to complete the Arrangement is subject, among other matters, to there not having been delivered and not withdrawn notices of dissent in respect of more than 10% of the outstanding Common Shares. See "Right of Dissenting Shareholders".

De-listing of Common Shares

If the Arrangement is completed, the Common Shares will be de-listed from the CSE, Khan will apply to cease to be a reporting issuer (or the equivalent) in all jurisdictions in Canada in which it is a reporting issuer (or the equivalent) and thus will terminate its reporting obligations in Canada. If the Arrangement is not completed, Khan intends to continue with the Winding-Up and de-list the Common Shares from the CSE upon the appointment of the Liquidator. See "Effect of the Arrangement on Markets and Listings".

Certain Canadian Federal Income Tax Considerations

A Shareholder who is resident in Canada and holds Common Shares as capital property will generally realize a capital gain (or capital loss) to the extent the cash received for such shares exceeds (or is exceeded by) the aggregate of the Shareholder’s adjusted cost base of such Common Shares and its reasonable costs of disposition.

Shareholders who are not resident in Canada will not be subject to Canadian income tax on the sale of their Common Shares under the Arrangement unless (i) the Common Shares are "taxable Canadian property" of the Shareholder and (ii) a tax treaty does not exempt the gain from taxation in Canada.. See "Certain Canadian Federal Income Tax Considerations".

Risk Factors

There are a number of risk factors relating to the Arrangement, all of which should be carefully considered by Shareholders. See "Risk Factors Relating to the Arrangement".

GENERAL INFORMATION CONCERNING THE MEETING AND VOTING

This Management Information Circular and Proxy Statement, including all Appendices hereto (the ''Circular'') is furnished in connection with the solicitation of proxies by the management of Khan Resources Inc. (the ''Corporation'' or ''Khan'') for use at the Annual and Special Meeting of shareholders (or any postponement or adjournment thereof) of Khan (the ''Meeting'') to be held at 2:00 p.m. (Toronto time) on Friday, May 5, 2017 for the purposes set forth in the accompanying Notice of Meeting.

The solicitation of proxies will be primarily by mail, but proxies may also be solicited personally, by telephone, by e- mail, by internet or other means of communication by regular employees, officers and agents of the Corporation for which no additional compensation will be paid. The cost of preparing, assembling and mailing this Circular, the Notice of Meeting, the proxy form, the voting instruction form and any other material relating to the Meeting and the cost of soliciting proxies has been or will be borne by Khan. It is anticipated that copies of this Circular, the Notice of Meeting, and accompanying proxy form or voting instruction form will be distributed to shareholders on or about April 11, 2017.

This Circular provides the information that you need to vote at the Meeting.

- If you are a registered holder of common shares of Khan (the "**Common Shares**"), we have enclosed a proxy form that you can use to vote at the Meeting.

- If your Common Shares are held by a nominee, you may receive either a form of proxy or voting instruction form from such nominee and should carefully follow the instructions provided by the nominee in order to have your Common Shares voted at the Meeting.

Unless otherwise indicated, the information in this Circular is given as at April 6, 2017 and all references to financial results are based on our financial statements prepared in accordance with International Financial Reporting Standards. Unless otherwise indicated, all references to "$" are to Canadian dollars.

These security holder materials are being sent to both registered and beneficial owners of the securities. If you are a beneficial owner, and Khan or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, Khan (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

VOTING INFORMATION

Voting Matters

At the Meeting, shareholders are voting to (i) approve as a special resolution attached hereto as Appendix A (the "**Arrangement Resolution**") an arrangement (the "**Arrangement**") pursuant to Section 182 of the *Business Corporations Act* (Ontario), as amended (the "**OBCA**") pursuant to which 2567850 Ontario Inc. ("**Arden**") will acquire all of the Common Shares for $0.05 per Common Share, (ii) on the election of directors and (iii) on the appointment of auditors and authorization of the board of directors (the "Board") to fix their remuneration.

Who Can Vote

The record date for the Meeting is April 5, 2017. Holders of record of Common Shares as of the close of business on April 5, 2017 are entitled to vote at the Meeting. Each Common Share is entitled to one vote on those items of business identified in the Notice of Meeting. With respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting, Common Shares represented by proxy will be voted by the persons so designated in their discretion, whether or not such other amendment, variation or other matter that comes before the Meeting is routine or contested.

Voting your Common Shares

Registered Shareholders

If you are a Registered Shareholder, you may attend and vote in person at the Meeting or give another person authority to represent you and vote your shares at the Meeting, as described below under "Voting by Proxy".

Beneficial Shareholders

Your Common Shares may not be registered in your name but in the name of a nominee, which is usually a trust company, securities broker or other financial institution. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

Your nominee is required to seek your instructions as to how to vote your Common Shares. To vote your Common Shares through your nominee, you should carefully follow the instructions of your nominee with respect to the procedures to be followed for voting. Generally, nominees will provide Beneficial Shareholders with either: (a) a voting instruction form for completion and execution by you, or (b) a proxy form, executed by the nominee and restricted to the number of shares owned by you, but otherwise uncompleted. These procedures are to permit Beneficial Shareholders to direct the voting of the Common Shares that they beneficially own. Additionally, Khan may utilize Broadridge's QuickVote™ service to assist shareholders with voting their shares. Certain Beneficial Shareholders who have not objected to Khan knowing who they are (non-objecting Beneficial Shareholders) may be contacted by Laurel Hill Advisory Group to conveniently obtain a vote directly over the phone.

If you are a Beneficial Shareholder, to vote your shares in person at the Meeting, you should take the following steps:

(d) appoint yourself as the proxy holder by writing your own name in the space provided on the voting instruction form or form of proxy; and

(e) follow the nominee's instructions for return of the executed form or other method of response.

Do not otherwise complete the form as your vote, or the vote of your designate, will be taken at the Meeting.

Voting by Proxy

If you will not be at the Meeting or do not wish to vote in person, you may still vote by using the enclosed proxy form. A proxy must be in writing and must be executed by you or by your attorney authorized in writing.

Your Proxy Vote

On the proxy form, you can indicate how you want to vote your Common Shares, or you can let your proxy holder decide for you.

All Common Shares represented by properly completed proxies received at the Toronto office (200 University Ave West, Suite 300 M5H 4H1) of TSX Trust Company ("**TSX Trust**") by 2:00 p.m. (Toronto time) on May 3, 2017 or two business days before any adjourned or postponed Meeting will be voted or withheld from voting, in accordance with your instructions as specified in the proxy, on any ballot votes that take place at the Meeting. If you give directions on how to vote your shares, your proxy holder must vote your shares according to your instructions. If you have not specified how to vote on a particular matter, then your proxy holder can vote your shares as he or she sees fit. **If neither you nor your proxy holder gives specific instructions, your Common Shares will be voted as follows:**

- **FOR** the Arrangement Resolution as set out in Appendix A of this Circular.

- **FOR** the election of the three (3) nominees as directors for the ensuing, year; and

- FOR the appointment of Collins Barrow Toronto LLP as auditors for the ensuing year and the authorization of the directors to fix their remuneration.

Appointing a Proxy holder

A proxy holder is the person you appoint to act on your behalf at the Meeting and to vote your shares. **You may choose anyone to be your proxy holder, including someone who is not a shareholder of Khan.** Simply fill in the name in the blank space provided on the enclosed proxy form. If you leave the space in the proxy form blank, the persons designated in the form, who are officers of Khan, are appointed to act as your proxy holder.

Your proxy authorizes the proxy holder to vote and act for you at the Meeting, including any continuation after an adjournment or postponement of the Meeting.

Revoking Your Proxy

Only Registered Shareholders have the power to revoke proxies given by them. If you give a proxy, you may revoke it at any time before it is used by doing any one of the following:

- You may send another proxy form with a later date to the Toronto office (200 University Ave West, Suite 300 M5H 4H1) of TSX Trust, but it must reach TSX Trust by 5:00 p.m. (Toronto time) on May 3, 2017 or two business days before any adjourned or postponed Meeting.

- You may revoke a proxy as set out below:

    - by depositing an instrument in writing that is signed by the shareholder or by an attorney who is authorized by a document that is signed in writing or by electronic signature; or

    - by transmitting, by telephonic or electronic means, a revocation that is signed by an electronic signature if the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of the shareholder or the attorney, as the case may be.

The instrument or revocation must be received at the registered office of Khan, located at The Exchange Tower, 130 King Street West, Suite 1800, Toronto, Ontario, M5X 1E3 or by facsimile at (416) 947-0167, by 5:00 p.m. (Toronto time) on May 3, 2017 or two business days before any adjourned or postponed Meeting.

Beneficial Shareholders who wish to change their vote, must in sufficient time in advance of the Meeting, arrange for their respective intermediaries to change their vote and if necessary, revoke their proxy in accordance with the revocation procedures set out above.

THE ARRANGEMENT

Background to the Arrangement

The decision of the Board and the Special Committee to approve the Arrangement and to recommend that Shareholders vote in favour of the Arrangement Resolution is the culmination of a series of events that occurred over several years. The following is a summary of the material events, discussions and negotiations leading up to the execution and public announcement of the entering into of the Arrangement Agreement.

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 Project**"), 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 international arbitration 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 Khan Resources LLC ("**Khan Mongolia**") 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 Khan Mongolia and US$14.9 million was paid to Khan Resources B.V. ("**Khan BV**"), which owned 75% of Khan Mongolia.

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 Khan Mongolia 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 Khan Mongolia) 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 received 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.

Voluntary Winding-Up and Initial Distribution

On November 10, 2016, the Shareholders held a special meeting (the "**Special Meeting**") to consider whether to approve, by way of a special resolution (the "**Liquidation Resolution**") (i) the voluntary winding-up of Khan pursuant to the OBCA (the "**Winding-Up**"), (ii) the plan of liquidation for Khan and (iii) an initial distribution of $0.85 per Common Share to Shareholders by way of a return of capital. Shareholders present and represented by proxy at the Special Meeting approved of the Liquidation Resolution, with a 99.95% vote in favour of the Liquidation Resolution. Notwithstanding the Shareholder approval of the Liquidation Resolution, at any time until the appointment of the formal liquidator (the "**Liquidator**"), the Board retained the discretion to discontinue the Winding-Up if it determines that continuing with the Winding-Up is no longer in the best interests of Khan or the Shareholders. Following the approval of the Winding-Up, Khan made an initial distribution of $0.85 per Common Share on November 29, 2016 to the Shareholders of record at November 22, 2016. At the time, Khan disclosed that it anticipated that any further distribution of cash to Shareholders as part of the Winding-Up would aggregate

between $0.01 and $0.08 per Common Share. Khan now anticipates, factoring in subsequent events, that any distributions would aggregate between $0.02 and $0.07 per Common Share (based on the worst case and best case scenarios).

On December 21, 2016, Khan BV received a preliminary tax assessment from Dutch tax authorities in the amount of €11.4 million of taxes payable based on an assessed taxable income of €45.8 million for the fiscal year ended July 31, 2016. Management believed that this was an over-assessment, and appealed to the Dutch tax authority for a re-assessment. On February 15, 2017, Khan BV received an amended preliminary tax assessment from the Dutch tax authority based upon an assessed taxable income of €13.2 million and giving rise to a tax of €3.3 million. Management believes that this amended preliminary tax assessment continues to be an over-assessment, as management believes, based on professional tax advice, that there should be no taxes owing in the Netherlands.

On January 9, 2017, the Company prepaid taxes owing to the CRA of $708,000 in connection with its tax filings for the fiscal year ended September 30, 2016. On March 31, 2017, the Company received a tax refund of $90,000 from the CRA.

The Arrangement

Following the Special Meeting and the initial distribution of $0.85 per Common Shares to Shareholders, the Company continued with the liquidation, including the orderly winding up of its one remaining subsidiary, Khan Netherlands BV ("**Khan BV**"). On December 21, 2016, Khan BV received a preliminary tax assessment from the Dutch tax authority in the amount of €11.4 million (later amended to €3.3 million). Khan BV formally disputed the assessment, and intends to file a tax return on the basis of no taxes being payable. If the Dutch tax authority continues to assert that Dutch tax is payable by Khan BV in connection with its share of the settlement proceeds received from the Government of Mongolia, the matter could take a significant amount of time and resources to resolve. This would further delay the completion of the liquidation of the Company and impact the amount and timing of the final distribution of the Company's remaining cash to the shareholders.

In early January, the Company was approached by representatives of Arden Holdings to discuss whether or not the Company would be interested in exploring a possible sale of the Company. Arden Holdings is related to the purchaser who acquired the shares of Khan Bermuda under the Khan Bermuda Purchase Agreement. Mr. Colin Hames, the President of Arden Holdings, is also the president of such purchaser. Mr. Hames proposed to Khan that a similar transaction be done for Khan, whereby Arden Holdings (or an affiliate thereof) would acquire all the Common Shares for a cash amount that is less than the cash position of Khan in return for an upfront payment and assumption of the Khan BV and the Company's current and potential liabilities. Discussions ensued with regards to the proposed structure, terms and conditions of a possible transaction and, on January 16, 2017, an unsigned, draft letter of intent was received by the Company outlining the possible terms and conditions of a proposed transaction.

Following further discussions about the proposed terms and conditions, Arden Holdings sent to the Company a signed non-binding letter of intent (the "**LOI**") on January 18, 2017 proposing to acquire all of the Common Shares for $0.05 per Common Share (the "**Proposal**"). The LOI contained a pre-condition that at least two of the three major shareholders of Khan (collectively representing 49.4% of the outstanding Common Shares) enter into support agreements for the transaction. All three major shareholders had previously expressed support for receiving a cash offer if an opportunity arose, and accordingly Khan was optimistic that this pre-condition would be met.

On January 23, 2017, the Board met to further consider the Proposal and the status of discussions with Arden Holdings. The Board considered the potential opportunities and risks associated with proceeding with further discussions with Arden Holdings, and given the all-cash nature of the Proposal, the uncertainty of taxes payable by Khan BV in Netherlands, the time-value of money and the fact that the $0.05 per Common Share offer set forth in the Proposal fell within the range of estimated future distributions per Common Share, the Board determined that the Proposal warranted a further dialogue, provided that appropriate precautions be taken in view of the non-binding nature of the proposal. A single director, Mr. Marc Henderson, expressed opposition to the proposal. Mr. Henderson suggested that in his view the Company should not proceed with this proposal, and, rather than continue with the liquidation process, the Company should instead utilize its remaining cash balances and status as a reporting issuer to pursue a reverse takeover or other alternate transaction. The Board instructed Khan's management

to enter into the LOI with Arden Holdings to engage in further discussions regarding the Proposal, on the condition that Arden Holdings enter into a confidentiality agreement with Khan providing that evaluation materials provided to Arden Holdings are to be kept confidential. The LOI and the confidentiality agreement were executed on January 24, 2017, and Arden Holdings conducted due diligence in respect of the Company and its assets and liabilities through the month of February.

On February 24, 2017, Arden Holdings and its legal advisors, Norton Rose Fulbright Canada LLP, delivered drafts of the Arrangement Agreement and the Lock-Up Agreements to Khan and its legal advisors.

On March 3, 2017, in light of continued expressions of opposition to the proposed transaction by Mr. Henderson, including suggestions of possible alternative transactions, the advanced discussions with Arden Holdings, the Board established a special committee of independent directors of the Board comprised of Eric Shahinian (Chair), Loudon Owen and David McAusland, with the authority to, among other things review, direct and supervise the negotiation of the transaction and any alternative transaction that may arise, and if determined to be in the best interest of the Company and to maximize shareholder value in light of the liquidation already underway, to make recommendations to the Board with respect to any such transaction. At the Board meeting, Mr. Henderson reiterated his opposition to the proposed transaction, and indicated that he had approached certain large shareholders to discuss whether they would be willing to sell their shares prior to the proposed transaction. Mr. Henderson expressed optimism that at least some of them would agree to sell, resulting in a sufficiently large block of shares being held by persons who would vote against the proposed transaction, such that the transaction would fail to achieve the required two-thirds majority vote. Despite this, all of the other members of the Board, in accordance with their fiduciary duties as directors of the Company, determined to proceed with the negotiations on the agreement.

Between March 4 and March 21, 2017, the Special Committee held multiple meetings with its legal advisors to discuss the Proposal, the terms and conditions of the Arrangement Agreement and the status of negotiations with Arden Holdings. No proposals with respect to alternative transactions were received by the Company. On March 6, 2017, the Special Committee formally retained Blair Franklin Capital Partners Inc. (the "**Financial Advisor**") as its independent financial advisors in connection with the Proposal. Pursuant to the terms of its engagement, the Financial Advisor agreed that in its role as financial advisor to the Board, it would deliver an opinion on the fairness of the Proposal on a fixed fee basis.

On March 10, 2017, Khan was advised by Mr. Marc Henderson that a significant shareholder of Khan had sold its Common Shares at $0.05 per share. Khan is not aware of the identity of the buyers of such shares or the circumstances of such transactions. The selling shareholder indicated that selling the Khan shares was in its best interest, as it did not want to expose its investors to the risk of delays or non-completion of the proposed Arrangement.

The Special Committee met on March 21, 2017, to receive a presentation from the Financial Advisor with respect to the proposed Arrangement. Following the presentation, the Financial Advisor provided an oral opinion (subsequently confirmed in writing) to the Special Committee that as of the date of the opinion and based on and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders. The Special Committee also reviewed the terms of the Arrangement Agreement with Davies Ward Phillips & Vineberg LLP and received advice regarding the Arrangement. After careful consideration, the Special Committee unanimously resolved: (i) that the Arrangement is fair to the Shareholders and is in the best interests of Khan; (ii) to recommend that the Board approve the Arrangement and that Shareholders vote in favour of the Arrangement; and (iii) to recommend to the Board that the Arrangement Agreement be approved.

Following the conclusion of the meeting of the Special Committee, the Board met and received a presentation from the Special Committee on its recommendations to the Board. The Board also received advice from Davies Ward Phillips & Vineberg LLP in connection with the Arrangement. The Financial Advisor presented its analysis and orally delivered its opinion, which opinion was subsequently confirmed in a written opinion to the Board, dated March 24, 2017 to the effect that, as of that date and subject to the qualifications, limitations and assumptions stated in its written opinion, the $0.05 per Common Share consideration to be received by the Shareholders pursuant to the Arrangement was fair, from a financial point of view, to the Shareholders

After careful consideration of the alternatives available to Khan, the Board, based upon its investigations, including consultations with its independent legal and financial advisors, its consideration of the unanimous favourable recommendation of the Special Committee, the Fairness Opinion and the reasons for the Arrangement as set forth under "The Arrangement—Reasons for the Arrangement" below, determined that the Arrangement Agreement and the Arrangement are in the best interests of Khan and fair to the Shareholders, approved the transactions contemplated by the Arrangement Agreement and determined to recommend that Shareholders vote in favour of the Arrangement.

A single director, Mr. Marc Henderson, voted against adoption of the Arrangement Agreement on the basis that, in his view, the Company had more value as a going-concern, notwithstanding the fact that the Company was in liquidation and had a clear mandate from shareholders to liquidate or otherwise monetize the remaining value of its assets and to distribute its remaining cash after satisfying its liabilities. All other Board members voted in favour of the adopting the Arrangement Agreement and proceeding with the transaction, subject to Shareholder and Court approval.

Following the approval of the Board, the Arrangement Agreement was executed and delivered by Khan, Arden and Arden Holdings on March 22, 2017. Khan subsequently issued a news release announcing the proposed Arrangement and the execution of the Arrangement Agreement.

After the public announcement of the Arrangement, Khan has received correspondence from certain shareholders indicating their intention to vote against the Arrangement and to exercise their dissent rights in order to block the transaction. The opposing Shareholders have urged the Board to discontinue the Winding-Up and to terminate the Arrangement Agreement and to pursue a reverse take-over or similar transaction, despite the fact that no alternative transaction has been proposed. The opposing Shareholders have requested that at least two of Khan's directors resign and that two directors nominated by the opposing Shareholders be appointed to the Board. The Company has refused to do so. The Special Committee and all but one of the directors continue to believe that, if the Arrangement is not completed, it would be in the best interest of the Company and its Shareholders to continue with the Winding-Up, in accordance with the overwhelming approval of the Shareholders who voted in favour of the Winding-Up.

If the Arrangement Agreement is not approved by the Shareholders or the Arrangement does not otherwise proceed, it is the intention of the Company to continue with the Winding-Up. It is expected a formal Liquidator would be appointed to supervise the distribution of the remaining assets of the Company, and the Shares will be delisted from the CSE and will no longer be transferable.

Recommendation of the Special Committee

The Special Committee believes that the Arrangement is in the best interests of Khan and Shareholders. Accordingly, the Special Committee recommended that the Board enter into the Arrangement Agreement and unanimously recommends that Shareholders vote their Common Shares IN FAVOUR of the Arrangement Resolution.

Recommendation of the Board

The Board, other than Mr. Henderson, believes that the Arrangement is in the best interests of Khan and Shareholders. Accordingly, the Board has entered into the Arrangement Agreement and recommends that Shareholders vote their Common Shares IN FAVOUR of the Arrangement Resolution.

Reasons for the Recommendations

In making their recommendations, the Board and the Special Committee considered a number of factors, including:

1. The risks and uncertainties affecting Khan and the Winding-Up, including uncertainty regarding the potential tax liability in connection with the orderly winding-up of Khan BV in the Netherlands and of Khan in Canada.

2. The time-value of receiving cash of $0.05 per Common Share earlier as opposed to continuing with the Winding-Up, in which Khan anticipates that any further distributions of cash in the future aggregate between $0.02 and $0.07 per Common Share (based on the worst case and best case scenarios).

3. The Consideration is payable in cash, which provides certainty of value and liquidity to the Shareholders as opposed to continuing with the Winding-Up, under which the ultimate value is uncertain and the Common Shares will become illiquid upon the appointment of a formal Liquidator.

4. The Fairness Opinion, which provides that, based upon and subject to the assumptions made and the matters considered in such opinion, the Financial Advisor is of the opinion that, as of the date of such opinion, the consideration payable to the Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders.

5. The likelihood that the Arden will be able to complete the Arrangement, given the absence of a financing condition.

6. Under the Plan of Arrangement, all Shareholders are treated the same.

7. The Supporting Shareholders, some of which have entered into Lock-Up Agreements, have indicated their support of the Arrangement and their intention to vote in favour of the Arrangement.

8. The Arrangement Agreement does not prevent a third party from making an unsolicited Acquisition Proposal.

9. Subject to compliance with the terms of the Arrangement Agreement, the Board is not precluded from considering and responding to an unsolicited Acquisition Proposal that is a Superior Proposal at any time prior to the approval of the Arrangement Resolution by Shareholders, and in the event that a Superior Proposal is made and not matched by Arden, upon payment by Khan of the Termination Fee, the Arrangement Agreement may be terminated by Khan and Khan may enter into an acquisition agreement with the third party making the Superior Proposal.

10. The terms and conditions of the Arrangement Agreement, including Khan's and Arden's representations, warranties and covenants and the conditions to their respective obligations are, in the judgment of Khan, after consultation with its legal counsel, reasonable.

11. The requirement that the Arrangement Resolution be passed by at least (a) two-thirds of the votes cast by Shareholders present at the Meeting in person or by proxy and (b) a simple majority of the votes cast by Shareholders present at the Meeting in person or by proxy, excluding the votes cast by such Shareholder that are required to be excluded pursuant to MI 61-101

12. If a Superior Proposal is made to Shareholders prior to the Meeting, Shareholders, other than the Locked-Up Shareholders, are free to support such Superior Proposal and vote against the Arrangement Resolution; in the event that the Arrangement Agreement is terminated by Khan as described above to enable it to enter into an acquisition agreement with a third party that has made a Superior Proposal, then such Lock-Up Agreements terminate and the Locked-Up Shareholders are free to support such Superior Proposal.

13. The procedures by which the Arrangement is to be approved, including the requirement for approval by the Court after a hearing at which fairness will be considered.

14. The availability of rights of dissent to the Registered Shareholders with respect to the Arrangement. See "Rights of Dissenting Shareholders".

15. The Special Committee retained independent financial advisors, who advised Khan, the Board and the Special Committee as to the fairness of the consideration payable to Shareholders under the Arrangement.

16. The Arrangement Agreement is the result of arm's-length negotiations between Khan and Arden Holdings and Arden.

17. The Plan or Arrangement and Arrangement Agreement treat other stakeholders equitably and fairly.

18. Arden or Arden Holdings is required to pay the Reverse Termination Fee to Khan under certain circumstances where the Arrangement Agreement is terminated.

The Special Committee and the Board also considered a number of potential risks and potential negative factors relating to the Arrangement, including the following:

1. The risk to Khan if the Arrangement is not completed, including the costs to Khan in pursuing the Arrangement and the diversion of management's attention away from the Winding-Up.

2. The conditions to Arden's obligation to complete the Arrangement and the right of Arden to terminate the Arrangement Agreement under certain limited circumstances.

3. The limitations contained in the Arrangement Agreement on Khan's ability to solicit additional interest from third parties, as well as the fact that if the Arrangement Agreement is terminated under certain circumstances, Khan must pay the Termination Fee to Arden, and if the Arrangement Agreement is terminated under certain other circumstances, Khan must pay the Expense Reimbursement to Arden, as described in "The Arrangement Agreement – Termination Fee".

The foregoing discussion of the information and consideration of factors by the Board and the Special Committee and is not intended to be exhaustive, but summarizes the material factors considered by the Board and the Special Committee in their consideration of the Arrangement. The Board and the Special Committee collectively reached their decision with respect to the Arrangement in light of the factors described above and other factors that each member of the Board and the Special Committee considered were appropriate. In reaching their determination to approve and recommend the Arrangement, the Board and the Special Committee did not find it useful or practicable to, and did not, quantify, rank or otherwise attempt to make any specific assessments of or otherwise assign any relative or specific weight to the factors that were considered. The Board's and Special Committee's determinations and recommendations were made after consideration of all the factors relating to the Arrangement and in light of their own knowledge of the business, financial condition and prospects of Khan and were based, in part, upon the advice of the financial and legal advisors to Khan, the Board and the Special Committee. Individual directors may have assigned or given different weights to different factors. The Special Committee was, however, unanimous its recommendation to the Board that it approve the Arrangement recommend to the Shareholders to vote **IN FAVOUR** of the Arrangement Resolution. With the exception of Mr. Marc Henderson, as described above under "The Arrangement – Background to the Arrangement – the Arrangement", the Board was unanimous in its determination that the Arrangement be approved and in its recommendation that the Shareholders vote **IN FAVOUR** of the Arrangement Resolution.

Fairness Opinion

The Financial Advisor was formally retained pursuant to an engagement letter dated March 6, 2017 to act as financial advisor to Khan in connection with the Arrangement and to provide the Board with its opinion as to the fairness, from a financial point of view, of the consideration to be received by the Shareholders under the Arrangement. The Financial Advisor will receive a customary fixed fee for such services, which is not contingent on the successful completion of the Arrangement or the conclusions reached in the Fairness Opinion. In addition, Khan has agreed to reimburse the Financial Advisor for certain expenses and to indemnify it against certain liabilities arising out of its engagement.

At the meeting of the Board on March 21, 2017, the Financial Advisor orally delivered the Fairness Opinion to the Board (subsequently confirmed in writing) that, as of the date of the Fairness Opinion and based on and subject to the assumptions, limitations and qualifications set forth therein, the consideration payable pursuant to the Arrangement is fair, from a financial point of view, to Shareholders.

In the course of preparing the Fairness Opinion, the Financial Advisor, among other things: (i) reviewed certain publicly available business and historical financial and other information relating to Khan and Khan BV; (ii) reviewed certain non-public business and financial information regarding Khan and Khan BV; (iii) held discussions with management of Khan, the Board, the Special Committee and tax advisors to Khan and Khan BV; (iv) reviewed the historical prices, trading multiples, and trading volume for the Common Shares; (v) reviewed equity research and general industry reports; (vi) reviewed a draft of the Arrangement Agreement from February 28, 2017 (vii) reviewed an execution version of the Arrangement Agreement and the Lock-Up Agreements; (viii) performed a variety of financial and comparative analyses, including analysis of the liquidation scenarios of Khan, taking into account anticipated cash inflows, cash outflows and any potential Khan BV tax liability; (ix) reviewed an officer's certificate provided by a senior officer of Khan and (x) conducted such other studies, analyses, inquiries, and investigations as the Financial Advisor deemed appropriate.

The Fairness Opinion does not address any terms of the Arrangement Agreement or the Plan of Arrangement, except as specifically set forth therein. The Financial Advisor was not engaged to prepare a formal valuation (as such term is defined in MI 61-101) of Khan or a valuation or any of the securities or assets of Khan and the Fairness Opinion should not be construed as such.

The full text of the Fairness Opinion, which sets forth, among other things, assumptions made, procedures followed, matters considered and limitations on the review undertaken by the Financial Advisor in rendering its opinion, is attached as Appendix F to this Circular. The Fairness Opinion was provided for the information and assistance of the Special Committee and the Board in connection with its consideration of the Arrangement. The Fairness Opinion does not address the merits of the underlying decision by Khan to enter into the Arrangement Agreement or the Arrangement and does not constitute, nor should it be construed as, a recommendation to any Shareholder as to how such Shareholder should vote with respect to the Arrangement Resolution or any related matter. Shareholders are urged to read the Fairness Opinion in its entirety. This summary of the Fairness Opinion is qualified in its entirety by reference to the full text of the Fairness Opinion.

Neither the Financial Advisor nor any of its associates or affiliates is an insider, associate or affiliate (as such terms are defined under applicable securities legislation) or holds any securities of Khan, Arden Holdings and Arden or any of their affiliates or associates. There are no understandings, agreements or commitments between the Financials Advisor and either Khan or Arden, or either of their respective affiliates or associates with respect to any future business dealings. The Financial Advisor may in the future, in the course of conducting financial advisory services to a broad spectrum of corporate clients, perform financial and research services for companies referred to in the preparation of the Fairness Opinion.

Shareholder Approval

At the Meeting, Shareholders will be asked to vote to approve the Arrangement Resolution. The approval of the Arrangement Resolution will require the affirmative vote of (a) at least two-thirds of the votes cast by Shareholders present at the Meeting in person or by proxy and (b) a simple majority of the votes cast by Shareholders present at the Meeting in person or by proxy, excluding the votes cast by such Shareholders who are required to be excluded pursuant to MI 61-101. To the knowledge of Khan, only the votes attached to the Common Shares owned by Mr. Grant A. Edey, Khan's Chairman, President and Chief Executive Officer, will be excluded from the "majority of the minority" vote mandated by MI 61-101. The Arrangement Resolution must be passed in order for Khan to seek the Final Order and to implement the Arrangement on the Effective Date in accordance with the Final Order.

Lock-Up Agreements

Certain of the Supporting Shareholders, holding directly and indirectly approximately 20.4% of the outstanding Common Shares as of the close of business on April 5, 2017, have entered into Lock-Up Agreements

with Arden and Arden Holdings pursuant to which, among other things, they agreed to vote their Common Shares (the "**Locked-Up Shares**") in favour of the Arrangement Resolution.

Under each of the Lock-Up Agreements, the respective Locked-Up Shareholders have, among other things, agreed to, until the earlier of the termination of such Lock-Up Agreement in accordance with its terms and the Effective Date:

1. vote or cause to be voted all their Locked-Up Shares at the Meeting (or any adjournment or postponement thereof) in favour of the Arrangement Resolution, any transactions contemplated by the Arrangement Agreement and any actions required for the consummation of the transactions contemplated by the Arrangement Agreement;

2. vote or cause to be voted all their Locked-Up Shares at the Meeting (or any adjournment or postponement thereof) in favour of a form of transaction other than by, or in addition to, a plan of arrangement (including by amalgamation or take-over bid) supported by the Board whereby Arden and/or its affiliates would effectively acquire all of the Locked-Up Shares on economic and other terms and conditions (including, without limitation, tax treatment and form of consideration) having consequences to Locked-Up Shareholder that are equivalent or better than those contemplated by the Arrangement (an "**Alternative Transaction**");

3. not, except as set forth in the Lock-Up Agreement, option, sell, assign, transfer, dispose of, pledge, grant a security interest in, hypothecate, encumber in any way, tender to any offer, enter into any forward sale, repurchase agreement or other monetization transaction, or otherwise convey any Locked-Up Shares or any right or interest therein or enter into any agreement to do any of the foregoing;

4. not, except as set forth in the Lock-Up Agreement, grant or agree to grant any proxy or other right to the Locked-Up Shares, or enter into any voting trust or pooling agreement or arrangement or otherwise relinquish or modify its right to vote any of the Locked-Up Shares, or enter into or subject any of the Locked-Up Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the voting thereof;

5. not, except as set forth in the Lock-Up Agreement, in any manner, directly or indirectly, including through any officer, director, employee, representative (including for greater certainty any financial or other advisors) or agent or otherwise (as applicable), (i) make, solicit, assist, initiate or knowingly encourage any inquiries, proposals or offers from any person (other than the Arden and the Arden's subsidiaries) regarding any:

    (a) any take-over bid, issuer bid, amalgamation, plan of arrangement, business combination, merger, tender offer, reverse take-over, exchange offer, consolidation, recapitalization, reorganization, liquidation, dissolution or winding-up in respect of Khan or Khan BV;

    (b) any sale of assets (or any lease, long-term supply arrangement, licence or other arrangement having the same economic effect as a sale) of Khan or Khan BV representing 20% or more of the consolidated assets, revenues or earnings of Khan;

    (c) any sale or issuance of shares or other equity interests (or securities convertible into or exercisable for such shares or interests) in Khan or Khan BV representing 20% or more of the issued and outstanding equity or voting interests of Khan or Khan BV;

    (d) any similar transaction or series of transactions involving Khan or Khan BV;

    (e) any arrangement whereby effective operating or voting control of Khan is granted to another party; or

(f) any inquiry, proposal, offer or public announcement of an intention to do any of the foregoing (each an "**Acquisition Proposal**");

or (ii) engage or participate in any discussions or negotiations regarding any Acquisition Proposal with any such person, or provide any confidential information relating to Khan to any such person;

6. not (i) exercise any dissent rights in respect of the Arrangement or any Alternative Transaction, or (ii) take any other action of any kind, in each case which would reasonably be regarded as likely to reduce the success of, or materially delay or interfere with the completion of, the transactions contemplated by the Arrangement Agreement.

Each Lock-Up Agreement may be terminated:

1. by mutual consent of Arden and the Locked-Up Shareholder;

2. automatically if the Arrangement Agreement is terminated for any reason in accordance with its terms;

3. automatically at the Effective Time;

4. by the Locked-Up Shareholder if Arden breaches a covenant or obligations under the Lock-Up Agreement, and Arden has failed to cure such breach or covenant, or if the Arrangement Agreement is amended to the detriment of the Locked-Up Shareholder; or

5. by Arden if the Locked-Up Shareholder breaches a covenant or obligations under the Lock-Up Agreement, and the Locked-Up Shareholder has failed to cure such breach or covenant.

Description of the Arrangement

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of which forms part of Appendix C of this Circular.

If the Arrangement is approved by the Shareholders and all of the conditions precedent to the completion of the Arrangement are satisfied or waived, the Arrangement will become effective at the Effective Time (which is expected to be at 12:01 a.m. (Toronto time) on the Effective Date). At the Effective Time, the following shall be deemed to occur in the following order:

1. The shareholder rights plan of Khan shall terminate and be of no further force and effect and all rights issued thereunder shall terminate and expire without any payment in respect thereof.

2. The current directors of Khan shall cease to be directors and the following persons shall become the directors of Khan: Colin Hames and Karen McArthur.

3. The following steps shall occur simultaneously: each Common Share outstanding immediately prior to the Effective Time shall be transferred from the holder thereof to Arden in exchange for the Consideration from Arden, subject to (for greater certainty) applicable withholdings, which amount shall be paid to the holder from the funds deposited with the Depositary, and the names of the holders of such Common Shares transferred to Arden shall be removed from the register of holders of Common Shares, and Arden shall be recorded as the registered holder of the Common Shares so acquired and shall be the legal and beneficial owner thereof; provided that, if ultimately entitled under the OBCA, Dissenting Shareholders shall have the right to receive a payment from Arden equal to the fair value of the outstanding Common Shares held immediately prior to the Effective Time by such Dissenting Shareholders in lieu of the Consideration.

Letter of Transmittal

If you are a Registered Shareholder, you should have received with this Circular a Letter of Transmittal. In order to receive the cash to which you are entitled for your Common Shares pursuant to the Arrangement, Registered Shareholders must complete and sign the Letter of Transmittal accompanying this Circular and deliver it, certificates representing their Common Shares and the other documents required by it to the Depositary in accordance with the instructions contained in the Letter of Transmittal. You can request additional copies of the Letter of Transmittal by contacting the Depositary. The Letter of Transmittal is also available electronically on SEDER at www.sedar.com.

The Letter of Transmittal contains procedural information relating to the Arrangement and should be reviewed carefully. If you are a Beneficial Shareholder, you should carefully follow the instructions from the Intermediary that holds Common Shares on your behalf in order to submit your Common Shares.

Delivery of Cash Payable Under the Arrangement

Following receipt of the Final Order and prior to the Effective Time, Arden will deposit the aggregate cash payable under the Arrangement to Shareholders with the Depositary.

As soon as practicable following the later of the Effective Date and the surrender to the Depositary for cancellation of a certificate that immediately prior to the Effective Time represented one or more Common Shares that were acquired under the Arrangement, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate(s) will be entitled to receive in exchange therefor the cash that such holder has the right to receive, less any applicable withholdings. On and after the Effective Time, all certificates that represented Common Shares immediately prior to the Effective Time will cease to represent any rights with respect to Common Shares and will only represent the right to receive cash payable to the holder pursuant to the Arrangement.

Any use of mail to transmit certificate(s) for Common Shares or Letter(s) of Transmittal is at the risk of the relevant Shareholder. If these documents are mailed, it is recommended that registered mail with return receipt requested, and with proper insurance, be used.

No Shareholder will be entitled to receive any consideration with respect to the Common Shares other than the consideration to which such Shareholder is entitled to receive under the Arrangement and no such Shareholder will be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than, any declared but unpaid dividends with a record date prior to the Effective Date.

The Depositary will act as the agent of persons who are entitled to receive payment under the Arrangement for the purpose of receiving payment from Arden and transmitting payment from Arden to such persons, and receipt of payment by the Depositary will be deemed to constitute receipt of payment by persons entitled thereto.

Unless otherwise directed in the Letter of Transmittal, the cheque to be issued in respect of cash payable pursuant to the Arrangement will be issued in the name of the Registered Shareholder of the Common Shares deposited. Unless the person who deposits the certificates representing the Common Shares instructs the Depositary to hold the cheque for pick up by checking the appropriate box in the Letter of Transmittal, cheques payable in Canadian funds will be forwarded by first class mail to the addresses supplied in the Letter of Transmittal. If no address is provided, cheques will be forwarded to the address of the Shareholder as shown on the register maintained by the Transfer Agent.

If any Shareholder fails for any reason to surrender to the Depositary for cancellation the certificates formerly representing Common Shares, the Letter of Transmittal and such other documents or instruments required to entitle the holder to receive the cash payment described above, on or before the sixth anniversary of the Effective Date, such certificates will cease to represent a claim by or interest of any former Shareholder of any kind or nature against or in Arden or Khan. Any payment made by way of cheque by the Depositary or Khan pursuant to the Arrangement that has not been deposited or has been returned to the Depositary or Khan or that otherwise remains

unclaimed on or before the sixth anniversary of the Effective Date will cease to represent a right or claim of any kind or any nature and the right of any Shareholder to receive the consideration for any Common Shares pursuant to the Arrangement will terminate and be deemed to be surrendered and forfeited to Arden for no consideration.

Khan, Arden and/or the Depositary will be entitled to deduct and withhold from any consideration otherwise payable to a Shareholder such amounts as Khan, Arden or the Depositary is required to deduct and withhold with respect to such payment under applicable laws.

The payments to Shareholders will be denominated in Canadian dollars. However, a Shareholder can also elect to receive payment in U.S. dollars by checking the appropriate box in the Letter of Transmittal, in which case such Shareholder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary at its typical banking institution on the date the funds are converted. Shareholders electing to have the payment for their Shares paid in U.S. dollars will have further acknowledged and agreed that any change to the currency exchange rates of the United States or Canada will be at the sole risk of the Shareholder.

If a Shareholder wishes to receive cash payable in U.S. dollars, the box captioned "Currency of Payment" in the Letter of Transmittal must be completed. Otherwise, the consideration will be paid in Canadian dollars.

The Depositary will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified by Khan against certain liabilities under applicable securities laws and expenses in connection therewith.

Interests of Certain Persons in the Arrangement

In considering the recommendations of the Special Committee and the Board with respect to the Arrangement, Shareholders should be aware that certain directors and senior officers of Khan have interests in connection with the transactions contemplated in the Arrangement, including those referred to below, that may create actual or potential conflicts of interest in connection with the Arrangement. The Special Committee and the Board are aware of these interests and considered them along with the other matters described above in "The Arrangement — Reasons for the Recommendations".

Common Shares

The senior officers and directors of Khan beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate 6,476,073 Common Shares, representing approximately 7.18% of the Common Shares issued and outstanding as of the close of business on April 6, 2017. All Common Shares held by senior officers and directors of Khan will be treated in the same fashion under the Arrangement as Common Shares held by other Shareholders.

Special Committee Fees

As members of the Special Committee, each of David L. McAusland, Loudon F. M. Owen and Eric Shahinian are entitled to be paid $1,500 per meeting of the Special Committee that they attend.

Directors' and Officers' Insurance

The Arrangement Agreement provides that, without limiting the right of Khan to do so prior to the Effective Time, Arden will cause Khan to maintain in effect without any reduction in scope of coverage for six years from the Effective Date customary policies of directors' and officers' liability insurance providing protection no less favourable to the protection provided by the policies maintained by Khan which are in effect immediately prior to the Effective Date and providing protection in respect of any claim related to any period of time at or prior to the Effective Time provided that, among other things, the cost of such policy shall not exceed 300% of Khan's current annual aggregate premium for policies currently being maintained.

Indemnification of Khan's Employees

The Arrangement Agreement provides that all rights to indemnification or exculpation existing in favour of the present and former directors and officers of Khan and Khan BV (each such present or former director or officer being herein referred to as an "**Indemnified Party**") as provided in the constating documents of Khan or Khan BV or any contract by which Khan or Khan BV is bound will survive the completion of the Arrangement and continue in full force and effect and without modification, with respect to actions or omissions of the Indemnified Parties occurring prior to the Effective Time, for a period of not less than six years from the Effective Date.

Collateral Benefits and Minority Approval under MI 61-101

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among security holders, generally by requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties and/or, in certain instances, independent valuations. The protections of MI 61-101 generally apply to "business combinations" (as defined in MI 61-101) that terminate the interests of security holders without their consent. MI 61-101 provides that, in certain circumstances, where a "related party" (as defined in MI 61-101) of an issuer is entitled to receive a "collateral benefit" (as defined in MI 61-101) in connection with an arrangement transaction (such as the Arrangement), such transaction may be considered a "business combination" for the purposes of MI 61-101 and subject to minority approval requirements.

A "collateral benefit", as defined in MI 61-101, includes any benefit that a related party of Khan (which includes the directors and senior officers of Khan) is entitled to receive, directly or indirectly, as a consequence of the Arrangement, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities or other enhancement in benefits related to past or future services as an employee, director or consultant of Khan.

If a "related party" receives a "collateral benefit" in connection with the Arrangement, the Arrangement Resolution will require "minority approval" in accordance with MI 61-101. If "minority approval" is required, the Arrangement Resolution must be approved by a majority of the votes cast, excluding those votes beneficially owned, or over which control or direction is exercised, by the "related parties" of Khan who receive a "collateral benefit" in connection with the Arrangement. This approval is in addition to the requirement that the Arrangement Resolution must be approved by two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote.

As disclosed in this Circular under the heading "Statement of Executive Compensation - Compensation Decisions for 2016", the Governance and Compensation Committee has approved of a cash payment of $250,000 to Mr. Grant A. Edey, the CEO, for his efforts in obtaining the settlement from the Government of Mongolia, in lieu of an annual grant of option under the Stock Option Plan. The first $125,000 was paid to the CEO concurrently with the initial return of capital of $0.85 per Common Share to the Shareholders, and the remaining $125,000 will be paid upon the completion of a full distribution of all funds to Shareholders or the sale of Khan. In addition, a discretionary bonus will be awarded based upon the speed of a full liquidation or sale of Khan, the timeliness of payments to the shareholders, successful mitigation of tax leakage, and the size of the aggregate distributions to shareholders. As such, Mr. Grant A. Edey may be considered to be receiving a "collateral benefit" in connection with the Arrangement. Mr. Grant A. Edey beneficially owns or exercises control or direction over 3,418,426 Common Shares (calculated in accordance with the provisions of MI 61-101). As a result of the foregoing, the Common Shares that Mr. Grant A. Edey beneficially owns, directly or indirectly, or over which he has control or direction, will be excluded for the purpose of determining if minority approval of the Arrangement is obtained. Given the relatively few Common Shares excluded, if the required approval of 66⅔% of the Common Shares represented at the Meeting is obtained, it is likely that the required approval of the minority would also be obtained. However, to ensure complete compliance with all voting requirements under applicable securities laws, approval of the Arrangement Resolution will require the approval of the majority of the Common Shares voted at the Meeting other than the votes excluded as discussed above.

Khan is not required to obtain a formal valuation under MI 61-101 as no "interested party" (as defined in MI 61-101) of Khan is, as a consequence of the Arrangement, directly or indirectly acquiring Khan or its business or

combining with Arden and neither the Arrangement nor the transaction contemplated thereunder is a "related party transaction" (as defined in MI 61-101) for which Khan would be required to obtain a formal valuation.

Sources of Funds for the Arrangement

Under the terms of the Arrangement and related transactions, an aggregate amount of approximately $4.5 million is expected to be paid to acquire all of the Common Shares (assuming no Shareholders exercise their Dissent Rights). The obligations of Arden under the Arrangement Agreement are not subject to any financing Condition, and Arden Holdings has represented and warranted that it has made adequate arrangements to ensure that, at the Effective time, Arden shall have available cash sufficient to pay in full the aggregate Consideration. Pursuant to an escrow agreement entered into among Arden Holdings, Arden, Khan and Norton Rose Fulbright Canada LLP, as escrow agent, $175,000 has been deposited by Arden in escrow.

Procedure for Arrangement to Become Effective

The Arrangement is proposed to be carried out pursuant to Section 182 of the OBCA. The following procedural steps must be taken in order for the Arrangement to become effective:

(a) the Court must grant the Final Order approving the Arrangement;

(b) all conditions precedent to the Arrangement further described in the Arrangement Agreement must be satisfied or waived (as applicable) by the appropriate party; and

(c) the Articles of Arrangement in the form prescribed by the OBCA must be filed with the Director under the OBCA.

Court Approval and Completion of the Arrangement

The Arrangement requires approval by the Court. Prior to the mailing of this Circular, Khan obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is attached hereto as Appendix D. A copy of the Notice of Application applying for the Final Order is attached hereto as Appendix I.

Subject to the approval of the Arrangement Resolution by Shareholders at the Meeting, the hearing in respect of the Final Order is expected to take place on or about May 9, 2017 in the Court at 330 University Avenue, Toronto, Ontario, or as soon thereafter as is reasonably practicable. Any Shareholder who wishes to appear or be represented and to present evidence or arguments must serve and file a notice of appearance as set out in the Notice of Application for the Final Order and satisfy any other requirements of the Court. The Court will consider, among other things, the fairness and reasonableness of the Arrangement and the rights of every person affected. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Assuming the Final Order is granted and the other conditions to closing contained in the Arrangement Agreement are satisfied or waived, it is currently anticipated that Articles of Arrangement for Khan will be filed with the Director under the OBCA to give effect to the Arrangement in May, 2017.

Although Khan's objective is to have the Effective Date occur as soon as possible after the Meeting, the Effective Date could be delayed for a number of reasons, including, but not limited to, an objection before the Court at the hearing of the application for the Final Order or any delay in obtaining any required approvals. Under certain circumstances, Khan and Arden may terminate the Arrangement Agreement, as a result of which the Arrangement will not become effective, without prior notice to or action on the part of Shareholders. See "The Arrangement Agreement — Termination".

THE ARRANGEMENT AGREEMENT

The Arrangement will be carried out pursuant to the Arrangement Agreement and the Plan of Arrangement. The following summary description of certain material provisions of the Arrangement Agreement is not comprehensive and is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which can be accessed under Khan's profile on SEDAR at www.sedar.com**.**

Representations and Warranties

The Arrangement Agreement contains customary representations and warranties made by each of Khan, on the one hand, and Arden Holdings and Arden, on the other hand. Those representations and warranties were made solely for the purposes of the Arrangement Agreement and are subject to important qualifications and limitations agreed to by the parties in connection with negotiating its terms. Moreover, some of the representations and warranties contained in the Arrangement Agreement are qualified by knowledge or by reference to a contractual standard of materiality (including a Material Adverse Effect) that is different from that generally applicable to public disclosure to Shareholders, or those standards used for the purpose of allocating risk between parties to an agreement. For the foregoing reasons, readers should not rely on the representations and warranties contained in the Arrangement Agreement as statements of factual information at the time they were made or otherwise. Shareholders may not directly enforce or rely upon the terms and conditions of the Arrangement Agreement.

The representations and warranties provided by Khan in favour of Arden relate to, among other things: (a) Corporate Existence and Power; (b) Corporate Authorization; (c) Governmental Authorization; (d) Non-Contravention; (e) Capitalization; (f) Subsidiary; (g) Securities Laws Matters; (h) Financial Statements; (i) Disclosure/Internal Controls; (j)Absence of Certain Changes; (k) No Undisclosed Material Liabilities; (l) Compliance with Laws; (m) Regulatory Compliance; (n) Litigation; (o) Taxes; (p) Employment Matters; (q) Company Plans; (r) Collective Agreements; (s) Environmental Matters; (t) Real Property; (u) Personal Property; (v) Permits; (w) Contracts; (x) Intellectual Property; (y) Insurance; (z) Opinion of Financial Advisors; (aa) Books and Records; (bb) Finders' Fees; (cc) Shareholder Rights Plan; (dd) No Collateral Benefit; (ee) Corrupt Practices Legislation; and (ff) Non-Arms Length Transactions.

The representations and warranties provided by Arden in favour of Khan relate to, among other things: (a) Organization and Qualification; (b) Corporate Authorization; (c) Governmental Authorization; (d) Non-Contravention; (e) Litigation; (f) Sufficient Funds; (g) Security Ownership; (h) No Collateral Benefit; (i) No Other Voting Agreements; and (j) Corrupt Practices Legislation.

The representations and warranties of the parties contained in the Arrangement Agreement will not survive the completion of the Arrangement and will expire and be terminated on the earlier of the Effective Time and the date on which the Arrangement Agreement is terminated in accordance with its terms.

Conditions Precedent

Mutual Conditions Precedent

The Arrangement Agreement provides that completion of the Arrangement is subject to the satisfaction or waiver of a number of conditions precedent, which may only be waived by mutual consent of the parties, including:

(a) the Arrangement Resolution shall have been approved by the Shareholders at the Meeting in accordance with the Interim Order;

(b) the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement, and shall not have been set aside or modified in a manner unacceptable to Arden or Khan, each acting reasonably, on appeal or otherwise;

(c) no applicable law shall be in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins Arden or Khan from consummating the Arrangement;

(d) no proceeding shall be pending or overtly threatened by any governmental entity seeking an injunction, judgment, decree or other order to prevent or challenge the consummation of the Arrangement or the other transactions contemplated by the Arrangement Agreement; and

(e) the Arrangement Agreement shall not have been terminated in accordance with its terms.

Conditions Precedent in Favour of Khan

The Arrangement Agreement provides that Khan's obligation to complete the Arrangement is also subject to the satisfaction or waiver of a number of additional conditions, each of which may only be waived by Khan, including:

(a) all covenants of Arden Holdings and Arden under the Arrangement Agreement to be performed on or before the Effective Time shall have been duly performed by the Arden Holdings and Arden in all material respects, and the Company shall have received a certificate of Arden Holdings and Arden, addressed to the Company and dated the Effective Date, signed on behalf of Arden Holdings and Arden respectively by two of its senior executive officers (on its behalf and without personal liability), confirming the same as of the Effective Date;

(b) the representations and warranties of Arden Holdings and Arden set forth in the Arrangement Agreement shall be true and correct in all respects, without regard to any materiality qualifications contained in them, as of the Effective Time as though made at and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not prevent, enjoin or materially hinder or delay the consummation of the Arrangement, and Khan shall have received a certificate of Arden Holdings and Arden, addressed to Khan and dated the Effective Date, signed on behalf of Arden Holdings and Arden respectively by two of its senior executive officers (on its behalf and without personal liability), confirming the same as of the Effective Date;

(c) the elections or appointments of replacement directors and officers of Khan and Khan BV shall have been executed and delivered to Khan; and

(d) Arden shall have deposited or caused to be deposited with the Depositary in escrow (the terms and conditions of such escrow to be satisfactory to Khan, acting reasonably) the funds required to effect payment in full of the aggregate Consideration to be paid for the Common Shares pursuant to the Arrangement and the Depositary shall have confirmed in writing to the Company receipt of these funds.

Conditions Precedent in Favour of Arden

The Arrangement Agreement provides that the obligations of Arden to complete the Arrangement are also subject to the satisfaction or waiver of a number of additional conditions, each of which may only be waived by Arden, including:

(a) all covenants of Khan under the Arrangement Agreement to be performed on or before the Effective Time shall have been duly performed by Khan in all material respects, and Arden Holdings and Arden shall have received a certificate of Khan addressed to Arden Holdings and Arden and dated the Effective Date, signed on behalf of Khan by two senior executive officers of Khan (on Khan's behalf and without personal liability), confirming the same as of the Effective Date;

(b) the representations and warranties of Khan set forth in this Agreement shall be true and correct in all respects, without regard to any materiality qualifications contained in them, as of the Effective Time, as though made at and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where any failures of any representations and warranties to be so true and correct in all respects would not, either individually or in the aggregate, have a Material Adverse Effect or would not prevent, enjoin or materially hinder or delay the consummation of the Arrangement Agreement, and Arden Holdings and Arden shall have received a certificate of Khan addressed to Arden Holdings and Arden and dated the Effective Date, signed on behalf of Khan by two senior executive officers of Khan (on Khan's behalf and without personal liability), confirming the same as of the Effective Date;

(c) there shall not have been or occurred a Material Adverse Effect since the date of the Arrangement Agreement;

(d) the resignations of the directors and officers of Khan and Khan BV shall have been executed and delivered to Khan and Arden;

(e) the aggregate number of Common Shares held, directly or indirectly, by those holders of such shares who have validly exercised Dissent Rights and not withdrawn such exercise in connection with the Arrangement (or instituted proceedings to exercise Dissent Rights) shall not exceed 10% of the aggregate number of Common Shares outstanding immediately prior to the Effective Time; and

(f) the Plan of Arrangement shall not have been amended, modified or supplemented (i) by Khan without Arden's written consent or (ii) by approval or direction of the Court without the written consent of Arden, acting reasonably.

Covenants

Each of Khan and Arden has agreed to certain covenants under the Arrangement Agreement, including customary negative and affirmative covenants relating to the operation of their respective businesses during the period prior to the Effective Date, and using commercially reasonable efforts to satisfy the conditions precedent to their respective obligations under the Arrangement Agreement. Arden Holdings has also agreed to wind-up and discontinue the business of Khan following the Arrangement.

Acquisition Proposals

Non-Solicitation

Except as expressly contemplated by the Arrangement Agreement, Khan shall not, directly or indirectly, through any subsidiary or Representative of Khan, and shall not permit any such person to:

(a) solicit, initiate, facilitate or knowingly encourage (including by furnishing information) any inquiries or proposals regarding, constituting, or which may reasonably be regarded to lead to, an Acquisition Proposal;

(b) encourage or participate in any discussions or negotiations with any person (other than the Arden Holdings and Arden) regarding an Acquisition Proposal;

(c) make a Change in Recommendation;

(d) accept, approve, endorse, enter into or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more than

five business days following the formal announcement of such Acquisition Proposal shall not be considered to be in violation of this covenant; or

(e) accept, approve, endorse, recommend or enter into, or publicly propose to accept, approve, endorse or enter into, any agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement contemplated in the Arrangement Agreement).

Khan shall, and shall cause Khan BV and their representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any persons conducted prior to March 22, 2017 by Khan, Khan BV or any of their representatives with respect to any actual or potential Acquisition Proposal, and, in connection with such termination shall:

(a) discontinue access to, and disclosure of, all confidential information regarding Khan and Khan BV; and

(b) to the extent that such information has not previously been returned or destroyed, immediately request the return or destruction of all copies of any confidential information regarding Khan and Khan BV provided to any such person and use its best efforts to ensure that such requests are honoured in accordance with the terms of such agreements.

Khan agrees that neither it, nor Khan BV, shall terminate, waive, amend or modify, and agrees to actively prosecute and enforce, any provision of any existing confidentiality agreement relating to any potential Acquisition Proposal or any standstill agreement to which Khan or Khan BV is a party, it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement as a result of entering into an announcement of the Arrangement Agreement by Khan, pursuant to the express terms of any such agreement, shall not be a violation of the Arrangement Agreement and that Khan shall not be prohibited from considering a Superior Proposal from a party whose standstill obligations so terminated automatically upon the entering into and the announcement of the Arrangement Agreement.

Khan shall promptly (and in any event within 24 hours following receipt) notify Arden (orally and in writing) in the event it receives after the date hereof a *bona fide* Acquisition Proposal (including any request for non-public information relating to Khan or Khan BV, in each case in connection with a potential Acquisition Proposal), including the material terms and conditions thereof and the identity of the person making the Acquisition Proposal, and shall keep Arden reasonably informed as to the status of developments and negotiations with respect to such Acquisition Proposal, including any changes to the material terms or conditions of such Acquisition Proposal.

Right to Match

If, at any time, prior to obtaining the approval of the Arrangement Resolution by the Shareholders at the Meeting, Khan receives an Acquisition Proposal that the Board has determined is a Superior Proposal, the Board may, subject to compliance with the Arrangement Agreement, authorize Khan to terminate the Arrangement Agreement and contemporaneously enter into a definitive agreement with respect to such Superior Proposal, or both, if and only if:

(a) it has provided Arden with a copy of the acquisition document proposed to be entered into in respect of the Superior Proposal, and written confirmation from Khan that the Board of Directors has determined that such proposal constitutes a Superior Proposal; and

(b) five business days (the "**Matching Period**") shall have elapsed from the date that is the later of (i) the date Arden received written notice advising Arden that the Board has resolved, subject only to compliance with this covenant, to terminate the Arrangement Agreement to enter into a definitive agreement with respect to such Superior Proposal and (ii) the date Arden has received all of the materials in respect of the Superior Proposal (it being understood that the Company shall promptly inform Arden of any amendment to the financial or other material terms of such Superior Proposal during such period).

Notwithstanding the foregoing, the Board may, subject to compliance with the Arrangement Agreement, make a Change in Recommendation (other than entering into a written agreement in respect of an Acquisition Proposal), if and only if:

(a) following the date of the Arrangement Agreement and prior to obtaining the approval of the Arrangement Resolution by the Shareholders at the Meeting, Khan receives an Acquisition Proposal not resulting from a material breach of the Arrangement Agreement that the Board determines in good faith, after consultation with its financial and outside legal advisors, constitutes a Superior Proposal; and

(b) Khan has provided Arden with written notice that there is a Superior Proposal, together with all documentation comprising the Superior Proposal and confirmation that, subject to the terms of the Arrangement Agreement, the Board intends to make a Change in Recommendation (other than entering into a written agreement in respect of an Acquisition Proposal).

During the Matching Period, Khan agrees that Arden Holdings and Arden shall have the right, but not the obligation, to offer to amend the terms of this Agreement. The Board shall review any offer to amend the terms of the Arrangement Agreement in good faith in order to determine, in its discretion in the exercise of its fiduciary duties and in consultation with its financial and outside legal advisors, whether Arden Holdings' and Arden's amended offer, upon acceptance by Khan would cause the Superior Proposal giving rise to the Matching Period to cease to be a Superior Proposal. If the Board determines that the Acquisition Proposal giving rise to such Matching Period does not continue to be a Superior Proposal compared to the Arrangement Agreement as it is proposed to be amended by Arden Holdings and Arden, Khan, Arden Holdings and Arden shall amend the Arrangement Agreement to give effect to such amendments and the Board shall promptly reaffirm its recommendation of the Arrangement. If the Board continues to believe, in good faith, after consultation with its financial and outside legal advisors, that such Superior Proposal remains a Superior Proposal and therefore rejects Arden Holdings' and Arden's amended offer, if any, or Arden Holdings and Arden fail to enter into an agreement with Khan reflecting such amended offer, the Board may, subject to compliance with the Arrangement Agreement, authorize Khan to terminate the Arrangement Agreement and contemporaneously enter into a definitive agreement with respect to such Superior Proposal.

Each successive material modification to any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes initiating a new five business day Matching Period.

In the event that Khan provides the notice to Arden Holdings and Arden in respect of a Superior Proposal on a date which is less than five business days prior to the Meeting, Khan may, or at the Arden's request, will adjourn or postpone the Meeting to a date that is not more than five business days after the date of the notice.

Nothing contained in the Arrangement Agreement shall prohibit the Board from making any disclosure to Shareholders as required by applicable securities laws or if the Board, acting in good faith and upon the advice of outside legal counsel, shall first have determined that the failure to make such disclosure would be inconsistent with its fiduciary duties provided that for greater certainty in the event that Arden Holding terminates the Arrangement Agreement due to a Change of Recommendation, Khan shall pay the Termination Fee referred to below.

Termination

The Arrangement Agreement (other than certain specified terms which survive) may be terminated at any time before the Effective Time:

(a) By mutual agreement in writing executed by Khan and Arden.

(b) By either Khan or Arden Holdings, on its own behalf and on behalf of Arden, if:

(i) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate the Arrangement Agreement shall not be available to any terminating

party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;

(ii) after the date of the Arrangement Agreement, there shall be enacted or made any applicable Law (or any such applicable Law shall have been amended) that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins Khan, Arden Holdings or Arden from consummating the Arrangement and such applicable Law (if applicable) or enjoinment shall have become final and non-appealable; or

(iii) the Arrangement Resolution shall have failed to receive the requisite vote of the Shareholders for approval at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order;

(c) By Arden Holdings on its own behalf and on behalf of Arden if:

(i) prior to obtaining the approval of the Arrangement Resolution by the Shareholders, (i) the Board shall have withdrawn, withheld, qualified or modified in a manner adverse to the Arden Holdings, Arden or the consummation of the Arrangement its recommendation to the Shareholders to vote in favour of the Arrangement , or failed to reconfirm within five business days after request by Arden Holdings its approval and recommendation of the Arrangement or the Arrangement Resolution (it being understood that publicly taking a neutral position or no position with respect to an Acquisition Proposal beyond a period of five business days after public announcement of an Acquisition Proposal shall be considered an adverse modification); (ii) the Board shall have approved or recommended any Acquisition Proposal; (iii) Khan enters into a written agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by the Arrangement Agreement); or (iv) the Company shall have publicly announced the intention to do any of the foregoing (each of the clauses (i), (ii), (iii) and (iv) above, a "**Change in Recommendation**") or Khan breaches the non-solicitation provisions in the Arrangement Agreement in any material respect; or

(ii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Khan set forth in this Agreement shall have occurred that would cause certain conditions not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that the Arden Holdings and Arden is not then in breach of this Agreement so as to cause any of such conditions not to be satisfied; or

(d) By Khan:

(i) prior to obtaining the approval of the Arrangement Resolution by the Shareholders, the Board authorizes Khan, subject to complying with the terms of the Arrangement Agreement, to enter into a written agreement concerning a Superior Proposal;

(ii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of any of the Arden Holdings or Arden set forth in this Agreement shall have occurred that would cause the certain conditions not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that Khan is not then in breach of this Agreement so as to cause such conditions not to be satisfied; or

(iii) Arden does not provide or cause to be provided the Depositary with sufficient funds to complete the transactions contemplated by the Arrangement Agreement; provided that Khan is not then in breach of the Arrangement Agreement so as to cause certain conditions not to be satisfied.

Termination Fee and Expense Reimbursement

Khan must pay $175,000 (the "**Termination Fee**") to Arden if the Arrangement Agreement is terminated:

(a) by Arden Holdings and Arden as a result of the Arrangement Agreement being terminate due to the Board making a Change in Recommendation or Khan breaches the non-solicitation provisions in the Arrangement Agreement in any material respect prior to obtaining approval of the Arrangement Resolution by the Shareholders; and

(b) by Khan as a result of the Arrangement Agreement being terminate due to the Arrangement Resolution failing to receive the requisite vote at the Meeting, provided that a Termination Fee shall only be payable in such circumstances if prior to the Meeting, Khan publicly announces an Acquisition Proposal from a person other than Arden Holdings or Arden and an Acquisition Proposal is consummated within 12 months following the termination of the Arrangement Agreement or a definitive agreement with respect to an Acquisition Proposal is entered into within such 12 month period and such Acquisition Proposal is subsequently consummated.

Khan must pay an amount up to $125,000 (the "**Expense Reimbursement**") to Arden Holdings for reasonable and document out-of-pocket expenses incurred by Arden Holdings in connection with the Arrangement if the Arrangement Agreement is terminated by Arden Holdings due to the Arrangement failing to occur before June 30, 2017.

Arden Holdco or Arden must pay $175,000 (the "**Reverse Termination Fee**") to Khan if the Arrangement Agreement is terminated:

(a) by Khan as a result of a breach of any representation or warranty or failure to perform any covenant or agreement on the part of any of Arden or Arden Holdings set forth in the Arrangement Agreement causing the conditions precedent of Arden and Arden Holdings to not be satisfied, and such conditions are not satisfied or are incapable of being satisfied by June 30, 2017; provided that Khan is not then in breach of this Agreement so as to cause any of the conditions of Khan not to be satisfied; and

(b) by Khan as a result of the failure of Arden to provide or cause to be provided to the Depositary with sufficient funds to complete the transactions contemplated by the Arrangement Agreement; provided that Khan is not then in breach of this Agreement so as to cause any of the conditions of Khan not to be satisfied.

Amendment

Subject to the Interim Order, the Final Order and applicable Law, the Arrangement Agreement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended or varied by mutual written agreement of the parties, and any such amendment or variation may, without limitation:

(a) change the time for performance of any of the obligations or acts of the parties;

(b) modify any representation or warranty contained herein or in any document delivered pursuant to the Arrangement Agreement;

(c) modify any of the covenants herein contained and waive or modify performance of any of the obligations of Khan, Arden Holdings or Arden; and/or

(d) modify any mutual conditions precedent contained in the Arrangement Agreement.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, Canadian counsel to Khan, the following summary fairly describes the principal Canadian federal income tax considerations under the Tax Act relating to the Arrangement generally applicable to Shareholders who, at all relevant times, for purposes of the Tax Act (i) deal at arm's length with Khan and Arden, and (ii) are not affiliated with Khan or Arden (each, a "**Holder**").

This summary is not applicable to a Shareholder (i) that is a "financial institution" (as defined in the Tax Act) for the purposes of the mark-to-market rules contained in the Tax Act, (ii) that is a "specified financial institution" (as defined in the Tax Act), (iii) an interest in which is a "tax shelter investment" (as defined in the Tax Act), (iv) that has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency; or (v) that has entered or will enter into a "derivative forward agreement" (as that term is defined in the Tax Act) with respect to the Common Shares. This summary does not address all issues relevant to a Shareholder who acquired Common Shares on the exercise of an option or other convertible security. All such Holders should consult their own tax advisors having regard to their own particular circumstances.

This summary is based upon the current provisions of the Tax Act and counsel's understanding of the current published administrative practices of the Canada Revenue Agency (the "**CRA**"). This summary also takes into account all specific proposals to amend the Tax Act (the "**Proposed Amendments**") announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and assumes that all Proposed Amendments will be enacted in their present form. However, there can be no assurance that the Proposed Amendments will be enacted in the form proposed, or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, or CRA's administrative practices, whether by legislative, governmental, regulatory or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ significantly from the Canadian federal income tax considerations discussed below.

Subject to certain exceptions that are not discussed in this summary, for the purposes of the Tax Act, all amounts must be determined in Canadian dollars based on the single rate quoted by the Bank of Canada for the applicable day) or such other rate of exchange that is acceptable to the CRA.

This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder. Accordingly, Shareholder should consult their own tax advisors for advice as to the income tax consequences to them of the Arrangement in their particular circumstances.

Holders Resident in Canada

The following portion of the summary is applicable to a Shareholder who, at all relevant times and for the purposes of the Tax Act, is resident, or deemed to be resident, in Canada, and holds their Common Shares as capital property (a "**Resident Shareholder**").

Common Shares will generally be considered to be capital property to the holder thereof, unless the Common Shares are held in the course of carrying on a business or were acquired in a transaction considered to be an adventure or concern in the nature of trade. Certain Holders who are resident in Canada for purposes of the Tax Act and who might not otherwise be considered to hold their Common Shares as capital property may be entitled, in certain circumstances, to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Common Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Shareholder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Any Holder contemplating making such an election should consult their own tax advisor for advice as to whether the election is available or advisable in their own particular circumstances.

Exchange of Common Shares for Cash

A Resident Shareholder who disposes of Common Shares to Arden in exchange for cash generally realize a capital gain (or capital loss) to the extent that the cash received, net of any reasonable costs of disposition, exceeds

(or is exceeded by) the aggregate adjusted cost base to the Resident Shareholder of such Common Shares immediately before the disposition. Such capital gains (or capital losses) will be subject to the tax treatment described below under "*Taxation of Capital Gains and Capital Losses*".

Dissenting Resident Shareholders

A Resident Shareholder who, as a result of the exercise of Dissent Rights, disposes of Common Shares to Arden in consideration for a cash payment from Arden, will generally realize a capital gain (or capital loss) equal to the cash received (other than any portion that is interest awarded by the court) net of any reasonable costs of disposition, exceeds (or is exceeded by) the adjusted cost base to such dissenting Resident Shareholder of the Common Shares immediately before the disposition. See "*Taxation of Capital Gains and Capital Losses*" below for a general description of the treatment of capital gains and capital losses under the Tax Act.

Interest awarded by a court to a Resident Shareholder who is a Dissenting Shareholder will be included in such shareholder's income for purposes of the Tax Act.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a "**taxable capital gain**") realized by a Resident Shareholder in a taxation year must be included in computing the Resident Shareholder's income for that taxation year. One-half of any capital loss (an "**allowable capital loss**") realized by a Resident Shareholder in a taxation year is generally deducted from taxable capital gains realized by the Resident Shareholder in that taxation year, to the extent and in the circumstances specified in the Tax Act. Any excess of allowable capital losses over taxable capital gains realized in a particular taxation year may be carried back up to three taxation years and carried forward indefinitely and deducted against net taxable capital gains realized in those other years, to the extent and in the circumstances specified in the Tax Act.

If the Resident Shareholder is a corporation, the amount of any capital loss arising from a disposition or deemed disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by the corporation on the Common Share, to the extent and under circumstances specified in the Tax Act. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Capital gains realized by individuals (including certain trusts) may give rise to a liability for alternative minimum tax under the Tax Act.

Canadian-Controlled Private Corporations

A Resident Shareholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 10⅔% on certain investment income, including amounts in respect of interest and taxable capital gains.

Holders Not Resident in Canada

The following portion of the summary is applicable to a Shareholder who (i) is not, and is not deemed to be, resident in Canada for purposes of the Tax Act, and (ii) does not and will not use or hold, and is not and will not be deemed to use or hold, Common Shares in connection with carrying on a business in Canada (a "**Non-Resident Shareholder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Shareholder that is an insurer carrying on business in Canada and elsewhere.

Disposition of Common Shares under the Arrangement

A Non-Resident Shareholder who disposes of Common Shares for cash under the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on the exchange unless (i) the shares disposed of are "taxable Canadian property" of the Non-Resident Shareholder at the time of the exchange and (ii) the Non-Resident

Shareholder is not exempt from taxation in Canada on any gain realized on the disposition of such shares under the terms of an applicable income tax convention or treaty.

Generally, a share of a corporation that is listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the CSE) will not be "taxable Canadian property" of a Non-Resident Shareholder at the time of the disposition provided that (a) at no time during the 60-month period immediately preceding the time of disposition of such share was both: (i) 25% or more of the issued shares of any class or series of the capital stock of the corporation owned by one or any combination of the Non-Resident Shareholder, persons with whom the Non-Resident Shareholder did not deal at arm's length (within the meaning of the Tax Act) and partnerships in which the Non-Resident Shareholder or persons with whom the Non-Resident Shareholder did not deal with at arm's length holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the fair market value of the share was derived directly or indirectly from one or any combination of: (A) real or immovable property situated in Canada; (B) Canadian resource property (as defined in the Tax Act); (C) timber resource property in Canada (as defined in the Tax Act), or (D) options in respect of, or interests in, or for civil law rights in, property described in any of (A) through (C) above, whether or not such property exists; and (b) the share is not otherwise deemed under the Tax Act to be taxable Canadian property of the Non-Resident Shareholder.

In the event that a Non-Resident Shareholder's Common Shares are, or are deemed to be, "taxable Canadian property" and such Non-Resident Shareholder is not entitled to an exemption from taxation in Canada on the disposition of such Common Shares under the terms of an applicable income tax convention or treaty, the disposition thereof will generally be subject to the same treatment as described above under the heading "*Holders Resident in Canada - Exchange of Common Shares for Cash"*.

Dissenting Non-Resident Shareholders

A Non-Resident Shareholder who, as a result of the exercise of Dissent Rights, disposes of Common Shares to Arden in consideration for a cash payment from the Arden will be subject to the same income tax treatment as those described above under "*Holders Not Resident in Canada – Disposition of Common Shares under the Arrangement"*. See the discussion above regarding the description of "taxable Canadian property" and the possible application of an applicable income tax convention or treaty.

Any interest awarded to the Non-Resident Shareholder by a court will not be subject to withholding tax under the Tax Act, unless such interest constitutes "participating debt interest" (as defined in the Tax Act).

RISK FACTORS RELATING TO THE ARRANGEMENT

The following risk factors should be considered by Shareholders in evaluating whether to approve the Arrangement Resolution. These risk factors should be considered in conjunction with the other information contained in or incorporated by reference into this Circular. These risk factors relate to the Arrangement.

Failure to complete the Arrangement could reduce the amount of any final distribution to the Shareholders

The Shareholders of Khan have resolved, by way of the Liquidation Resolution passed on November 10, 2016, to proceed with the Winding-Up of Khan. As such, Khan will proceed with the Winding-Up should the Arrangement not be completed. The failure of Khan to complete the Arrangement agreement could result in the obligation to pay the Termination Fee and the Expense Reimbursement. In addition, Khan has incurred and will continue to incur costs and expenses related to the Arrangement. If the Arrangement is not completed, such fees, reimbursements, costs and expenses will reduce the amount of cash available to be distributed by Khan upon any final distribution in connection with the Winding-Up.

Failure to complete the Arrangement will result in illiquidity of the Common Shares

If the Arrangement is not completed, Khan intends to proceed with the Winding-Up in accordance with the liquidation plan approved as part of the Liquidation Resolution. As contemplated in the liquidation plan, a formal

Liquidator will be appointed, whereupon the Common Shares will be delisted from the CSE and will no longer be transferable.

Failure to complete the Arrangement could negatively impact the market price of the Common Shares.

The Arrangement is subject to certain conditions that may be outside the control of Khan, including, without limitation, the receipt of the Final Order. There can be no certainty that these conditions will be satisfied or, if satisfied, when they will be satisfied. In addition, Arden has the right in certain circumstances to terminate the Arrangement Agreement, including in the event of a Material Adverse Effect. See "The Arrangement Agreement — Termination". If the Arrangement is not completed and the Board decides to seek another merger or business combination, there can be no assurance that it will be able to find a party willing to pay consideration for the Common Shares that is equivalent to, or more attractive than, the consideration payable pursuant to the Arrangement.

The Termination Fee and Expense Reimbursement provided under the Arrangement Agreement may discourage other parties from attempting to acquire Khan.

Under the Arrangement Agreement, Khan would be required to pay a Termination Fee of $175,000 in the event the Arrangement Agreement is terminated in certain circumstances. Additionally, Khan must pay the Expense Reimbursement in an amount up to $125,000 to Arden Holdings for reasonable and document out-of-pocket expenses incurred by Arden Holdings in connection with the Arrangement if the Arrangement Agreement is terminated by Arden Holdings due to the Arrangement failing to occur before June 30, 2017. This Termination Fee and Expense Reimbursement may discourage other parties from attempting to acquire Khan, even if those parties would otherwise be willing to offer greater value to Shareholders than that offered by Arden under the Arrangement.

INFORMATION RELATING TO KHAN

General

Khan is a Canadian-based company that had interests in the Dornod Uranium Project. Khan and its subsidiaries' mining and exploration licences were not renewed by the NEA, and Khan subsequently initiated the International Arbitration against the GOM. Khan was successful in the arbitration and ultimately received US$70 million in settlement proceeds from the GOM. Pursuant to a special Shareholders meeting held on November 10, 2016, the Shareholders resolved to proceed with the Winding-Up of Khan.

Description of Capital Structure

The Common Shares are the only shares entitled to vote at the Meeting. As at the date hereof, 90,166,482 Common Shares were issued and outstanding. The holders of Common Shares are entitled to one vote per share.

Dividends

Khan has not paid any dividends to Shareholders in the previous two years. In the event that the Arrangement is not completed and Khan continues with the Winding-Up, the major portion of any remaining funds available for distribution will be in the form of dividends paid to the holders of Common Shares.

Ownership of Securities of Khan

As at April 6, 2017, the directors and officers of Khan each beneficially owned or exercised control or direction over the following Common Shares:

Name	Number and Percentage of Issued and Outstanding Common Shares
Grant A. Edey	3,418,426/ 3.79%

Name	Number and Percentage of Issued and Outstanding Common Shares
Marc Henderson[(1)]	1,050,000/ 1.16%
Loudon Owen	200,000/ 0.22%
David L. McAusland	1,100,000/ 1.21%
Eric Shahinian[(2)]	200,000/ 0.22%
Bruce Gooding	507,647 / 0.56%

Notes:

(1) Mr. Henderson is the Chief Executive Officer of Laramide Resources Ltd. which, according to Mr. Henderson, beneficially owns, controls or directs, directly or indirectly, 7,900,000 Common Shares representing approximately 8.76% of the issued and outstanding Common Shares. Mr. Henderson expressly disclaims that he is acting jointly or in concert with Laramide Resources Ltd.

(2) Mr. Shahinian is the Managing Partner of Camac Partners, LLC which beneficially owns, controls or directs, directly or indirectly, 13,296,821 Common Shares representing approximately 14.75% of the issued and outstanding Common Shares.

Documents Incorporated by Reference

The following documents listed below and filed by Khan with the Canadian securities regulatory authorities are specifically incorporated by reference into, and form an integral part of, this Circular:

(a) the Annual Information Form of Khan dated January 3, 2017 for the year ended September 30, 2016;

(b) the audited consolidated financial statements of Khan for the year ended September 30, 2016 together with the auditors' report thereon and the notes thereto;

(c) the management's discussion and analysis of Khan for the fiscal year ended September 30, 2016;

(d) the unaudited consolidated financial statements of Khan for the three months ended December 31, 2016 together with the notes thereto;

(e) the management's discussion and analysis of Khan for the three months ended December 31, 2016; and

(f) the material change report of Khan dated March 27, 2017.

Copies of the Khan documents incorporated herein by reference may be obtained on request without charge from Khan at 130 King Street East, Suite 1800, Toronto, Ontario, M5X 1E3, (Telephone: 416 360 3405). These documents are also available through the Internet on SEDAR which can be accessed at www.sedar.com. A copy of the Khan permanent information record may be obtained without charge from the Corporate Secretary of Khan at the above mentioned address and telephone number.

Any documents of the types referred to above filed by Khan with the Canadian securities authorities after the date of this Circular and before the Meeting and any other documents required to be incorporated by reference pursuant to Item 11.2 of Form 44-101F1 – *Short Form Prospectus Offerings*, will be deemed to be incorporated by reference into this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained in this Circular or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Circular, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any

other information set forth in the document that it modifies or supersedes. Making such a modifying or superseding statement shall not be deemed to be an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, untrue statement of a material fact, nor an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

EFFECT OF THE ARRANGEMENT ON MARKETS AND LISTINGS

If the Arrangement is completed, the Common Shares will be de-listed from the CSE. Khan will apply to cease to be a reporting issuer (or the equivalent) in all jurisdictions in Canada in which it is a reporting issuer (or the equivalent) and, as a consequence, will terminate its reporting obligations in Canada. Arden Holdings will also wind-up and discontinue the business of Khan following the Arrangement. If the Arrangement is not completed, Khan expects to continue with the Winding-Up and de-list the Common Shares from the CSE upon the appointment of the Liquidator, at which time the Common Shares will no longer be transferable.

RIGHTS OF DISSENTING SHAREHOLDERS

The Interim Order expressly provides registered holders of Common Shares with the right to dissent with respect to the Arrangement. As a result, any Dissenting Shareholder is entitled to be paid the fair value (determined as of the close of business on the Effective Date) of all, but not less than all, of the shares of the same class beneficially held by it in accordance with Section 185 of the OBCA, if the shareholder dissents with respect to the Arrangement and the Arrangement becomes effective. **It is a condition to completion of the Arrangement in favour of Arden that there shall not have been delivered and not withdrawn notices of dissent with respect to the Arrangement in respect of more than 10% of the Common Shares.**

The following is a summary of Section 185 of the OBCA and the requirements of the Interim Order relating to the rights of Dissenting Shareholders. These provisions are technical and complex and registered holders of Common Shares who wish to exercise Dissent Rights should consult a legal advisor.

Section 185 of the OBCA provides that a shareholder may only make a claim under that section with respect to all of the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. One consequence of this provision is that a Shareholder may only exercise the Dissent Rights under Section 185 of the OBCA (as modified by the Plan of Arrangement and the Interim Order) in respect of Common Shares that are registered in that Shareholder's name.

In many cases, Common Shares beneficially owned by a holder (a "**Beneficial Holder**") are registered either (a) in the name of an intermediary ("**Intermediary**") that the Beneficial Holder deals with in respect of such shares, such as, among others, banks, trust companies, securities brokers, trustees and other similar entities, or (b) in the name of a depository, such as CDS, of which the Intermediary is a participant. Accordingly, a Beneficial Shareholder will not be entitled to exercise his or her Dissent Rights directly (unless the shares are re- registered in the Beneficial Holder's name). A Beneficial Holder who wishes to exercise Dissent Rights should immediately contact the Intermediary with whom the Beneficial Holder deals in respect of its Common Shares and either (i) instruct the Intermediary to exercise the Dissent Rights on the Beneficial Holder's behalf (which, if the Common Shares are registered in the name of CDS or any other clearing agency, may require that such Common Shares first be re-registered in the name of the Intermediary), or (ii) instruct the Intermediary to re-register such Common Shares in the name of the Beneficial Holder, in which case the Beneficial Holder would have to exercise the Dissent Rights directly.

The execution or exercise of a proxy does not constitute a written objection for purposes of the Dissent Rights.

The following summary does not purport to be comprehensive with respect to the procedures to be followed by a Shareholder seeking to exercise Dissent Rights with respect to the Arrangement Resolutions as provided in the Interim Order and is qualified in its entirety by reference to the full text of the Interim Order,

Article 5 of the Plan of Arrangement and Section 185 of the OBCA, which are set forth in Appendix D, Appendix C and Appendix G and to this Circular, respectively.

The Interim Order and the OBCA require strict adherence to the procedures established therein and failure to adhere to such procedures may result in the loss of all Dissent Rights with respect to the Arrangement Resolution. Accordingly, each Shareholder who desires to exercise rights of dissent should carefully consider and comply with the provisions of Section 185 of the OBCA (as modified by the Interim Order) and consult its legal advisors.

Notwithstanding subsection 185(6) of the OBCA (pursuant to which a written objection may be provided at or prior to the Meeting), a Dissenting Shareholder who seeks payment of the fair value of its Common Shares is required to deliver a written objection to the Arrangement Resolution to Khan by 5:00 p.m. (Toronto time) on the second Business Day preceding the Meeting (or, if the Meeting is postponed or adjourned, the second Business Day preceding the date of the reconvened or postponed Meeting). Khan's address for such purpose is 130 King Street East, Suite 1800, Toronto, Ontario, M5X 1E3. A vote against the Arrangement Resolution or a withholding of votes does not constitute a written objection. Within 10 days after the Arrangement Resolution is approved by the Shareholders, Khan must so notify the Dissenting Shareholder (unless such shareholder voted for the Arrangement Resolution or has withdrawn its objection) who is then required, within 20 days after receipt of such notice (or, if such Shareholder does not receive such notice, within 20 days after learning of the approval of the Arrangement Resolution), to send to Khan a written notice containing its name and address, the number and class of shares in respect of which the Shareholder dissents and a demand for payment of the fair value of such shares and, within 30 days after sending such written notice, to send to Khan or its transfer agent the appropriate share certificate or certificates.

A Dissenting Shareholder who fails to send to Khan, within the appropriate time frame, a written objection, demand for payment and certificates representing the Common Shares in respect of which the Shareholder dissents forfeits the right to make a claim under Section 185 of the OBCA as modified by the Interim Order. The transfer agent of Khan will endorse on the share certificates received from a Dissenting Shareholder a notice that the holder is a Dissenting Shareholder and will forthwith return the certificates to the Dissenting Shareholder.

On sending a demand for payment to Khan, a Dissenting Shareholder ceases to have any rights as a Shareholder other than the right to be paid the fair value of such holder's Common Shares, notwithstanding anything to the contrary contained in Section 185 of the OBCA, which fair value shall be determined as of the close of business on the Effective Date, except where:

(a) the Dissenting Shareholder withdraws the demand for payment before Khan makes an offer to the Dissenting Shareholder pursuant to the OBCA,

(b) Khan fails to make an offer as hereinafter described and the Dissenting Shareholder withdraws the demand for payment, or

(c) the proposal contemplated in the Arrangement Resolution does not proceed,

in which case the rights as a Shareholder will be reinstated as of the date the Dissenting Shareholder sent the demand for payment.

Shareholders who duly exercise their Dissent Rights and who:

(a) ultimately are determined to be entitled to be paid fair value for their Common Shares, which fair value, notwithstanding anything to the contrary contained in Section 185 of the OBCA, shall be determined as of the close of business on the Effective Date, shall be deemed to have transferred those Common Shares as of the Effective Time at the fair value of the Common Shares determined as of the Effective Time, without any further act or formality and free and clear of all Liens and claims, to Arden; or

(b) ultimately are determined not to be entitled, for any reason, to be paid fair value for their Common Shares, shall be deemed to have participated in the Arrangement on the same basis as a holder of Common Shares who has not exercised Dissent Rights,

but, for greater certainty, in no case shall Khan, Arden or the Depositary be required to recognize Dissenting Shareholders as Shareholders at and after the Effective Time, and the names of Dissenting Shareholders shall be deleted from the register of Shareholders as of the Effective Time.

If the Plan of Arrangement becomes effective, Arden will be required to send, not later than the seventh day after the later of (i) the Effective Date or (ii) the day the demand for payment is received, to each Dissenting Shareholder whose demand for payment has been received, a written offer to pay for such Dissenting Shareholder's shares such amount as the Arden board of directors considers fair value thereof accompanied by a statement showing how the fair value was determined.

Arden must pay for the Common Shares of a Dissenting Shareholder within ten days after an offer made as described above has been accepted by a Dissenting Shareholder, but any such offer lapses if Arden does not receive an acceptance thereof within 30 days after such offer has been made.

If such offer is not made or accepted, Arden may, within 50 days after the Effective Date or within such further period as a court may allow, apply to the Court to fix the fair value of such shares. There is no obligation of Arden to apply to the Court. If Arden fails to make such an application, a Dissenting Shareholder has the right to so apply within a further 20 days. A Dissenting Shareholder is not required to give security for costs in such an application.

Upon an application to the Court, all Dissenting Shareholders whose Common Shares have not been purchased by Arden will be joined as parties and be bound by the decision of the Court, and Arden will be required to notify each Dissenting Shareholder of the date, place and consequences of the application and of the right to appear and be heard in person or by counsel. Upon any such application to a court, the court may determine whether any person is a Dissenting Shareholder who should be joined as a party, and the court will then fix a fair value for the shares of all Dissenting Shareholders who have not accepted an offer to pay. The final order of the Court will be rendered against Arden in favour of each Dissenting Shareholder and for the amount of the Dissenting Shareholder's shares as fixed by the Court. The Court may, in its discretion, allow a reasonable rate of interest on the amount payable to each such Dissenting Shareholder from the Effective Date until the date of payment.

Registered Shareholders who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Common Shares as determined under the applicable provisions of the OBCA (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the consideration offered under the Arrangement. In addition, any judicial determination of fair value will result in delay of receipt by a Dissenting Shareholder of consideration for such shareholder's Common Shares.

Under the OBCA, the Court may make any order in respect of the Arrangement it thinks fit, including a Final Order that amends the Dissent Rights as provided for in the Plan of Arrangement and the Interim Order. In any case, it is not anticipated that additional Shareholder approval would be sought for any such variation.

The foregoing summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of fair value of the Dissenting Shareholder's Common Shares. Section 185 of the OBCA (as modified by the Plan of Arrangement and the Interim Order) requires strict adherence to the procedures established therein and failure to do so may result in a loss of a Dissenting Shareholder's Dissent Rights. Accordingly, each Dissenting Shareholder who desires to exercise Dissent Rights should carefully consider and comply with the provisions of that section, the full text of which is set out in Appendix G to this Circular, as modified by the Plan of Arrangement and the Interim Order, or should consult with such Dissenting Shareholder's legal advisor.

LEGAL MATTERS

Legal matters in relation to the Arrangement will be reviewed and passed upon by Davies Ward Phillips & Vineberg LLP on behalf of Khan and by Norton Rose Fulbright Canada LLP on behalf of Arden. As at the date of this Circular, partners and associates of Davies Ward Phillips & Vineberg LLP own beneficially, directly or indirectly, less than 1% of the outstanding securities of Khan, Arden and their respective associates and affiliates. As at the date of this Circular, partners and associates of Norton Rose Fulbright Canada LLP own beneficially, directly or indirectly, less than 1% of the outstanding securities of Khan, Arden and their respective associates and affiliates.

ANNUAL BUSINESS OF THE MEETING

Voting Shares and Principal Holders Thereof

The authorized capital of Khan consists of an unlimited number of Common Shares, of which 90,166,482 Common Shares are issued and outstanding as of the date hereof. Each Common Share carries one vote in respect of each matter to be voted upon at the meeting. Only Shareholders who are holders of record at the close of business of April 5, 2017, will be entitled to vote at the meeting.

The following table sets forth the only persons, who, to the knowledge of the directors and officers of Khan, beneficially own, control or direct, directly or indirectly, securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of Khan entitled to vote at the meeting, the number of securities so owned, controlled or directed, directly or indirectly, by each such person and the percentage of each class of outstanding voting securities of Khan represented by the number of voting securities so owned, controlled or directed, directly or indirectly, by each of such persons.

Name of Shareholder		Number of Common Shares beneficially owned, controlled or directed, directly or indirectly		Percentage of Common Shares beneficially owned, controlled or directed, directly or indirectly
Camac Partners, LLC		13,296,821[(1)]		14.75%
VR Global Partners, L.P.		16,639,000[(2)]		18.45%

Notes:

(1) Based on insider reports publicly filed on the System for Electronic Disclosure by Insiders ("**SEDI**") as at March 6, 2017.

(2) Based on insider reports publicly filed on SEDI as at January 7, 2016 and Khan's press release dated June 2, 2015.

Business of the Meeting

1. Financial Statements

The consolidated financial statements for the financial year ended September 30, 2016 and the report of the auditors thereon which accompany this Circular will be submitted to the Meeting of shareholders. Receipt at such Meeting of the auditors' report and the Corporation's financial statements for this financial period will not constitute approval or disapproval of any matters referred to therein.

2. Election of the Khan Board

It is proposed that the three (3) people listed below under "Nominees for Election to Khan Board" be nominated for election as directors of Khan to hold office until the earlier of when the Arrangement becomes effective and the next annual meeting or until their successors are elected or appointed. All of the proposed nominees are currently directors of Khan and have been since the dates indicated. The articles of amendment of the Corporation provide for a minimum of one (1) and a maximum of nine (9) directors.

The Board of Directors recommends that shareholders vote for the election of the proposed nominees set out below. Unless otherwise instructed, proxies and voting instructions given pursuant to this solicitation

by the management of Khan will be voted for the election of the proposed nominees. If any proposed nominee is unable to serve as a director, the individuals named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion.

3. Appointment of Auditors

The Board of Directors proposes that Collins Barrow Toronto LLP (the "**Auditors**") be appointed as the auditors of the Corporation to hold office until the close of the next annual meeting of shareholders and that the Board of Directors be authorized to fix the remuneration of the Auditors. The Auditors were first appointed as auditors of Khan on July 28, 2014 replacing Ernst & Young LLP, who were first appointed as auditors of Khan on January 15, 2004.

Details of the fees paid to the Auditors during financial years ended September 30, 2015 and 2014 can be found in the Corporation's Annual Information Form for the financial year ended September 30, 2015, a copy of which is available on SEDAR at www.sedar.com.

The Board of Directors recommends that shareholders vote for the appointment of Collins Barrow Toronto LLP as auditor and the authorization of the Board to fix their remuneration.

Election of Directors

It is proposed that the three (3) people listed below be nominated for election as directors of Khan to hold office until the next annual meeting or until their successors are elected or appointed. All of the proposed nominees are currently directors of Khan and have been since the dates indicated. The articles of amendment of the Corporation provide for a minimum of one (1) and a maximum of nine (9) directors.

The Board of Directors recommends that shareholders vote for the election of the proposed nominees set out below. Unless otherwise instructed, proxies and voting instructions given pursuant to this solicitation by the management of Khan will be voted for the election of the proposed nominees. If any proposed nominee is unable to serve as a director, the individuals named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion.

Nominees for Election as Directors

The following table sets forth for each nominee for election as director: place of residence; present principal occupation and principal occupations held in the last five (5) years, if different; a brief description of the nominee's principal directorships, memberships and education; the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction, directly or indirectly, is exercised; the number of outstanding options to acquire Common Shares held by the nominee under Khan's rolling stock option plan (the "Plan"); the date the nominee became a director of Khan; current membership on committees of the Board; and whether or not the Board has determined each nominee to be independent. There are no contracts, arrangements or understandings between any director or executive officer or any other person pursuant to which any of the nominees has been nominated.

Grant A. Edey Mississauga, Ontario, Canada Shares: 3,418,426 (1) Options: Nil	***Grant A. Edey***, Chairman, President and Chief Executive Officer of the Corporation has over 35 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. **Khan Board Details:** • Director since February 15, 2007 • Non-Independent (Chairman, President and Chief Executive Officer of Khan)

Loudon F. M. Owen, Toronto, Ontario, Canada Shares: 200,000 (1) Options: Nil	*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. **Khan Board Details:** • Director since August 20, 2015 • Independent
Eric Shahinian, New York, New York, USA Shares: 200,000 (1)(2) Options: Nil	*Eric Shahinian*, Director of Khan, is the managing partner of Camac Partners, LLC, 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 Partners, LLC 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. **Khan Board Details:** • Director since August 20, 2015 • Independent

Notes:

(1) The information about Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of Khan, has been furnished by the respective nominees. Unless otherwise indicated, (a) beneficial ownership is direct and (b) the person indicated has sole voting and investment power.

(2) Mr. Shahinian is the Managing Partner of Camac Partners, LLC which beneficially owns, controls or directs, directly or indirectly, 13,296,821 Common Shares representing approximately 14.75% of the issued and outstanding Common Shares.

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 Circular, 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 Circular, 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 this Circular, 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 Eric Shahinian, who is the Managing Partner of Camac Partners, LLC 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.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Effective corporate governance is a priority for the Board of Directors. In developing Khan's corporate governance practices, the Board of Directors has taken into account the rules and guidelines adopted by the Canadian Securities Administrators ("**CSA**") in June 2005 (National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and National Policy 58-201 - *Corporate Governance Guidelines* (collectively, the "**CSA Governance Requirements**")), which require Khan to disclose certain information relating to its corporate governance practices.

The CSA Governance Requirements set out best practices drawn from existing Canadian standards and U.S. regulatory standards. Khan is required to describe certain aspects of its corporate governance practices in its management information circular, including a discussion of any practices that are inconsistent with the CSA Governance Requirements. This information is set out in Appendix H this Circular.

The CSA has also enacted rules regarding the composition of audit committees (Multilateral Instrument 52-110 - *Audit Committees*) and the certification of an issuer's disclosure controls and procedures (Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*). Khan is currently in compliance with these rules. For the year ended September 30, 2016, the Chief Executive Officer and Chief Financial Officer were required to file a certificate to certify that Khan's annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings and the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

In this Circular, the term "independent" director has the corresponding meaning given to the term "independent" director in NI 58-101; namely, a director who has no direct or indirect material relationship with the Corporation which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise

of the Director's independent judgement. A majority of the nominees standing for election as directors are "independent" within the meaning of NI 58-101.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has established two (2) standing committees: (1) an Audit and Finance Committee (the "**Audit Committee**"); and (2) a Corporate Governance, Compensation and Nominating Committee (the "Governance and Compensation Committee"). A brief description of each committee is set out below.

Audit and Finance Committee. The Audit Committee assists the Board in fulfilling its responsibilities for oversight of financial and accounting matters. The Audit Committee recommends the auditors to be nominated and reviews the compensation of the auditors. The Audit Committee is directly responsible for overseeing the work of the auditors, must pre-approve non-audit services, be satisfied that adequate procedures are in place for the review of our public disclosure of financial information extracted or derived from Khan's financial statements and must establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters. The current members of the Audit Committee are Marc C. Henderson, Loudon F. M. Owen and Eric Shahinian (Chair). Reference should be made to "*Audit Committee and Auditors*" in the Corporation's Annual Information Form for the year ended September 30, 2016 dated as of January 3, 2017 for additional information concerning the Audit Committee.

Corporate Governance, Compensation and Nominating Committee. The Governance and Compensation Committee assists the Board in fulfilling its responsibilities for corporate governance. The Governance and Compensation Committee provides a focus on corporate governance to enhance corporate performance and ensure, on behalf of the Board and shareholders, that the Corporation's governance system is effective. The Governance and Compensation Committee's duties and responsibilities include assessing and making recommendations regarding Board effectiveness, reviewing the size and composition of the Board, its general responsibilities and functions, the organization and responsibilities of Board committees and the operations and procedures of the Board as well as for establishing a process for identifying, recruiting, appointing, re-appointing and providing ongoing development for directors. The Governance and Compensation Committee also assists the Board in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for Khan's executive officers. In addition, the Governance and Compensation Committee is charged with reviewing the Plan and proposing changes thereto, approving any awards of options under the Plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to Khan's executive officers. The Governance and Compensation Committee is also responsible for reviewing, approving and reporting to the Board annually (or more frequently as required) on Khan's succession plans for its executive officers.

The Governance and Compensation Committee also assists the Board in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for Khan's executive officers. In addition, the Governance and Compensation Committee is charged with reviewing the Plan and proposing changes thereto, approving any awards of options under the Plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to Khan's executive officers. The Governance and Compensation Committee is also responsible for reviewing, approving and reporting to the Board annually (or more frequently as required) on Khan's succession plans for its executive officers.

Each of the members of the Governance and Compensation Committee has direct experience that is relevant to their responsibilities regarding executive compensation of the Corporation. Specifically, Messrs. McAusland and Owen have experience acting as directors or executives of other reporting issuers. Accordingly, as a result of this collective experience, the Governance and Compensation Committee has knowledge of typical day-to-day responsibilities and challenges faced by the Corporation's management team, the role of a Board in reviewing the executive compensation of a reporting issuer, and first-hand knowledge regarding executive compensation policies and practices in the public sector, all of which are beneficial to the committee in the context of its review of the Corporation's compensation policies and practices.

The current members of the Governance and Compensation Committee are David L. McAusland, Loudon F. M. Owen and Eric Shahinian.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This section of the Circular explains how the Corporation's executive compensation program is designed and operated with respect to the President and Chief Executive Officer (referred to as the "**CEO**" in the narrative discussion in this section and under the section entitled "Executive Compensation Tables"), Chief Financial Officer ("**CFO**"), and the three other most highly compensated executive officers included in this reported financial year whose total compensation was, individually, more than $150,000 (together with the CEO and CFO collectively referred to as the "**Named Executive Officers**" or "**NEOs**", and each a "**Named Executive Officer**" or "**NEO**"). This section also identifies the objectives and material elements of compensation awarded to the NEOs and the reasons for the compensation. For a complete understanding of the executive compensation program, this Compensation Discussion and Analysis should be read in conjunction with the Summary Compensation Table and other executive compensation-related disclosure included in this Circular.

The philosophy of the Governance and Compensation Committee is to determine compensation for the Corporation's executive officers relative to the performance of the Corporation in executing on its objectives. The current circumstances of the Corporation are given substantial weight in the determination of compensation practices.

The Governance and Compensation Committee's assessment of corporate performance is based on a number of qualitative and quantitative factors including execution of on-going projects and transactions. For the most recently completed financial year-ended September 30, 2016, the Governance and Compensation Committee determined the overall corporate performance rating to be "at target". NEOs do not automatically receive any particular award based on the Governance and Compensation Committee's determination of the overall performance of the Corporation, but rather the determination establishes the background for the Governance and Compensation Committee's subsequent review of the NEOs' individual performance. The Governance and Compensation Committee's decisions with respect to Total Direct Compensation for NEOs for 2016 are noted below in the section "Compensation Decisions for 2016".

Named Executive Officers

During the most recently completed financial year ended September 30, 2016, the following individuals were NEOs of the Corporation:

(a) Grant A. Edey, Chairman, President and Chief Executive Officer of the Corporation; and

(b) K. Bruce Gooding, Chief Financial Officer.

Objectives of the Compensation Program

The objectives of the Corporation's executive compensation program are:

(a) to reward individual contributions in light of overall business results;

(b) to be competitive with the companies with whom the Corporation competes for talent;

(c) to align the interests of the executives with the interests of the shareholders; and

(d) to attract and retain executives who can help the Corporation achieve its objectives.

Elements of Executive Compensation

Total direct compensation ("**Total Direct Compensation**") represents the combined value of fixed compensation and performance-based variable incentive compensation, comprising: base salary, short-term incentive compensation in the form of an annual cash bonus, and long-term incentive compensation in the form of stock options.

The allocation of Total Direct Compensation value to these different compensation elements is not based on a formula, but rather is intended to reflect the Governance and Compensation Committee's discretionary assessment of an executive officer's past contribution and ability to contribute to future short and long-term business results, all consistent with the circumstances of the Corporation.

Base Salary

The base salary of each NEO is reviewed annually and is the fixed portion of each NEO's Total Direct Compensation and is designed to provide income certainty consistent with the circumstances of the Corporation.

Short-term Incentives

The annual cash bonus is a short-term incentive that is intended to reward each executive officer for their yearly individual contribution in the context of overall annual corporate performance.

Long-term Incentives

Long-term incentive compensation is provided through the granting of stock options. This incentive arrangement is designed to motivate executives to achieve longer-term business results, align their interests with those of the shareholders and to attract and retain executives. Participants benefit only if the market value of the Corporation's Common Shares at the time of a stock option exercise is greater than the exercise price of the stock options at the time of the relevant grant. Stock options generally vest at the date of the grant, or as otherwise determined by the Board. Other than the Plan described below, the Corporation does not have a share-based awards plan or long-term incentive plan.

Determination of Compensation

The Corporation is in a liquidation process and as such the Governance and Compensation Committee does not measure performance using any pre-set formulas in determining compensation awards for NEOs. The Governance and Compensation Committee exercises its discretion and uses sound judgment in making compensation determinations.

The Board does not feel it is necessary to assess the effectiveness of individual board members. Each board member has considerable experience which is sufficient to meet the needs of the Corporation. On an annual basis, however, the Board assesses the contributions of each of the individual directors, and of the Board as a whole, in order to determine whether each is functioning effectively.

Stock Options

Stock Option Granting Process

Generally, stock option grants are determined annually. The CEO makes recommendations to the Governance and Compensation Committee and the Board regarding individual stock option awards for all recipients. The CEO does not engage in discussions with the Governance and Compensation Committee or the Board regarding his own stock option grants. The Governance and Compensation Committee and the Board deliberate and consider relevant market data and other information in order to determine the CEO's stock option grant.

The Governance and Compensation Committee and the Board review the appropriateness of the stock option grant recommendations from the CEO for all eligible employees and accepts or adjusts these recommendations. The Governance and Compensation Committee and the Board are responsible for approving all individual stock option grants, including grants that are awarded outside the annual compensation deliberation process for such things as promotions or new hires.

For the year ended September 30, 2016, no stock options were granted to any employee or the directors.

Stock Option Plan

On May 21, 2004, the Corporation introduced the Plan, which was subsequently amended on January 9, 2009 and re-approved on January 13, 2012 by the Board and most recently obtained shareholder approval on February 16, 2012. Further housekeeping and clerical revisions to the Plan were approved by the Board on January 10, 2013 to reflect the Corporation's migration to the CSE. The CSE does not require annual approval by the shareholders of the Plan. The purpose of the Plan is to advance the interests of the Corporation and its subsidiaries by encouraging the directors, officers, employees and consultants (including the directors, officers and employees of such consultants) (each a "Participant") of the Corporation and its subsidiaries to acquire Common Shares, thereby (a) increasing the proprietary interests of such persons in the Corporation, (b) aligning the interests of such person with the interests of the Corporation's shareholders generally, (c) encouraging such persons to remain associated with the Corporation, and (d) furnishing such persons with an additional incentive in their efforts on behalf the Corporation.

According to the provisions of the Plan, the Board is authorized to provide for the granting, exercise and method of exercise of options, all on such terms as it shall determine including the delegation of the administration and operation of the Plan, in whole or in part, to a committee of the Board, subject to the terms of the Plan and applicable stock exchange rules. Under the Plan, the aggregate number of shares reserved for issuance may not exceed the greater of 5,000,000 Common Shares or 10% of the total number of issued and outstanding Common Shares at the time of any option grant, being 9,016,648 Common Shares as of the date of this Circular. As of the date hereof, there were no options outstanding under the Plan. Accordingly, the Corporation may grant 9,016,648 options under the Plan (representing 10.00% of the issued and outstanding Common Shares), calculated based on 10% of the number of Common Shares issued and outstanding as of the date of this Circular.

The number of Common Shares that may be acquired under an option granted to a Participant is determined by the Board, provided that the aggregate number of Common Shares reserved for issuance in any twelve (12) month period to any one Participant shall not exceed 5% of the Corporation's then issued and outstanding Common Shares unless the Corporation has obtained prior shareholder approval. In addition, no more than 2% of the Corporation's then issued and outstanding Common Shares may be granted to any one consultant or to any one employee in any twelve (12) month period.

Within any twelve (12) month period, the number of Common Shares issued to insiders of the Corporation under the Plan and any other security based compensation arrangement, may not exceed 10% of the Corporation's then issued and outstanding Common Shares and nor may the number of Common Shares reserved for issuance to insiders of the Corporation under the Plan at any time exceed 10% of the Corporation's then issued and outstanding Common Shares.

The exercise price of any options granted under the Plan will be fixed by the Board at the time of the grant, provided that the options shall not be less than the closing price of the Common Shares on the business day immediately prior to the date of the grant as quoted on the CSE.

The period during which an option may be exercised shall also be determined by the Board at the time the option is granted, provided that no option shall be exercisable for a period exceeding five (5) years from the date it was granted and subject to any vesting limitations imposed by the Board in its sole unfettered discretion at the time of the grant. Generally, options expire within ninety (90) days of a Participant ceasing to be a Participant, or if the Participant is engaged to provide investor relations activities to the Corporation, thirty (30) days after the optionee ceases to be employed to provide such investor relations activities or immediately if the Participant is terminated for cause. In the event of death or permanent disability of a Participant, any option previously granted to such

Participant shall be exercisable until the end of the option period or until the date that is not later than one year after the date of death or permanent disability of such Participant, whichever is earlier unless otherwise determined by the Board. All options granted pursuant to the Plan are personal to the grantee and are not assignable or otherwise transferable except for a limited right of assignment to allow: (a) the exercise of options by a Participant's legal representative in the event of death or incapacity, or (b) the transfer of an option to a corporation wholly owned by the Participant or certain trusts, of which the Participant is the sole beneficiary.

The Plan or any option thereunder may be amended at any time, subject to the approval of the Board and the shareholders of the Corporation, as well as any requisite regulatory approvals, in order to: (i) increase the maximum number (or percentage) of Common Shares issuable under the Plan, (ii) increase the maximum number of Common Shares issuable under the Plan to insiders, (iii) make any amendment that would reduce the exercise price of any outstanding option (including a cancellation or reissue of an option constituting a reduction of the exercise price), (iv) extend the term of any option granted under the Plan beyond the original expiry date, (v) increase the maximum term of any option permitted under the Plan, (vi) expand the categories of individuals eligible to participate under the Plan, (vii) allow options to be transferred or assigned other than as provided under the Plan (and described above), or (viii) to amend the amendment provisions of the Plan.

Without limiting the scope of the foregoing, the Plan provides that, for greater certainty, the Board may at any time and for any reason, make the following amendments to the Plan or any option thereunder without shareholder approval (provided that a Participant's consent to such action is required unless the Board determines that the action would not materially and adversely affect the existing rights of such Participant): (i) amendments of a housekeeping or clerical nature, as well as any clarifying amendment to the provisions of the Plan, (ii) amendments to the eligibility criteria and limits for participation in the Plan, (iii) a change to the termination provisions of an option or of the Plan, provided that the change does not entail an extension beyond an option's original expiry date, (iv) additions and amendments to or deletions from the Plan in order to comply with legislation governing the Plan or the requirements of a regulatory body or stock exchange, and (v) amendments to the provisions relating to the administration of the Plan.

Other Compensation

Executive officers may receive other benefits that the Corporation believes are reasonable and consistent with its overall executive compensation program. Benefits may include traditional health programs, bonus payments and limited executive perquisites.

How the Corporation Determines Compensation

The Role of the Governance and Compensation Committee

The Governance and Compensation Committee approves, or recommends for approval, all compensation to be awarded to the NEOs. The Governance and Compensation Committee reviews various materials in its deliberations before considering or rendering decisions.

The Governance and Compensation Committee has full discretion to adopt or alter management recommendations or to consult its own external advisors.

The Governance and Compensation Committee believes it is important to follow appropriate governance practices in carrying out its responsibilities with respect to the development and administration of executive compensation and benefit programs. Governance practices followed by the Governance and Compensation Committee include holding in-camera sessions without management present and, when necessary, obtaining advice from external consultants.

The Role of Management

Management has direct involvement in and knowledge of the business goals, strategies, experiences and performance of the Corporation. As a result, management plays an important role in the compensation decision-

making process. The Governance and Compensation Committee engages in active discussions with the CEO concerning the determination of performance objectives.

The CEO makes recommendations to the Governance and Compensation Committee regarding the amount and type of compensation awards for other members of executive management. The CEO does not engage in discussions with the Governance and Compensation Committee regarding his own Total Direct Compensation. The Governance and Compensation Committee is provided with relevant market data and other information as requested, in order to support the Governance and Compensation Committee's deliberations regarding the CEO's Total Direct Compensation and subsequent recommendation to the Board.

Performance Assessment

Rather than strictly applying formulas and weightings to forward-looking performance objectives, which may lead to unintended consequences for compensation purposes, the Governance and Compensation Committee exercises its discretion and uses sound judgment in making compensation determinations. For this reason, the Governance and Compensation Committee does not measure performance using any pre-set formulas in determining compensation awards for NEOs.

Corporate Performance

In recent years, the Corporation has had objectives primarily related to the collection of the international arbitration award, the distribution of any collected funds to its shareholders in a timely and tax efficient manner, and operating the Corporation in a cost effective manner. These objectives are utilized by the Governance and Compensation Committee as a reference when making compensation decisions.

Individual Performance

The Governance and Compensation Committee, in consultation with the CEO, reviews the achievements and overall contribution of each individual executive officer who reports to the CEO. The Governance and Compensation Committee has in-camera discussions to complete an independent assessment of the performance of the CEO.

Previously Awarded Compensation

The Governance and Compensation Committee approves or recommends compensation awards which are not contingent on the number, term or current value of other outstanding compensation previously awarded to the individual. The Governance and Compensation Committee believes that reducing or limiting current stock option grants or other forms of compensation because of prior gains realized by an executive officer would unfairly penalize the officer and reduce the motivation for continued high achievement. Similarly, the Governance and Compensation Committee does not purposely increase long-term incentive award values in a given year to offset less-than-expected returns from previous grants.

During the annual Total Direct Compensation deliberations, the Governance and Compensation Committee is provided with summaries of the history of each executive officer's previously awarded Total Direct Compensation. These summaries help the Governance and Compensation Committee to track changes in an executive officer's Total Direct Compensation from year to year and to remain aware of the historical compensation for each individual.

Compensation Decisions for 2016

During the year ended September 30, 2016, the Company achieved its primary objective of negotiating and collecting a settlement from the Government of Mongolia in the amount of US$70 million for their illegal expropriation of the Company's Dornod uranium asset in 2009. As a result of this achievement, and due to the

imminent receipt of the settlement, the Governance and Compensation Committee awarded a cash payment of $250,000 to the CEO in lieu of an annual grant of options under the Stock Option Plan for his efforts. The payment was to be paid in two parts, with the first $125,000 payable on the first distribution of surplus funds to the Shareholders plus the remaining $125,000 upon the completion of a full distribution of all funds to the Shareholders or the sale of Khan. In addition, a discretionary bonus will be awarded based upon the speed of a full liquidation or sale of the Company, the timeliness of payments to the shareholders, successful mitigation of tax leakage, and the size of the aggregate distributions to shareholders.

Decisions Related to Executive Compensation That Were Taken After Year End

There were no decisions related to executive compensation that were taken after the year ended September 30, 2016. The first $125,000 of the cash payment described above was paid to the CEO concurrent with the $0.85 per share return of capital to the shareholders in November 2016.

Summary Compensation Table

The following table sets forth the total annual and long-term equity and non-equity compensation for each NEO (being the CEO and CFO), along with any other compensation awarded to each NEO, for services rendered in all capacities to the Corporation for the financial years ended September 30, 2016, 2015 and 2014:

NEO Name and Principal Position	Year	Salary ($)	Share-based awards ($)	Option-based awards[1] ($)	Non-equity incentive plan compensation		Pension plans ($)	All other compensation ($)	Total Compensation ($)
					Annual incentive plans ($)	Long-term incentive plans ($)			
Grant A. Edey, Chairman, President and CEO	2016	125,000	-	Nil	Nil	-	-	Nil	125,000
	2015	93,750[2]	-	140,000[3]	Nil	-	-	75,000[2]	308,750
	2014	83,334[2]	-	120,000[4]	Nil	-	-	Nil	203,334
K. Bruce Gooding, CFO	2016	97,600	-	Nil	Nil	-	-	Nil	97,600
	2015	71,506	-	40,000[5]	Nil	-	-	Nil	111,506
	2014	100,370	-	24,000[6]	Nil	-	-	Nil	124,370

Notes:

(1) The amount reported is the fair value of the stock options granted. The fair value of stock options granted was estimated on the date of grant using the Black-Scholes option pricing model with assumptions as described in Note 10 to the Consolidated Financial Statements for the year ended September 30, 2016. As of April 6, 2017, no stock options were outstanding.

(2) Mr. Edey determined to accrue his salary from the Corporation beginning in June, 2014. The amount of the accrued salary between June 2014 and September 2014 was $41,666. In December 2014, Mr. Edey relinquished his rights to the accrued salary to December 31, 2014 in the amount of $72,917 in consideration for a bonus of $75,000 at any time between January 1, 2015 and December 31, 2017 upon the satisfaction of certain conditions. The bonus was paid in June 2015.

(3) On March 19, 2015, options to purchase 350,000 Common Shares at a price of $0.57 were granted to Mr. Edey.

(4) On March 28, 2014, options to purchase 500,000 Common Shares at a price of $0.335 were granted to Mr. Edey.

(5) On March 19, 2015, options to purchase 100,000 Common Shares at a price of $0.57 were granted to Mr. Gooding.

(6) On March 28, 2014, options to purchase 100,000 Common Shares at a price of $0.335 were granted to Mr. Gooding.

CFO Consulting Contract

K. Bruce Gooding

K. Bruce Gooding was appointed as Chief Financial Officer of the Corporation in 2011 pursuant to a management consulting agreement between the Corporation and Carandian Corporation (the "**Consultant**"), a company controlled by K. Bruce Gooding (the "**Manager**"). Pursuant to the Carandian Agreement, the Consultant has agreed to provide the services of the Manager as the Chief Financial Officer of the Corporation on an ongoing part-time basis at a rate of $5,200 per month plus $170.00 per hour for hours in excess of 32 hours per month.

There are no changes of control provisions in the agreement with Mr. Gooding.

Mr. Gooding has not entered into a confidentiality or a non-competition agreement with the Corporation.

Incentive Plan Awards

Outstanding option-based awards and share-based awards as at September 30, 2016 (1)

	Option-based Awards				Share-based Awards		
NEO Name	**Number of securities underlying unexercised options (2) (#)**	**Option exercise price (3) ($)**	**Option expiration date**	**Value of unexercised in-the-money options (4) ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested**	**Market or payout value of share-based awards not paid out or distributed**
Grant A. Edey	500,000 350,000	0.335 0.57	Mar 28, 2017 Mar 19, 2018	262,500 101,500	-	-	-
K. Bruce Gooding	100,000 100,000	0.335 0.57	Mar 28, 2017 Mar 19, 2018	59,500 29,000	-	-	-

Notes:

(1) As of April 6, 2017, no stock options were outstanding.

(2) The securities underlying the stock options of the Corporation are Common Shares. The issuer of the stock options is the Corporation. For further details concerning the terms of the Plan and options granted thereunder, reference is made to the section above entitled "Stock Option Plan."

(3) The exercise price of an option granted under the Plan is generally the closing sale price of the Common Shares on the CSE on the trading day immediately preceding the date of grant.

(4) The value of unexercised in-the-money options is calculated as the difference between the closing price of the Corporation's Common Shares on the CSE on September 30, 2016 of $0.86 and the underlying option exercise price, multiplied by the number of options outstanding. This value has not been, and may never be, realized by the NEO. The actual gains, if any, on exercise will depend on the value of the Common Shares on the CSE on the date of the option exercise.

Incentive plan awards - value vested or earned during the year ended September 30, 2016

NEO Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation - Value earned during the year ($)
Grant A. Edey	Nil	N/A	N/A
K. Bruce Gooding	Nil	N/A	N/A

Any options held by a NEO that vested during the year that had an exercise price higher than the market price at the time of vesting were valued at zero as no dollar amount would have been realized if the options had been exercised on the date of vesting.

Pension Plan Benefits

The Corporation does not have any pension plans that provide for payments or benefits at, following, or in connection with retirement or provide for retirement or deferred compensation plans.

Director Compensation

The following table sets forth information concerning the annual and long term compensation in respect of the directors of the Corporation, other than the NEOs, during the most recently completed financial year.

Director Compensation Table

Name	Fees earned[(1)] ($)	Share-based awards ($)	Option-based awards[(2)] ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)[(3)]	Total Compensation ($)
Martin Quick	13,250	-	Nil	-	-	Nil	13,250
Raffi Babikian	13,250	-	Nil	-	-	Nil	13,250
Marc C. Henderson	20,000	-	Nil	-	-	47,300	67,300
David L. McAusland	19,000	-	Nil	-	-	47,300	66,300
Loudon F. M. Owen	19,500	-	Nil	-	-	56,750	76,250
Eric Shahinian	18,000	-	Nil	-	-	47,300	66,300

Notes:

(1) Meeting fees and retainer fee.

(2) The securities underlying the stock options of the Corporation are Common Shares. The issuer of the stock options is the Corporation. For further details concerning the terms of the Plan and options granted thereunder, reference is made to the section above entitled "Stock Option Plan". The exercise price of an option granted under the Plan is generally the closing sale price of the Common Shares on the CSE on the trading day immediately preceding the date of grant. The amount reported is the fair value of the stock options granted. The fair value of stock options granted was estimated on the date of grant using the Black-Scholes option pricing model with assumptions as described in Note 10 to the Consolidated Financial Statements for the year ended September 30, 2016.

(3) During the year ended September 30, 2016, the Company achieved its primary objective of negotiating and collecting a settlement from the Government of Mongolia in the amount of US$70 million for their illegal expropriation of the Corporation's Dornod uranium asset in 2009. As a result of this achievement, and due to the imminent receipt of the settlement, the Governance and Compensation Committee awarded cash payments to the directors in lieu of annual grants of options under the Stock Option Plan. The Governance and Compensation Committee awarded a two-part payment to Mr. Louden Owen due to his heavy involvement in negotiating the settlement from the Government of Mongolia. The first

part of the payment is shown in the above chart and a second part of $50,000 was paid to his consulting company on completion of the November 29, 2016 interim distribution to Shareholders as part of the Winding-Up)

Material Factors Necessary to Understand Director Compensation

The Board reviews and approves changes to the Corporation's director compensation arrangements from time to time to ensure they remain competitive in light of the time commitments required from directors and align directors' interests with those of Khan's shareholders.

The Corporation has adopted a compensation scheme for non-executive directors that pay each non-executive director an attendance fee of $500 per meeting attended in person or by telephone.

On January 19, 2010, the Board approved the payment of an annual retainer fee of $15,000 to each member of the Board of Directors.

Directors are also eligible to participate in the Plan and are awarded stock options under the Plan from time to time as compensation for their services as directors. For further details concerning the terms of the Plan, please see the section of this Circular above entitled "*Stock Option Plan*".

Directors are also reimbursed for travel and other expenses incurred in attending meetings and the performance of their duties.

During the financial year ended September 30, 2016, the directors (excluding NEOs who are directors and are not entitled to any additional compensation for their service as directors) received the compensation set out in this Circular. For the year ended September 30, 2016, no stock options were granted to any employee or the directors. The Corporation has not granted, and nor do the directors hold, any share-based awards.

Director Option-based Awards

Outstanding option-based awards and share-based awards as at September 30, 2015[(1)]

	Option-based Awards				Share-based Awards		
Name	**Number of securities underlying unexercised options [(1)] (#)**	**Option exercise price [(2)] ($)**	**Option expiration date**	**Value of unexercised in-the-money Options [(3)] ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**	**Market or payout value of share-based awards not paid out or distributed ($)**
Marc C. Henderson	250,000 200,000	0.335 0.57	Mar 28, 2017 Mar 19, 2018	131,250 58,000	-	-	-
David L. McAusland	250,000 200,000	0.335 0.57	Mar 28, 2017 Mar 19, 2018	131,250 58,000	-	-	-
Loudon F. M. Owen	200,000	0.53	Aug 20, 2017	66,000	-	-	-
Eric Shahinian	200,000	0.53	Aug 20, 2017	66,000	-	-	-

Notes:

(1) As of April 6, 2017, no stock options were outstanding.
(2) The securities underlying the stock options of the Corporation are Common Shares. The issuer of the stock options is the Corporation. For further details concerning the terms of the Plan and options granted thereunder, reference is made to the section above entitled "Stock Option Plan".

(3) The exercise price of an option granted under the Plan is generally the closing sale price of the Common Shares on the CSE on the trading day immediately preceding the date of grant.

(4) The value of unexercised in-the-money options is calculated as the difference between the closing price of the Corporation's Common Shares on the CSE on September 30, 2015 of $0.86 and the underlying option exercise price, multiplied by the number of options outstanding. This value has not been, and may never be, realized by the director. The actual gains, if any, on exercise will depend on the value of the Common Shares on the CSE on the date of the option exercise.

The Board considers option grants to directors at the time a director joins the Board and annually thereafter. Option grants to directors are intended as a long term incentive with vesting as determined by the Board.

Incentive plan awards - value vested or earned during the year ended September 30, 2016

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Marc. C. Henderson	Nil	N/A	N/A
David L. McAusland	Nil	N/A	N/A
Loudon F. M. Owen	Nil	N/A	N/A
Eric Shahinian	Nil	N/A	N/A

For the year ended September 30, 2016, no stock options were granted to any employee, officers or the directors.

Any options held by a director that vested during the year that had an exercise price higher than the market price at the time of vesting were valued at zero as no dollar amount would have been realized if the options had been exercised on the date of vesting.

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNIFICATION

The Corporation has obtained directors' and officers' liability insurance with a cumulative policy limit of $5,000,000 subject to a deductible of $100,000. The annual premium cost of this insurance coverage for the financial year ended September 30, 2016 is $50,000, all of which is paid by the Corporation.

In accordance with the provisions of the *Business Corporations Act* (Ontario), Khan's by-laws provide that Khan will indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which Khan is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including amounts paid to settle an action or to satisfy a judgment, reasonably incurred in respect of any civil, criminal or administrative action or proceeding to which he or she was made a party by reason of being or having been a director or officer of Khan or such other company if he or she acted honestly and in good faith with a view to the best interests of the Corporation and, in the case of a criminal or administrative action or proceeding that is enforced by monetary penalty, he or she had reasonable grounds to believe that his or her conduct was lawful. If Khan becomes liable under the terms of its by-laws, the insurance coverage will extend to its liability; however, each claim will be subject to a deductible.

AUDIT COMMITTEE

The information required by Multilateral Instrument 52-110 - Audit Committees ("**52-110**") is available under the heading "Audit Committees and Auditors" in the Corporation's most recently filed Annual Information Form available on SEDAR at www.sedar.com.

Review of Effectiveness of Auditors

Pursuant to a report released in May, 2013 by Chartered Professional Accountants of Canada and the Canadian Public Accountability Board entitled *Enhancing Audit Quality: Canadian Perspectives*, the Corporation has adopted the recommendations of the report with respect to the review of the effectiveness of the Corporation's auditors as follows:

(a) Having the Audit Committee perform a periodic comprehensive review of the audit firm at least every five years, resulting in a recommendation to retain or replace the audit firm, is the preferred approach to address any institutional familiarity threats potentially created by audit firm tenure and to focus on audit quality.

(b) The mandatory rotation of audit firms or mandatory re-tendering of the audit would not contribute to the enhancement of audit quality.

(c) A report summarizing the results, findings and conclusions of the comprehensive review should be included in an entity's public disclosures in the year the comprehensive review is carried out.

In order to comply with the recommendations noted above, the Audit Committee will conduct a comprehensive review every five (5) years with the first one occurring in 2019, which is five years after the appointment of the current auditor.

Yearly Review

The Audit Committee shall every year:

(a) Monitor the effectiveness of the financial reporting environment;

(b) Oversee the annual work of the auditors;

(c) Review the audit plan;

(d) Consider the impact of business risk on the audit plan;

(e) Assess reasonableness of the audit fee;

(f) Monitor the execution of the audit plan, with emphasis on the more complex and risky areas of the audit;

(g) Review and evaluate the audit findings; and

(h) Conduct an annual assessment of the performance of the external auditors.

In carrying out its annual assessment, the Audit Committee concluded that the auditor's performance of its duties to the Corporation were satisfactory, providing a high degree of confidence in the effectiveness of the yearly audit. The Audit Committee recommended that the incumbent auditor be retained.

ADDITIONAL INFORMATION

Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as otherwise disclosed in this Circular, no person who has been a director or executive officer of Khan since the beginning of the last financial year and no associate or affiliate of any such director or executive

officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting. See "The Arrangement – Interests of Certain Persons in the Arrangement".

Interest of Informed Persons in Material Transactions

Other than as stated elsewhere in this Circular, no informed person, director, executive officer, nominee for director, any person who beneficially owns, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to all outstanding shares of Khan, nor any associated or affiliate of such persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or any proposed transaction which has materially affected or would materially affect Khan. See "The Arrangement – Interests of Certain Persons in the Arrangement".

Other Business

Management of Khan knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if matters not now known to management should come before the Meeting, Common Shares represented by proxies solicited by management will be voted on each such matter in accordance with the best judgment of the nominees voting same.

Additional Copies

A copy of this Circular has been sent to each director of Khan, to the applicable regulatory authorities, to each shareholder entitled to receive notice of the Meeting and to the auditors of Khan. If you would like to obtain, at no cost to you, a copy of the following documents:

(a) the latest Annual Information Form of Khan together with any document, or the pertinent pages of any document, incorporated by reference therein,

(b) the comparative financial statements and MD&A of Khan for the year ended September 30, 2016 together with the accompanying report of the auditors' thereon or any interim financial statements or MD&A of Khan for periods subsequent to September 30, 2016, or

(c) this Circular,

please send your request to:

Khan Resources Inc.
The Exchange Tower
130 King Street West, Suite 1800
Toronto, Ontario, Canada
M5X 1E3

Telephone: (416) 360-3405
Attention: Grant A. Edey

Additional information relating to Khan is available online from Khan's website at www.khanresources.com and on SEDAR at www.sedar.com.

APPROVAL OF BOARD

The contents of this Circular and the sending of it to the Shareholders, to each director of Khan, to Khan's auditors and to the appropriate governmental agencies have been approved by the Board.

Unless otherwise noted, the information contained herein is given as of April 6, 2017.

DATED at Toronto, Ontario this 6th day of April, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

GRANT A. EDEY (signed)
Chairman, President and Chief Executive Officer

CONSENT OF BLAIR FRANKLIN CAPITAL PARTNERS INC.

To: The Board of Directors of Khan Resources Inc.

We hereby consent to the reference to the opinion of this firm under, "Questions and Answers About the Meeting and the Arrangement", "Summary of Circular – Fairness Opinion", "Summary of Circular – Reasons for the Recommendations", "The Arrangement – Background to the Arrangement", "The Arrangement – Reasons for the Recommendations" and "The Arrangement – Fairness Opinion", the inclusion of this firm's opinion dated March 24, 2017 as Appendix F to the Circular and being named in the Circular dated April 6, 2017.

/s/ "John Medland"

Toronto, Canada
April 6, 2017

APPENDIX A
ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 182 of the *Business Corporations Act* (Ontario) (the "**OBCA**") of Khan Resources Inc. (the "**Company**"), as more particularly described and set forth in the management information circular (the "**Circular**") dated April 6, 2017 of the Company accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement (the "**Arrangement Agreement**") made as of March 22, 2017 between the Company, Arden Holdings Ltd. and 2567850 Ontario Inc., is hereby authorized, approved and adopted.

2. The plan of arrangement of the Company (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**")), the full text of which is set out in Appendix C to the Circular, is hereby authorized, approved and adopted.

3. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.

4. The Company be and is hereby authorized to apply for a final order from the Ontario Superior Court of Justice (Commercial List) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).

5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Ontario Superior Court of Justice (Commercial List), the directors of the Company are hereby authorized and empowered to, without notice to or approval of the shareholders of the Company, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.

6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver for filing with the Director under the OBCA articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

7. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

APPENDIX B
ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT (this "**Agreement**") dated as of March 22nd, 2017,

BETWEEN:

ARDEN HOLDINGS LTD., a corporation existing under the laws of Turks and Caicos Islands (the "**Parent**")

- and -

2567850 ONTARIO INC., a corporation existing under the laws of the Province of Ontario (the "**Purchaser**")

- and -

KHAN RESOURCES INC., a corporation existing under the laws of the Province of Ontario (the "**Company**")

WHEREAS the Parent desires to acquire all of the Shares (as hereinafter defined) through its wholly-owned subsidiary, the Purchaser;

AND WHEREAS the board of directors of the Company (the "**Board of Directors**") has determined that the consideration to be received by the Shareholders (as hereinafter defined) pursuant to the Arrangement (as hereinafter defined) is fair and that the Arrangement is in the best interests of the Company and that the Board of Directors has resolved to support the Arrangement and to recommend that the Shareholders vote in favour of the Arrangement, all subject to the terms and the conditions contained herein;

THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties (as hereinafter defined) hereto covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

"**Acquisition Proposal**" means,

(a) any take-over bid, issuer bid, amalgamation, plan of arrangement, business combination, merger, tender offer, reverse take-over, exchange offer, consolidation, recapitalization, reorganization, liquidation, dissolution or winding-up in respect of the Company or the Subsidiary;

(b) any sale of assets (or any lease, long-term supply arrangement, licence or other arrangement having the same economic effect as a sale) of the Company or the Subsidiary representing 20% or more of the consolidated assets, revenues or earnings of the Company;

(c) any sale or issuance of shares or other equity interests (or securities convertible into or exercisable for such shares or interests) in the Company or the Subsidiary representing 20% or more of the issued and outstanding equity or voting interests of the Company or the Subsidiary;

(d) any similar transaction or series of transactions involving the Company or the Subsidiary;

(e) any arrangement whereby effective operating or voting control of the Company is granted to another party; or

(f) any inquiry, proposal, offer or public announcement of an intention to do any of the foregoing;

"**affiliate**" has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*;

"**Arrangement**" means an arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 9.11 of this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered at the Company Meeting, to be substantially in the form and content of Schedule A hereto;

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement, required by the OBCA to be sent to the Director after the Final Order is made, which shall be in form and content satisfactory to the Company and the Purchaser, each acting reasonably;

"**Board of Directors**" has the meaning ascribed thereto in the recitals;

"**business**" means, unless the context otherwise requires, the activities of and relating to the winding up and discontinuance of the uranium exploration and mining business formerly carried on by the Company and its present and former subsidiaries;

"**business day**" means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Canada or Turks and Caicos Islands;

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to Section 183(2) of the OBCA in respect of the Articles of Arrangement;

"**Change in Recommendation**" has the meaning ascribed thereto in Section 8.1(1)(c)(i);

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to, among others, the Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time;

"**Company Disclosure Letter**" means the disclosure letter dated the date hereof regarding this Agreement that has been provided by the Company to the Parent and the Purchaser;

"**Company Employees**" means employees of the Company and the Subsidiary, including any consultant performing similar functions to that of an executive officer;

"**Company Intellectual Property**" shall mean any Intellectual Property that is owned by the Company and/or the Subsidiary;

"**Company Meeting**" means the special meeting of the Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

"**Company Plans**" has the meaning ascribed thereto in paragraph (q)(i) of Schedule C;

"**Company's Current Public Disclosure Record**" means (a) the condensed interim consolidated financial statements of the Company for the first quarter ended December 31, 2016, and the notes thereto; (b) the management discussion and analysis of the Company for the first quarter ended December 31, 2016; (c) the annual information form of the Company dated January 3, 2017 for the year ended September 30, 2016; (d) the audited

consolidated financial statements of the Company for the years ending September 30, 2016 and September 30, 2015 and the notes thereto; (e) the management discussion and analysis of the Company for the year ended September 30, 2016; (f) the management information circular of the Company in respect of a special meeting of Shareholders dated October 5, 2015; and (g) the management information circular in respect of an annual and special meeting of Shareholders dated January 8, 2016;

"**Company's Public Disclosure Record**" means all documents filed under the profile of the Company on the System for Electronic Document Analysis and Retrieval (SEDAR) after December 31, 2015;

"**Confidentiality Agreement**" means the letter agreement dated January 18, 2017 between the Parent and the Company;

"**Consideration**" means $0.05 in cash per Share;

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

"**D&O Insurance**" has the meaning ascribed thereto in Section 7.8(2);

"**Depositary**" means TSX Trust Company, as depositary, or any other bank, trust company or financial institution, as may be agreed to in writing by the Company and the Purchaser;

"**Diligence Documents**" means the documents provided in hard copy to the Parent and the responses to the Parent's due diligence request list, the latter of which is appended to the Company Disclosure Letter;

"**Director**" means the Director appointed pursuant to Section 278 of the OBCA;

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Environmental Laws**" means any applicable Law relating to pollution or protection of human health (including worker health and safety) or the environment, or governing the handling, use, re-use, generation, treatment, storage, transportation, disposal, recycling, manufacture, distribution, formulation, packaging, labelling, Release or threatened Release of or exposure to Hazardous Materials;

"**Escrow Agreement**" means the escrow agreement dated the date hereof between the Parent, the Purchaser, the Company and Norton Rose Fulbright Canada LLP with respect to the Escrow Amount.

"**Escrow Amount**" means the amount of $175,000 held by Norton Rose Canada LLP in trust to be held and distributed in accordance the provisions of the Escrow Agreement;

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

"**Fairness Opinion**" means the opinion of Blair Franklin Capital Partners, the financial advisor to the Company, addressed to the Board of Directors and the Special Committee to the effect that, as of the date of such opinion, the consideration to be received by the Shareholders under the Arrangement is fair, from a financial point of view, to such holders;

"**Filing Date**" has the meaning ascribed thereto in Section 2.8;

"**Final Order**" means the final order of the Court, after a hearing upon the fairness of the terms and conditions of the Arrangement, approving the Arrangement as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then,

unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal;

"**Governmental Entity**" means any (a) supranational, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau or agency, domestic or foreign; (b) subdivision, agent, commission, board or authority of any of the foregoing; or (c) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the Exchange), regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing and "**Governmental Entities**" means more than one Governmental Entity;

"**Hazardous Material**" means petroleum, petroleum hydrocarbons, petroleum products or petroleum by-products, radioactive materials, asbestos or asbestos-containing materials, gasoline, diesel fuel, pesticides, radon, urea formaldehyde, mold, lead or lead-containing materials, and polychlorinated biphenyls, and any other chemical, material, substance or waste in any amount or concentration (a) that is now or hereafter becomes defined as or included in the definition of "hazardous substances", "hazardous materials", "hazardous wastes", "extremely hazardous wastes", "restricted hazardous wastes", "toxic substances", "toxic pollutants", "pollutants", "deleterious substances", "dangerous goods", "corrosive substances", "regulated substances", "solid wastes" or "contaminants" or words of similar import under any Environmental Law; or (b) that is otherwise regulated under or for which liability can be imposed under Environmental Law;

"**IFRS**" means International Financial Reporting Standards as incorporated in the Handbook of the Canadian Institute of Chartered Accountants, at the relevant time applied on a consistent basis;

"**Indemnified Person**" has the meaning ascribed thereto in Section7.8(1);

"**Intellectual Property**" means (a) all patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice), and including all provisional applications, substitutions, continuations, continuations-in-part, patents of addition, improvement patents, divisions, renewals, reissues, confirmations, counterparts, re-examinations and extensions thereof; (b) all trade-marks, service marks, trade dress, trade names, logos, domain names and corporate names, whether registered or existing at common law; (c) all registered and unregistered statutory and common law copyrights and industrial designs; (d) all registrations, applications and renewals for any of the foregoing; (e) all trade secrets, confidential information, ideas, formulae, compositions, know-how, improvements, innovations, discoveries, designs, manufacturing and production processes and techniques; and (f) all other intellectual property rights owned, licensed, controlled or used by a Person, in any and all relevant jurisdictions in the world;

"**Interim Order**" means the interim order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably;

"**Law**" or "**Laws**" means all federal, national, multinational, provincial, state, municipal, regional and local laws (statutory, common or otherwise), constitutions, treaties, conventions, by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, legally binding codes or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or other similar requirement enacted, adopted, promulgated, or applied by any Governmental Entity or self-regulatory authority (including the Exchange), and the term "applicable" with respect to such Laws and in a context that refers to one or more persons, means such Laws as are binding upon or applicable to such person or its assets;

"**Liens**" means any hypothecs, mortgages, liens, charges, security interests, prior claims, pledges, encroachments, options, rights of first refusal or first offer, occupancy rights, covenants, restrictions, encumbrances of any kind and adverse claims;

"**Matching Period**" has the meaning ascribed thereto in Section 7.2(5);

"**Material Adverse Effect**" means any effects or changes that, when considered individually or in the aggregate, are materially adverse to the assets, properties, liabilities, or financial condition (including any matters in respect of Taxes) of the Corporation and the Subsidiary, taken as a whole, other than any effect or change arising out of or resulting from:

(a) general economic conditions, credit, capital or financial market conditions or political conditions, whether in Canada or elsewhere in the world, including with respect to interest rates, currency exchange rates or cost of capital;

(b) any outbreak of hostilities, acts of war (whether or not declared), sabotage or terrorism,

(c) any hurricane, tornado, flood, volcano, earthquake or other natural or man-made disaster, or any pandemic or widespread illness, occurring after the date of this Agreement;

(d) any change in applicable Law or IFRS (or authoritative interpretation or enforcement thereof) which is proposed, approved or enacted on or after the date of this Agreement;

(e) the negotiation, execution, announcement, performance or pendency of this Agreement or the consummation of the transactions contemplated hereby;

(f) any correspondence, proposal, assessment, reassessment, claim, ruling, order, appeal or decision taken or made by or from any relevant tax authorities or other Governmental Entity in respect of any Taxes payable or purported to be payable by the Corporation or the Subsidiary in the Netherlands;

(g) any action taken by the Company or the Subsidiary at Parent's request or any other action required to be taken by any Party required by this Agreement; or

(h) the identity of, or any facts or circumstances relating to the Parent or the Purchaser or any of their Affiliates,

provided, however, that the effect referred to in clause (a), (b), (c) or (d) above does not primarily relate only to (or have the effect of primarily relating only to) the Corporation and the Subsidiary, taken as a whole, or disproportionately adversely affect the Corporation and the Subsidiary, taken as a whole, compared to other companies of similar size and in similar circumstances;

"**material fact**" has the meaning ascribed thereto in the Securities Act;

"MI 61-101" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the securities regulatory authorities of Ontario and Quebec;

"**misrepresentation**" has the meaning ascribed thereto in the Securities Act;

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

"**Ordinary Course of Business**" means, with respect to any action, inaction or decision of the Corporation and the Subsidiary, that such action, inaction or decision is consistent, in all material respects, with the past practices of the Corporation and the Subsidiary, is taken in the ordinary course of the normal day-to-day operations of the Corporation and the Subsidiary, and is not materially adverse to either the Corporation or the Subsidiary, having regard to the fact that the Corporation and the Subsidiary have no material assets other than cash or cash equivalents or intercompany receivables;

"**Outside Date**" means June 30, 2017, or such later date as the Purchaser and the Company may agree in writing;

"**Parties**" means collectively, the Company, the Parent and the Purchaser, and "**Party**" means any of them;

"**Permit**" means any licence, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Entity;

"**person**" includes an individual, firm, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, venture capital fund, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form of Schedule B hereto, and any amendments or variations thereto made in accordance with Section 9.11 hereof or the Plan of Arrangement or made at the direction of the Court in the Final Order with the written consent of the Company and the Purchaser, each acting reasonably;

"**Proceeding**" means any claim, action, suit, proceeding, arbitration, mediation or investigation, assessment or reassessment, whether civil, criminal, administrative or investigative;

"**Regulatory Approvals**" means those sanctions, rulings, consents, orders, exemptions, Permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made), waivers, early terminations, authorizations, clearances, or written confirmations of no intention to initiate legal proceedings from Governmental Entities, in each case required to consummate the transactions contemplated by this Agreement;

"**Release**" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, depositing, spraying, burying, abandoning, seeping, dumping or disposing of a Hazardous Material;

"**Representatives**" has the meaning ascribed thereto in Section7.2(1);

"**Securities Act**" means the *Securities Act* (Ontario), as amended;

"**Securities Authorities**" means the Ontario Securities Commission and the applicable securities commissions and other securities regulatory authorities in each of the provinces of British Columbia, Alberta, Saskatchewan and Manitoba;

"**Securities Laws**" means the Securities Act and all other applicable Canadian provincial and territorial securities laws, rules and regulations and published policies thereunder and the rules of the Exchange applicable to companies listed thereon;

"**Shareholder Rights Plan**" means the amended and restated shareholder rights plan agreement dated as of November 14, 2006 between the Company and TSX Trust Company, as amended and restated from time to time;

"**Shareholders**" means the registered or beneficial holders of the Shares, as the context requires;

"**Shares**" means the common shares in the capital of the Company;

"**subsidiary**" has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*;

"**Subsidiary**" means Khan Resources B.V., a wholly-owned subsidiary of the Company incorporated under the laws of the Netherlands;

"**Superior Proposal**" means a *bona fide* Acquisition Proposal (substituting "50%" for each reference to "20%" contained in the definition of Acquisition Proposal) that is made in writing after the date hereof, provided that:

(a) the proposal complies with Securities Laws and did not result from a contravention of Section 7.2;

(b) the Board of Directors has determined in good faith, after consultation with its financial advisors and outside legal counsel, that (i) the proposal is reasonably capable of being completed without undue delay taking into account all financial, legal, regulatory and other aspects of such proposal and the person making such proposal, (ii) the proposal is fully funded with committed financing in place or confirmation from the sources of funding has been obtained that such financing is available subject to customary conditions; and (iii) the proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction that is more favourable to the Shareholders, from a financial point of view, than the transaction contemplated by this Agreement; and

(c) the proposal is not subject to any due diligence and/or access condition;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended;

"**Tax Returns**" means all reports, forms, elections, declarations, designations, schedules, agreements, statements, estimates, declarations of estimated tax, information statements, returns and all other similar documents required by Law to be filed with or provided to a Governmental Entity with respect to Taxes or Tax information reporting, including any claims for refunds of Taxes, and any amendments or supplements of the foregoing;

"**Taxes**" means any and all domestic and foreign federal, state, provincial, municipal and local taxes, assessments, reassessments and other governmental charges, duties, impositions and liabilities of any kind imposed by any Governmental Entity, including tax instalment payments, unemployment insurance contributions and employment insurance contributions, Canada Pension Plan and provincial pension contributions (and similar foreign plans), worker's compensation and deductions at source, and including taxes based on or measured by gross receipts, income, profits, sales, capital, use and occupation, and including goods and services, value added, ad valorem, sales, use, capital, transfer, franchise, non-resident withholding, customs, payroll, recapture, employment, excise and property duties and taxes, together with all interest, penalties, fines and additions imposed with respect to such amounts;

"**Termination Fee**" has the meaning ascribed thereto in Section 7.3(2); and

"**Termination Fee Event**" has the meaning ascribed thereto in Section 7.3(2).

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections, paragraphs, clauses and Schedules and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph, clause or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph, clause or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a business day, such action shall be required to be taken on the next succeeding day which is a business day. In this Agreement, references from or through any date mean, unless otherwise specified, from and excluding that date and/or through and including that date, respectively.

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian currency and "Cdn$" or "$" refers to Canadian dollars.

1.6 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with IFRS.

1.7 Knowledge

In this Agreement, unless otherwise stated, references to "the knowledge of the Company" means the actual knowledge, after reasonable internal inquiry in their capacity as officers of the Company and not in their personal capacity of the following officers of the Company: Chief Executive Officer and Chief Financial Officer.

1.8 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule A	-	Arrangement Resolution
Schedule B	-	Plan of Arrangement
Schedule C	-	Representations and Warranties of the Company
Schedule D	-	Representations and Warranties of the Parent and the Purchaser

1.9 Other Definitional and Interpretive Provisions

References in this Agreement to the words "include", "includes" or "including" shall be deemed to be followed by the words "without limitation" whether or not they are in fact followed by those words or words of like import.

(a) The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) Any capitalized terms used in the Company Disclosure Letter, any exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement.

(c) References to any agreement, contract or plan are to that agreement, contract or plan as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. Any reference in this Agreement to any person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns of that person.

(d) References to a particular statute or Law shall be to such statute or Law and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated thereunder or amended from time to time.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement

The Company, the Parent and the Purchaser agree that the Arrangement shall be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.2 Interim Order

The Company agrees that as soon as reasonably practicable after the date hereof, and in any event no later than April 28, 2017, the Company shall apply, in a manner acceptable to the Purchaser, acting reasonably, pursuant to Section 182 of the OBCA and, in co-operation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order, the terms of which are acceptable to the Parent and the Purchaser, each acting reasonably, which shall provide, among other things:

(a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which notice is to be provided;

(b) that the requisite approval for the Arrangement Resolution shall be (i) two-thirds of the votes cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Company Meeting; and (ii) if required, such other approval as is required by MI 61-101;

(c) that, in all other respects, the terms, restrictions and conditions of the Company's articles and by-laws, including quorum requirements and all other matters, shall apply in respect of the Company Meeting;

(d) for the grant of the Dissent Rights;

(e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(f) that the Company Meeting may be adjourned or postponed from time to time by the Company without the need for additional approval of the Court; and

(g) that the record date for Shareholders entitled to vote at the Company Meeting shall not change in respect of any adjournment(s) or postponement(s) of the Company Meeting, unless required by applicable Law.

2.3 The Company Meeting

(1) Subject to the terms of this Agreement and the Interim Order and provided that this Agreement has not been terminated in accordance with its terms, the Company agrees to convene and conduct the Company Meeting in accordance with the Interim Order, the Company's articles and by-laws and applicable Laws on or before May 31, 2017 and not to propose to adjourn or postpone the Company Meeting without the prior written consent of the Purchaser:

(a) except as required for quorum purposes or by applicable Law or by a Governmental Entity;

(b) except as required under Section 7.1(2) or Section 7.2(9) of this Agreement or as otherwise permitted under this Agreement; or

(c) except for an adjournment for the purpose of attempting to obtain the requisite approval of the Arrangement Resolution.

(2) Notwithstanding the receipt by the Company of a Superior Proposal in accordance with Section 7.2, a Change in Recommendation in accordance with Section 7.2(6) or any other intervening event and provided that this Agreement has not been terminated in accordance with its terms, unless otherwise agreed in writing by the Purchaser, the Company shall take all steps necessary to hold the Company Meeting and to cause the Arrangement Resolution to be voted on at the Company Meeting and shall not propose to adjourn or postpone the Company Meeting other than as contemplated by Section 2.3(1).

(3) Subject to the terms of this Agreement, the Company shall use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution, including, if so requested by the Purchaser, acting reasonably, using dealer and proxy solicitation services and cooperating with any persons engaged by the Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution; *provided*, however, if the Company makes any Change in Recommendation in accordance with Section 7.26, it shall remain obligated to solicit proxies, but shall no longer be obligated to recommend approval of the Arrangement Resolution.

(4) The Company shall give notice to the Purchaser of the Company Meeting and allow the Purchaser's representatives and legal counsel to attend the Company Meeting.

(5) The Company shall advise the Purchaser as the Purchaser may reasonably request, and at least on a daily basis on each of the last ten business days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution.

(6) The Company shall promptly advise the Purchaser of any written notice of dissent or purported exercise by any Shareholder of Dissent Rights received by the Company in relation to the Arrangement Resolution and any withdrawal of Dissent Rights received by the Company and, subject to applicable Laws, any written communications sent by or on behalf of the Company to any Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution. The Company shall not make any payment or settlement offer, or agree to any such settlement, prior to the Effective Time with respect to any such notice of dissent or purported exercise of Dissent Rights unless the Purchaser shall have given its prior written consent to such payment, settlement offer or settlement as applicable.

2.4 The Company Circular

(1) Subject to compliance by the Purchaser and/or the Parent with this Section 2.4, promptly after the execution of this Agreement, the Company shall prepare and complete the Company Circular together with any other documents required by the OBCA, Securities Laws and other applicable Laws in connection with the Company Meeting and the Arrangement, and the Company shall, as promptly as reasonably practicable after obtaining the Interim Order, cause the Company Circular and other documentation required in connection with the Company Meeting to be filed and to be sent to each Shareholder and other persons as required by the Interim Order and applicable Laws, in each case so as to permit the Company Meeting to be held within the time required by Section 2.3(1).

(2) The Company shall ensure that the Company Circular complies in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, that the Company Circular shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information furnished by the Parent, the Purchaser or their affiliates) and shall provide the Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Company Meeting. Subject to Section 7.2(10), the Company Circular shall include the recommendation of the Board of Directors that the Shareholders vote in favour of the Arrangement Resolution.

(3) The Purchaser and its legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Company Circular and other documents related thereto, and reasonable consideration shall be given to any comments made by the Purchaser and its counsel, provided that all information relating solely to the Purchaser, the Parent or their affiliates included in the Company Circular shall be in form and content satisfactory to the Purchaser, acting reasonably.

(4) The Purchaser and the Parent shall furnish to the Company all such information concerning the Purchaser, the Parent and their respective affiliates and any financing sources, as applicable, as may be reasonably required by the Company in the preparation of the Company Circular and other documents related thereto, and the Purchaser and the Parent shall ensure that no such information shall contain any untrue statement of a material fact or omit to state a material fact required to be stated in the Company Circular in order to make any information so furnished not misleading in light of the circumstances in which it is disclosed.

(5) The Purchaser and the Parent shall jointly and severally indemnify and save harmless the Company, the Subsidiary and their respective directors, officers, employees, agents, advisors and representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which the Company, the Subsidiary or any of their respective directors, officers, employees, agents, advisors or representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(a) any misrepresentation or alleged misrepresentation in any information included in the Company Circular that is provided by the Purchaser, the Parent or their affiliates in writing for the purpose of inclusion in the Company Circular; and

(b) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any misrepresentation or any alleged misrepresentation in any information related solely to the Purchaser, the Parent or their affiliates and provided by the Purchaser, the Parent or their affiliates in writing for the purpose of inclusion in the Company Circular.

(6) The Company, the Purchaser and the Parent shall promptly notify each other if at any time before the Effective Date it becomes aware that the Company Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Company Circular, and the Parties shall co-operate in the preparation of any amendment or supplement to the Company Circular, as required or appropriate, and the Company shall, subject to compliance by the Purchaser and/or the Parent with this Section 2.4, and, if required by the Court or applicable Laws, promptly mail or otherwise publicly disseminate any amendment or supplement to the Company Circular to the Shareholders and file the same with the Securities Authorities and as otherwise required.

2.5 Final Order

If the Interim Order is obtained, the Arrangement Resolution is passed at the Company Meeting as provided for in the Interim Order and as required by applicable Law, and subject to the terms of this Agreement, the Company shall as soon as reasonably practicable thereafter take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 182 of the OBCA.

2.6 Court Proceedings

Subject to the terms and conditions of this Agreement, the Purchaser and the Parent shall co-operate with, assist and consent to the Company seeking the Interim Order and the Final Order, including by providing to the Company on a timely basis any information required to be supplied by the Purchaser and the Parent concerning the Purchaser and the Parent or their respective affiliates in connection therewith. The Company shall provide legal counsel to the Purchaser with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement and reasonable consideration shall be given to any comments made by the Purchaser and its legal counsel. The Company shall also provide legal counsel to the Purchaser on a timely basis with copies of any notice of appearance and evidence served on the Company or its legal counsel in respect of the application for the Final Order or any appeal therefrom. In addition, the Company will not object to legal counsel to the Purchaser making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that the Company is advised of the nature of any submissions prior to the hearing and such submissions are consistent with this Agreement and the Plan of Arrangement.

2.7 Performance of the Purchaser

The Parent unconditionally and irrevocably guarantees, and covenants and agrees to be jointly and severally liable with the Purchaser for, the due and punctual performance of each and every obligation, covenant and agreement of the Purchaser arising under this Agreement and the Arrangement, including providing the Depositary with sufficient funds under Section 2.9 to pay the aggregate Consideration for all of the Shares to be acquired pursuant to the

Arrangement and any other amounts required to be paid by the Purchaser or the Parent in connection with the transactions contemplated by this Agreement and all related fees and expenses for which the Purchaser or Parent is responsible under the terms of this Agreement (all in accordance with the terms of this Agreement) and any amount of any judgment or award made against the Purchaser for the benefit of the Company. The Parent shall cause the Purchaser to comply with all of the Purchaser's obligations under or relating to the Arrangement and the transactions contemplated by this Agreement.

2.8 Articles of Arrangement and Effective Date

The Articles of Arrangement shall implement the Plan of Arrangement. The Articles of Arrangement shall include the form of the Plan of Arrangement attached to this Agreement as Schedule B and any amendments or variations thereto made in accordance with Section 9.11 or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably. On the second business day after the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, and subject to applicable Law, of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date and the condition in Section 6.3(d), but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date) set forth in Article VI, unless another time or date is agreed to in writing by the Parties, the Articles of Arrangement shall be filed by the Company with the Director, provided that the Company shall not be required to file the Articles of Arrangement with the Director unless the Company has received written confirmation, in form satisfactory to it, from the Depositary that it has received the funds referred to in Section 2.9. Subject to the terms hereof, the Company shall specify in a written notice to the Purchaser the date the Articles of Arrangement are to be filed (the "**Filing Date**"), which date shall not be less than two business days following the date that such notice is provided. From and after the Effective Time, the Plan of Arrangement shall have all of the effects provided by applicable Law, including the OBCA. The closing of the transactions contemplated hereby shall take place at the offices of Davies Ward Phillips and Vineberg LLP or at such other location as may be agreed upon by the Parties.

2.9 Payment of Consideration

On or prior to the Filing Date (and prior to the filing of the Articles of Arrangement), the Purchaser shall provide the Depositary with sufficient funds in escrow (the terms and conditions of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably and, in any event, be subject to the satisfaction or, where not prohibited, the waiver by the Party or Parties in whose favour the condition is, of the conditions set forth in Article VI at the Effective Time and receipt of the Certificate of Arrangement) to pay the aggregate Consideration for all of the Shares to be acquired pursuant to the Arrangement.

2.10 Tax Withholdings and Other Source Deductions

Each of the Company, Parent, Purchaser and the Depositary shall be entitled to deduct and withhold from any amounts payable to any person pursuant to this Agreement and under the Plan of Arrangement such amounts as are required to be deducted or withheld with respect to such payment under the Tax Act or any provision of any other applicable Law. To the extent that amounts are so withheld or deducted and remitted to the applicable Governmental Entity, such withheld or deducted amounts shall be treated for all purposes of this Agreement and the Plan of Arrangement as having been paid to such person as the remainder of the payment in respect of which such deduction and withholding were made.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

3.1 Representations and Warranties of the Company

(1) Except as disclosed in the Company Disclosure Letter, the Company hereby represents and warrants to and in favour of the Parent and the Purchaser as set forth in Schedule C and acknowledges that the Parent and the

Purchaser are relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) Except for the representations and warranties set forth in Schedule C, including the related disclosures in the Company Disclosure Letter, neither the Company nor any other person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of the Company, including any representation as to the accuracy or completeness of any information regarding the Company or any of its subsidiaries furnished or made available to the Parent, the Purchaser, or any officer, director, employee, representative (including any financial or other advisor) or agent of either the Parent, the Purchaser or any of their subsidiaries (including any information, documents or material made available in the Diligence Documents, information memoranda, management presentations or in any other form in expectation of the transactions contemplated hereby) or as to the future revenue, profitability or success of the Company, or any representation or warranty arising in Law.

3.2 Company Disclosure Letter

Contemporaneously with the execution and delivery of this Agreement, the Company is delivering to the Purchaser the Company Disclosure Letter required to be delivered pursuant to this Agreement, which sets out the disclosures, exceptions and exclusions contemplated or permitted by this Agreement, including certain exceptions and exclusions to the representations and warranties and covenants of the Company contained in this Agreement. The disclosure of any item in the Company Disclosure Letter (other than in the index of documents appended thereto) shall constitute disclosure or, as applicable, exclusion of that item for the purposes of all representations and warranties or covenants contained in this Agreement, whether or not specifically cross referenced, where the relevance of that item as an exception to (or a disclosure for the purposes of) any representations and warranties and covenants is reasonably apparent. The Company shall be permitted to include an express cross-reference to an item in the Company's Public Disclosure Record in the Company Disclosure Letter provided that no qualification or disclosure shall be made by reference solely to the risk factors or forward-looking statements sections of the Company's Public Disclosure Record.

3.3 Survival of Representations and Warranties of the Company

The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE PARENT AND THE PURCHASER

4.1 Representations and Warranties of the Parent and the Purchaser

(1) Each of the Parent and the Purchaser hereby jointly and severally represents and warrants to and in favour of the Company as set forth in Schedule D and acknowledges that the Company is relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) Except for the representations and warranties set forth in Schedule D, none of the Parent, the Purchaser nor any other person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of either the Parent or the Purchaser, including any representation as to the accuracy or completeness of any information regarding either the Parent or the Purchaser furnished or made available to the Company or its Representatives or as to the future revenue, profitability or success of either the Parent or the Purchaser, or any representation or warranty arising in Law.

4.2 Survival of Representations and Warranties of the Parent and the Purchaser

The representations and warranties of the Parent and the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Date and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5
COVENANTS OF COMPANY, THE PARENT AND THE PURCHASER

5.1 Covenants of the Company Regarding the Conduct of Business

The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except: (a) as required or permitted by or arising out of this Agreement; (b) as required by applicable Law or by a Governmental Entity; or (c) with the prior written consent of the Purchaser (which consent shall not be unreasonably delayed, and in respect of Section 5.1(f), Section 5.1(h), Section 5.1(i), Section 5.1(j), Section 5.1(k), Section 5.1(o) or Section 5.1(r), which consent shall not be unreasonably withheld, conditioned or delayed, and in any event, the Purchaser shall respond within five business days of any request for consent), the Company shall, and shall cause the Subsidiary to, conduct its business in the Ordinary Course of Business and not make any material change in its business, assets, liabilities, operations, capital or affairs. Without limiting the generality of the foregoing, during such above-mentioned time period and subject to such above-mentioned exceptions, the Company shall not, nor shall it permit the Subsidiary to directly or indirectly:

(a) amend its articles or by-laws or similar constating documents;

(b) split, combine or reclassify any shares of the Company, or declare, set aside or pay any dividends or make any other distributions payable in cash, securities, property or otherwise;

(c) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any shares of capital stock of the Company or the Subsidiary;

(d) issue, deliver or sell, or grant any Lien with respect to, or authorize the issuance, delivery, sale or grant of any Lien with respect to, any shares of capital stock, or any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock of the Company or the Subsidiary;

(e) other than the current Plan of Liquidation and Distribution, as described below in paragraph (f), adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation, reorganization or winding up of the Company or the Subsidiary or reorganize, amalgamate or merge the Company or the Subsidiary with any other person;

(f) take any further actions not already taken with respect to the Plan of Liquidation and Distribution approved by the Shareholders at the special meeting held on November 10, 2016, as more fully described in the Company's management information circular dated October 5, 2016, including, but not limited to, the appointment of a Liquidator, as defined in the Plan of Liquidation and Distribution;

(g) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any assets, securities, properties, interests or businesses;

(h) sell, lease or otherwise transfer, any assets, securities, properties, interests or businesses;

(i) make any loans, advances, capital contributions, or investments;

(j) prepay any long-term indebtedness before its scheduled maturity or create, incur, assume or otherwise become liable, in one transaction or in a series of related transactions, with respect to any indebtedness for borrowed money or guarantees thereof in an amount, on a per transaction or series of related transactions basis;

(k) except as may be required by applicable Law or the terms of any existing Company Plan or any existing agreement in writing as of the date hereof: (i) increase any severance, change of control, bonus or termination pay to (or amend any existing arrangement with) any Company Employee or any director or officer of the Company or the Subsidiary; (ii) increase the benefits payable under any existing severance or termination pay policies or employment agreements with any current or former director or officer of the Company or, other than in the Ordinary Course of Business, any Company Employee (other than a director or officer); (iii) enter into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with any director or officer of the Company or, other than in the Ordinary Course of Business, any Company Employee (other than a director or officer); (iv) increase compensation, bonus levels or other benefits payable to any director or officer of the Company or the Subsidiary or, other than in the Ordinary Course of Business, any Company Employee (other than a director or officer); (v) loan or advance money or other property by the Company or the Subsidiary to any of their present or former directors, officers or Company Employees; (vi) establish, adopt, enter into, amend or terminate any Company Plan (or any plan, agreement, program, policy, trust, fund or other arrangement that would be a Company Plan if it were in existence as of the date hereof) or collective bargaining agreement; (vii) grant any equity or equity-based awards; or (viii) increase, or agree to increase, any funding obligation or accelerate, or agree to accelerate, the timing of any funding contribution under any Company Plan;

(l) make any material change in the Company's methods of accounting, except as required by IFRS or pursuant to written instructions, comments or orders from any applicable Securities Authority, which instructions, comments, or orders shall have been disclosed to the Purchaser;

(m) waive, release, assign, settle or compromise any Proceeding in a manner that could require a payment by, or release another person of an obligation to, the Company or the Subsidiary;

(n) (i) fail to duly and timely file, in accordance with applicable Laws, all Tax Returns required to be filed by it on or after the date hereof; (ii) fail to timely withhold, collect, remit and pay all Taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable except for any Taxes contested in good faith pursuant to applicable Laws; (iii) make or rescind any material election relating to Taxes; (iv) make a request for a tax ruling; (v) settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; and (vi) change in any material respect any of its methods of reporting income, deductions or accounting for income tax purposes from those employed in the preparation of its income tax return for the tax year ending September 30, 2016, except as may be required by applicable Laws;

(o) enter into any material contract (other than the renewal of a contract in existence on the date hereof on terms materially consistent with terms in existence on the date hereof) or terminate, fail to renew, cancel, waive, release, assign, grant or transfer any rights of material value or amend, modify or change in any material respect any existing material contract;

(p) make an application to amend, terminate, allow to expire or lapse or otherwise modify any of its material Permits;

(q) for greater certainty, except as contemplated in Section 7.8, amend, modify or terminate in any material respect any material insurance policy of the Company and the Subsidiary, taken as a whole, in effect on the date of this Agreement, except for scheduled renewals of any insurance policy of the Company or the Subsidiary in effect on the date hereof in the Ordinary Course of Business;

(r) make or commit to make any material capital expenditures; or

(s) agree, resolve or commit to do any of the foregoing,

provided that for greater certainty, in the case of the foregoing clauses (d), (g), and (s) as it pertains to clauses (d) and (g), that dealing with an Acquisition Proposal or Superior Proposal as permitted by and in accordance with Section 7.2 shall not require the consent of the Purchaser.

5.2 Covenants of the Company Regarding the Performance of Obligations

Subject to the terms and conditions of this Agreement, the Company shall and shall cause the Subsidiary to perform all obligations required or desirable to be performed by the Company or the Subsidiary under this Agreement, and co-operate with the Parent and the Purchaser in connection therewith, in order to consummate and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, the Company shall and, where appropriate, shall cause the Subsidiary to:

(a) use commercially reasonable efforts to obtain the requisite approvals of the Shareholders to the Arrangement Resolution including submitting the Arrangement Resolution for approval by the Shareholders at the Company Meeting in accordance with Section 2.3(1), except to the extent that the Board of Directors has withdrawn, modified or qualified its recommendation to the Shareholders in accordance with the terms of this Agreement;

(b) promptly advise the Purchaser orally and, if then requested, in writing of any event, change or development that has or is reasonably expected to have a Material Adverse Effect in respect of the Company or resulted in any material adverse change in any fact set forth in the Company Disclosure Letter;

(c) use commercially reasonable efforts to assist in effecting the resignations of the directors and officers of the Company and the Subsidiary effective immediately following the issuance of the Certificate of Arrangement;

(d) use commercially reasonable efforts to obtain all third person and other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments and modifications to any contracts that are necessary to permit the consummation of the transactions contemplated by this Agreement or required in order to maintain such contracts in full force and effect following completion of the Arrangement, in each case on terms satisfactory to the Purchaser, acting reasonably and without paying or providing a commitment to pay any consideration in respect thereof without the prior written consent of the Purchaser;

(e) at the reasonable request of the Purchaser from time to time, deliver to the Purchaser any lists of non-objecting beneficial owners and registered holders of the Shares and any geographical reports prepared by its transfer agent in the possession of the Company, as well as a security position listing from each depositary, including CDS Clearing and Depository Services Inc., and deliver any such lists to the Purchaser promptly following the date hereof and promptly deliver to the Purchaser upon demand thereafter supplemental lists setting out changes thereto; and

(f) use commercially reasonable efforts to defend and upon request of the Purchaser take all commercially reasonable steps to resolve, in consultation with the Purchaser, all lawsuits or other legal, regulatory or other proceedings or disputes relating to this Agreement or the Arrangement, including any proceedings or disputes with respect to any dissident Shareholder or proxy solicitation matters to which it or the Subsidiary is a party or by which it or they are affected, and will consult with and permit the Purchaser to participate in any discussions with and in formulating strategies for responding to any dissident Shareholders provided that the Company shall not enter into any settlement of any such matters without the Purchaser's prior written consent.

5.3 Certain Covenants of the Parent

(a) Subject to the terms and conditions of this Agreement, the Parent shall, and shall cause the Purchaser, to perform all obligations required to be performed by Parent or the Purchaser under this Agreement, co-operate with the Company in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing or the obligations in Section 2.9 of this Agreement, the Parent shall ensure that the Purchaser will, by the Effective Date, have sufficient funds to pay the aggregate Consideration for all Shares pursuant to the Arrangement in accordance with the terms of this Agreement, and to make all other payments required to be made by the Parent or the Purchaser in connection with the transactions contemplated by this Agreement and to pay all related fees and expenses required to be paid by the Parent or Purchaser in accordance with the terms hereof.

(b) The Parent shall use commercially reasonable efforts to cause the election or appointment of replacement directors and officers of the Company and the Subsidiary effective immediately following the issuance of the Certificate of Arrangement.

(c) Following the Effective Date, in furtherance of and in connection with the winding-up and discontinuance of the business of the Company, the Parent shall cause the Company to be wound-up and dissolved in accordance with the OBCA.

5.4 Mutual Covenants

(1) Subject to the terms and conditions of this Agreement, each of the Parent, the Purchaser and the Company shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable Law to consummate the Arrangement and the transactions contemplated by this Agreement as soon as practicable, including:

(a) preparing and filing as promptly as practicable and in any event prior to the expiration of any legal deadline all necessary documents, registrations, statements, petitions, filings and applications to obtain any Regulatory Approvals;

(b) using their commercially reasonable efforts to obtain and maintain all approvals, clearances, consents, registrations, Permits, authorizations and other confirmations required to be obtained from any Governmental Entity that are necessary to permit the consummation of the transactions contemplated by this Agreement, including the Regulatory Approvals;

(c) using commercially reasonable efforts to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Arrangement and to defend, or cause to be defended, any Proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby;

(d) using commercially reasonable efforts to satisfy (or cause the satisfaction) of the conditions precedent to its obligations hereunder as set forth in Article VI to the extent the same is within its control; and

(e) carrying out the terms of the Interim Order and Final Order applicable to it and using commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on it or its subsidiaries or affiliates with respect to the transactions contemplated hereby.

(2) The Parties shall not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or any commercially reasonable action not to be taken, which is inconsistent with this Agreement

or which would reasonably be expected to significantly impede, delay or impair the completion of the transactions contemplated under this Agreement (including the satisfaction of any condition set forth in Article VI) or any Regulatory Approval except as specifically permitted by this Agreement.

(3) The Parties shall co-operate in the preparation of any application for the Regulatory Approvals and any other orders, clearances, consents, rulings, exemptions, no-action letters and approvals reasonably deemed by either the Purchaser or the Company to be necessary to discharge their respective obligations under this Agreement or otherwise advisable under applicable Laws in connection with the Arrangement and this Agreement. In connection with the foregoing, each Party shall furnish, on a timely basis, all information as may be reasonably required by the other Parties or by any Governmental Entity to effectuate the foregoing actions, and each covenants that, to its knowledge, no information so furnished by it in writing shall contain a misrepresentation.

(4) The Parties shall consult with, and consider in good faith any suggestions or comments made by, the other Parties with respect to the documentation relating to the Regulatory Approvals process, provided that, to the extent any such document contains any information or disclosure relating to a Party or any affiliate of a Party, such Party shall have approved such information or disclosure prior to the submission or filing of any such document (which approval shall not be unreasonably withheld or delayed).

(5) Subject to applicable Laws, the Parties shall co-operate with and keep each other fully informed as to the status of and the processes and proceedings relating to obtaining the Regulatory Approvals, and shall promptly notify each other of any communication from any Governmental Entity in respect of the Arrangement or this Agreement, and shall not make any submissions or filings, participate in any meetings or any material conversations with any Governmental Entity in respect of any filings, investigations or other inquiries related to the Arrangement or this Agreement unless it consults with the other Parties in advance and, to the extent not precluded by such Governmental Entity, gives the other Parties the opportunity to review drafts of any submissions or filings, or attend and participate in any communications or meetings. Notwithstanding the foregoing, submissions, filings or other written communications with any Governmental Entity may be redacted as necessary before sharing with the other Parties to address reasonable attorney-client or other privilege or confidentiality concerns, provided that external legal counsel to the Purchaser and the Company shall receive non-redacted versions of drafts or final submissions, filings or other written communications to any Governmental Entity on the basis that the redacted information shall not be shared with their respective clients.

(6) Each of the Purchaser and the Company shall promptly notify the other if at any time before the Effective Time it becomes aware that:

(f) any application for a Regulatory Approval or other filing under applicable Laws made in connection with this Agreement, the Arrangement or the transactions contemplated herein contains a misrepresentation; or

(g) any Regulatory Approval or other order, clearance, consent, ruling, exemption, no-action letter or other approval applied for as contemplated herein which has been obtained contains or reflects or was obtained following submission of any application, filing, document or submission as contemplated herein that contained a misrepresentation,

such that an amendment or supplement to such application, filing, document or submission or order, clearance, consent, ruling, exemption, no-action letter or approval may be necessary or advisable. In such case, the Parties shall co-operate in the preparation of such amendment or supplement as required.

(7) Notwithstanding anything in this Agreement to the contrary, if any objections are asserted with respect to the transactions contemplated hereby under any applicable Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated hereby as violative of or not in compliance with the requirements of any applicable Law, the Parties shall use their commercially reasonable efforts to resolve such proceeding so as to allow the Effective Time to occur prior to the Outside Date.

5.5 Public Communications

Subject to Section 2.4, none of the Company, the Parent or the Purchaser shall, and each shall cause its respective representatives not to, issue any press release or otherwise make any disclosure relating to this Agreement or the Arrangement without the consent of the Parties hereto (which consent shall not be unreasonably withheld, conditioned or delayed); provided, however, that the foregoing shall be subject to the Company's and the Parent's overriding obligation to make any disclosure or filing required under applicable Laws or, in the case of the Company and the Parent, the rules of any stock exchange upon which its securities are listed or quoted, and in such circumstances the Party obliged to make such disclosure or filing shall use all commercially reasonable efforts to give prior oral or written notice to the other Parties and reasonable opportunity for the other Parties to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing), and if such prior notice is not possible, to give such notice immediately following the making of any such disclosure or filing. Without limiting the generality of the foregoing and for greater certainty, the Parent and the Purchaser acknowledge and agree that the Company shall file this Agreement, together with a material change report related thereto, under the Company's profile on SEDAR without any further notice to the Purchaser or the Parent.

ARTICLE 6
CONDITIONS

6.1 Mutual Conditions Precedent

The obligations of the Parties to complete the Arrangement and the transactions contemplated by this Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

(a) the Arrangement Resolution shall have been approved by the Shareholders at the Company Meeting in accordance with the Interim Order;

(b) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to the Company and the Purchaser, each acting reasonably, on appeal or otherwise;

(c) no applicable Law shall be in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement;

(d) no Proceeding shall be pending or overtly threatened by any Governmental Entity seeking an injunction, judgment, decree or other order to prevent or challenge the consummation of the Arrangement or the other transactions contemplated by this Agreement; and

(e) this Agreement shall not have been terminated in accordance with its terms.

6.2 Additional Conditions Precedent to the Obligations of the Parent and the Purchaser

The obligations of the Parent and the Purchaser to complete the transactions contemplated by this Agreement shall also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of the Parent and the Purchaser and may be waived by the Parent and the Purchaser):

(a) all covenants of the Company under this Agreement to be performed on or before the Effective Time shall have been duly performed by the Company in all material respects, and the Parent and the Purchaser shall have received a certificate of the Company addressed to the Parent and the Purchaser and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date;

(b) the representations and warranties of the Company set forth in this Agreement shall be true and correct in all respects, without regard to any materiality qualifications contained in them, as of the Effective Time, as though made at and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where any failures of any representations and warranties to be so true and correct in all respects would not, either individually or in the aggregate, have a Material Adverse Effect or would not prevent, enjoin or materially hinder or delay the consummation of the Agreement, and the Parent and the Purchaser shall have received a certificate of the Company addressed to the Parent and the Purchaser and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date;

(c) since the date hereof, there shall not have been or occurred a Material Adverse Effect;

(d) the resignations of the directors and officers of the Company and the Subsidiary referred to in Section 5.2(c) shall have been executed and delivered to the Company and the Purchaser;

(e) the aggregate number of Shares held, directly or indirectly, by those holders of such shares who have validly exercised Dissent Rights and not withdrawn such exercise in connection with the Arrangement (or instituted proceedings to exercise Dissent Rights) shall not exceed 10% of the aggregate number of Shares outstanding immediately prior to the Effective Time; and

(f) the Plan of Arrangement shall not have been amended, modified or supplemented (i) by the Company without the Purchaser's written consent or (ii) by approval or direction of the Court without the written consent of the Purchaser, acting reasonably.

6.3 Additional Conditions Precedent to the Obligations of the Company

The obligations of the Company to complete the transactions contemplated by this Agreement shall also be subject to the following conditions precedent (each of which is for the exclusive benefit of the Company and may be waived by the Company):

(a) all covenants of the Parent and the Purchaser under this Agreement to be performed on or before the Effective Time shall have been duly performed by the Parent and the Purchaser in all material respects, and the Company shall have received a certificate of the Parent and the Purchaser, addressed to the Company and dated the Effective Date, signed on behalf of the Parent and the Purchaser respectively by two of its senior executive officers (on its behalf and without personal liability), confirming the same as of the Effective Date;

(b) the representations and warranties of the Parent and the Purchaser set forth in this Agreement shall be true and correct in all respects, without regard to any materiality qualifications contained in them, as of the Effective Time as though made at and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not prevent, enjoin or materially hinder or delay the consummation of the Arrangement, and the Company shall have received a certificate of the Parent and the Purchaser, addressed to the Company and dated the Effective Date, signed on behalf of the Parent and the Purchaser respectively by two of its senior executive officers (on its behalf and without personal liability), confirming the same as of the Effective Date;

(c) the elections or appointments of replacement directors and officers of the Corporation and the Subsidiary referred to in Section 5.3(b) shall have been executed and delivered to the Company; and

(d) the Purchaser shall have deposited or caused to be deposited with the Depositary in escrow (the terms and conditions of such escrow to be satisfactory to the Company, acting reasonably) in accordance with Section 2.9 the funds required to effect payment in full of the aggregate Consideration to be paid for the Shares pursuant to the Arrangement and the Depositary shall have confirmed in writing to the Company receipt of these funds.

6.4 Satisfaction of Conditions

The conditions precedent set out in Sections 6.1, 6.2 and 6.3 shall be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Director in accordance with the terms of this Agreement. For greater certainty, and notwithstanding the terms of any escrow arrangement entered into between the Purchaser and the Depositary, all funds held in escrow by the Depositary pursuant to Section 2.9 hereof shall be released from escrow when the Certificate of Arrangement is issued by the Director without any further act or formality required on the part of any person.

ARTICLE 7
ADDITIONAL AGREEMENTS

7.1 Notice and Cure Provisions

(1) Each Party shall give prompt notice to the other Parties of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Effective Time of any event or state of facts which occurrence or failure would, or would be likely to:

(a) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time; or

(b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder prior to the Effective Time.

(2) The Parent may not exercise its right to terminate this Agreement pursuant to Section 8.1(1)(c)(ii) (on its own behalf and on behalf of the Purchaser) and the Company may not exercise its right to terminate this Agreement pursuant to Section 8.1(1)(d)(ii) unless the Party seeking to terminate this Agreement shall have delivered a written notice to the other Parties specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the termination right. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is reasonably capable of being cured, no Party may exercise such termination right until the earlier of (a) the Outside Date; and (b) the date that is 30 business days following receipt of such notice by the Party to whom the notice was delivered, if such matter has not been cured by such date. If such notice has been delivered prior to the date of the Company Meeting, such meeting shall, unless the Parties agree otherwise, be postponed or adjourned until the expiry of such period (without causing any breach of any other provision contained herein), provided such period does not extend beyond the Outside Date.

7.2 Non-Solicitation

(1) Except as expressly provided in this Section 7.2, the Company shall not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of the Company or the Subsidiary (collectively, "**Representatives**"): (a) solicit, initiate, facilitate or knowingly encourage (including by furnishing information) any inquiries or proposals regarding, constituting, or which may reasonably be regarded to lead to, an Acquisition Proposal; (b) encourage or participate in any discussions or negotiations with any person (other than the Purchaser and the Parent) regarding an Acquisition Proposal; (c) make a Change in Recommendation; (d) accept, approve, endorse, enter into or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more than five business days following the formal announcement of such Acquisition Proposal shall not be considered to be in violation of this Section 7.2(1)); or

(e) accept, approve, endorse, recommend or enter into, or publicly propose to accept, approve, endorse or enter into, any agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 7.2(3)).

(2) Except as otherwise expressly provided in this Section 7.2, the Company shall, and shall cause the Subsidiary and Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any persons conducted heretofore by the Company, the Subsidiary or any Representatives with respect to any actual or potential Acquisition Proposal, and, in connection therewith, the Company shall discontinue access to the Diligence Documents (and not establish or allow access to any other Diligence Documents, virtual or otherwise or otherwise furnish information) and shall as soon as possible request, to the extent that it is entitled to do so (and exercise all rights it has to require) the return or destruction of all confidential information regarding the Company and the Subsidiary previously provided to any such person or any other person and shall request (and exercise all rights it has to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding the Company and the Subsidiary. The Company agrees that neither it, nor the Subsidiary, shall terminate, waive, amend or modify, and agrees to actively prosecute and enforce, any provision of any existing confidentiality agreement relating to any potential Acquisition Proposal or any standstill agreement to which it or the Subsidiary is a party, it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement as a result of entering into and the announcement of this Agreement by the Company, pursuant to the express terms of any such agreement, shall not be a violation of this Section 7.2(2) and that the Company shall not be prohibited from considering a Superior Proposal from a party whose standstill obligations so terminated automatically upon the entering into and the announcement of this Agreement.

(3) Notwithstanding Section 7.2(1) if at any time following the date of this Agreement and prior to obtaining the approval of the Arrangement Resolution by the Shareholders at the Company Meeting, the Company receives any written Acquisition Proposal, other than any Acquisition Proposal that resulted from a material breach of this Section 7.2, the Board of Directors may contact the person making such Acquisition Proposal and its Representatives solely for the purpose of clarifying the terms and conditions of such Acquisition Proposal and the likelihood of its consummation so as to determine whether such Acquisition Proposal is, or could reasonably be likely to lead to, a Superior Proposal. If the Board of Directors determines in good faith, after consultation with its financial advisors and outside counsel, that such Acquisition Proposal constitutes or could reasonably be expected to lead to a Superior Proposal, if consummated in accordance with its terms, then the Company may, following compliance with Section 7.2(4):

(a) furnish information with respect to the Company and the Subsidiary to the person making such Acquisition Proposal; and/or

(b) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise co-operate with or assist, the person making such Acquisition Proposal,

provided that the Company shall not, and shall not allow its Representatives to, disclose any non-public information to such person without having entered into a confidentiality and standstill agreement (a correct and complete copy of which confidentiality and standstill agreement shall be provided to the Purchaser before any such non-public information is provided) with such person that contains provisions that are no less favourable to the Company than those contained in the Confidentiality Agreement, provided that such confidentiality and standstill agreement may not include any provision calling for an exclusive right to negotiate with the Company and may not restrict the Company or the Subsidiary from complying with this Section 7.2, and shall promptly provide to the Purchaser any material non-public information concerning the Company or the Subsidiary provided to such other person which was not previously provided to the Purchaser.

(4) The Company shall promptly (and in any event within 24 hours following receipt) notify the Purchaser (orally and in writing) in the event it receives after the date hereof a *bona fide* Acquisition Proposal (including any request for non-public information relating to the Company or the Subsidiary, in each case in connection with a potential Acquisition Proposal), including the material terms and conditions thereof and the identity of the person making the Acquisition Proposal, and shall keep the Purchaser reasonably informed as to the status of developments

and negotiations with respect to such Acquisition Proposal, including any changes to the material terms or conditions of such Acquisition Proposal.

(5) Notwithstanding Section 7.2(1), if at any time following the date of this Agreement and prior to obtaining the approval of the Arrangement Resolution by the Shareholders at the Company Meeting, the Company receives an Acquisition Proposal not resulting from a material breach of this Section 7.2 that the Board of Directors concludes in good faith, after consultation with its financial and outside legal advisors, constitutes a Superior Proposal and that failure to take such action would be inconsistent with its fiduciary duties under applicable Law, the Board of Directors may, subject to compliance with the procedures set forth in this Section 7.2 and Section 8.1(1)(d)(i), authorize the Company to terminate this Agreement and contemporaneously enter into a definitive agreement with respect to such Superior Proposal, if and only if:

(c) it has provided the Purchaser with a copy of the acquisition document proposed to be entered into in respect of the Superior Proposal and written confirmation from the Company that the Board of Directors has determined that such proposal constitutes a Superior Proposal; and

(d) five business days (the "**Matching Period**") shall have elapsed from the date that is the later of (i) the date the Purchaser received written notice advising the Parent that the Board of Directors has resolved, subject only to compliance with this Section 7.2, to terminate this Agreement to enter into a definitive agreement with respect to such Superior Proposal and (ii) the date the Purchaser has received all of the materials set forth in Section 7.2(5)(a) (it being understood that the Company shall promptly inform the Purchaser of any amendment to the financial or other material terms of such Superior Proposal during such period).

(6) Notwithstanding Section 7.2(1), the Board of Directors may, subject to compliance with the procedures set forth in this Section 7.2, make a Change in Recommendation (other than of the type referred to in clause (iii) of the definition thereof) if the Board of Directors determines in good faith, after consultation with its outside legal advisors, that failure to take such action would be inconsistent with its fiduciary duties under applicable law, if and only if,

(a) following the date of this Agreement and prior to obtaining the approval of the Arrangement Resolution by the Shareholders at the Company Meeting, the Company receives an Acquisition Proposal not resulting from a material breach of this Section 7.2 that the Board of Directors determines in good faith, after consultation with its financial and outside legal advisors, constitutes a Superior Proposal; and

(b) the Company has provided the Purchaser with written notice that there is a Superior Proposal, together with all documentation comprising the Superior Proposal and confirmation that, subject to the terms of this Agreement, the Board of Directors intends to make a Change in Recommendation (other than of the type referred to in Clause (iii) of the definition thereof).

(7) During the Matching Period, the Company agrees that the Parent and the Purchaser shall have the right, but not the obligation, to offer to amend the terms of this Agreement. The Board of Directors shall review any offer to amend the terms of this Agreement in good faith in order to determine, in its discretion in the exercise of its fiduciary duties and in consultation with its financial and outside legal advisors, whether the Parent's and the Purchaser's amended offer, upon acceptance by the Company would cause the Superior Proposal giving rise to the Matching Period to cease to be a Superior Proposal. If the Board of Directors determines that the Acquisition Proposal giving rise to such Matching Period does not continue to be a Superior Proposal compared to this Agreement as it is proposed to be amended by the Parent and the Purchaser, the Parties shall amend this Agreement to give effect to such amendments and the Board of Directors shall promptly reaffirm its recommendation of the Arrangement. If the Board of Directors continues to believe, in good faith, after consultation with its financial and outside legal advisors, that such Superior Proposal remains a Superior Proposal and therefore rejects the Parent's and the Purchaser's amended offer, if any, or the Parent and the Purchaser fail to enter into an agreement with the Company reflecting such amended offer, the Board of Directors may, subject to compliance with the procedures set forth in Section 7.2(5) and Section 8.1(1)(d)(i), authorize the Company to terminate this Agreement and contemporaneously enter into a definitive agreement with respect to such Superior Proposal.

(8) The Company acknowledges that each successive material modification to any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of the requirements under Section 7.2(5)(b) and shall initiate a new five business day Matching Period.

(9) In the event the Company provides the notice contemplated by Section 7.2(5) or Section 7.2(6) on a date which is less than five business days prior to the Company Meeting, the Company may, or at the Purchaser's request will, adjourn or postpone the Company Meeting to a date that is not more than five business days after the date of the notice.

(10) Nothing contained in this Agreement shall prohibit the Board of Directors from making any disclosure to Shareholders as required by applicable Securities Laws or if the Board of Directors, acting in good faith and upon the advice of outside legal counsel, shall first have determined that the failure to make such disclosure would be inconsistent with its fiduciary duty provided that for greater certainty in the event of a Change of Recommendation and a termination by the Parent of this Agreement pursuant to Section 8.1(1)(c)(i) (on its own behalf and on behalf of the Purchaser), the Company shall pay the Termination Fee as prescribed by Section 7.3(2) and Section 7.3(3). In addition, nothing contained in this Agreement shall prevent the Company or the Board of Directors from calling and holding a meeting of the Shareholders, or any of them, requisitioned by the Shareholders, or any of them, in accordance with the OBCA or ordered to be held by a court in accordance with applicable Laws.

7.3 Termination Fee

(1) The Purchaser shall pay any filing fees payable in connection with the Regulatory Approvals, including the cost and expenses of all legal action required to obtain the Regulatory Approvals. Each Party shall pay all other fees, costs and expenses incurred by such Party in connection with this Agreement and the Arrangement.

(2) If a Termination Fee Event occurs, the Company shall pay as directed by the Parent in writing (by wire transfer of immediately available funds) the Termination Fee in accordance with Section 7.3(3). For the purposes of this Agreement, "Termination Fee" means $175,000, less the amount of any withholding required by applicable Laws relating to Taxes which is concurrently remitted by the Company to the relevant Governmental Entity in respect of such amount, and "Termination Fee Event" means the termination of this Agreement pursuant to:

(a) Section 8.1(1)(c)(i); or

(b) Section 8.1(1)(d)(i).

(3) If a Termination Fee Event occurs due to a termination of this Agreement by the Company pursuant to Section 8.1(1)(d)(i), the Termination Fee shall be paid simultaneously with the occurrence of such Termination Fee Event. If a Termination Fee Event occurs due to a termination of this Agreement by the Purchaser pursuant to Section 8.1(1)(c)(i), the Termination Fee shall be paid within two business days following such Termination Fee Event.

(4) In no event shall the Company be required to pay under Section 7.3(2) and/or Section 7.3(3), in the aggregate, an amount in excess of the Termination Fee.

(5) Each of the Parties acknowledges that the agreements contained in this Section 7.3 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Parties would not enter into this Agreement. Each Party acknowledges that all of the payment amounts set out in this Section 7.3 are payments of liquidated damages which are a genuine pre-estimate of the damages which the Party entitled to such damages will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and are not penalties. Each Party irrevocably waives any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive. Upon receipt as directed by the Parent of any Termination Fee pursuant to this Section 7.3 neither the Purchaser nor the Parent shall have any further claim against the Company arising from or in connection with this Agreement or the Arrangement, and the Purchaser and the Parent agree that, if paid by the Company in accordance with the terms hereof, the Termination Fee shall be the sole and exclusive remedy of the Parent and the Purchaser, provided that nothing in this Section 7.3 shall preclude the Purchaser or the

Parent from, prior to the termination of this Agreement in accordance with its terms, seeking injunctive relief to restrain any breach or threatened breach by the Company of any of its obligations hereunder or otherwise to obtain specific performance.

7.4 Reverse Termination Fee

(1) If this Agreement is terminated by the Company pursuant to:

(a) Section 8.1(1)(d)(ii); or

(b) Section 8.1(1)(d)(iii);

then in each such case the Parent or the Purchaser shall pay as directed by the Company in writing (by wire transfer of immediately available funds) the Reverse Termination Fee in accordance with Section 7.4(2). For purposes of this Agreement, "Reverse Termination Fee" means $175,000, less the amount of any withholding required by applicable Laws relating to Taxes which is concurrently remitted by the Parent or the Purchaser, as applicable, to the relevant Governmental Entity in respect of such amount.

(2) The Reverse Termination Fee shall be paid within two business days following such termination of the Agreement by the Company. The Reverse Termination Fee shall be paid from the Escrow Amount in accordance with the terms of the Escrow Agreement.

(3) In no event shall the Parent or the Purchaser, as applicable, be required to pay under Section 7.4(1), in the aggregate, an amount in excess of the Reverse Termination Fee.

(4) Each of the Parties acknowledges that the agreements contained in this Section 7.4 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Parties would not enter into this Agreement. Each Party acknowledges that all of the payment amounts set out in this Section 7.4 are payments of liquidated damages which are a genuine pre-estimate of the damages which the Party entitled to such damages will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and are not penalties. Each Party irrevocably waives any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive. Upon receipt as directed by the Company of any Reverse Termination Fee pursuant to this Section 7.4 the Company shall have no further claim against either the Purchaser or the Parent arising from or in connection with this Agreement or the Arrangement, and the Company agrees that, if paid by the Purchaser or the Parent in accordance with the terms hereof, the Reverse Termination Fee shall be the sole and exclusive remedy of the Company, provided that nothing in this Section 7.4 shall preclude the Company from, prior to the termination of this Agreement in accordance with its terms, seeking injunctive relief to restrain any breach or threatened breach by the Purchaser or the Parent of any of their respective obligations hereunder or otherwise to obtain specific performance.

7.5 Access to Information; Confidentiality Agreement

(1) From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to applicable Law and the terms of any contract of the Company or the Subsidiary, the Company shall:

(a) give to the Purchaser and its representatives reasonable access to the offices, properties, books and records of the Company and the Subsidiary; and

(b) furnish to the Purchaser and its representatives such financial and operating data and other information as such persons may reasonably request.

(2) Any investigation pursuant to this Section 7.5 shall be conducted during normal business hours and in such manner as not to interfere unreasonably with the conduct of the business of the Company and the Subsidiary. Neither the Purchaser nor any of its representatives shall contact officers or employees of the Company or the Subsidiary except after prior approval of the Chief Executive Officer of the Company, which approval shall not be

unreasonably withheld, conditioned or delayed. For the avoidance of doubt, any investigation pursuant to this Section 7.5, including the provision of access and the furnishing of information, shall not in any way be deemed to expand the scope of the Company's representations and warranties in this Agreement.

(3) Notwithstanding Section 7.5(1) or any other provision of this Agreement, the Company shall not be obligated to provide access to, or to disclose, any information to the Purchaser if the Company reasonably determines that such access or disclosure would violate applicable Law or jeopardize any privilege claim by the Company or the Subsidiary or interfere unreasonably with the conduct of the business of the Company and the Subsidiary or require any action by the Company outside of normal business hours.

(4) For greater certainty, the Parent and the Purchaser shall treat, and shall cause their respective representatives to treat, all information furnished to them or any of such representatives in connection with the transactions contemplated by this Agreement or pursuant to the terms of this Agreement in accordance with the terms of the Confidentiality Agreement. Without limiting the generality of the foregoing, the Parent and the Purchaser acknowledge and agree that the Company Disclosure Letter and all information contained in it is confidential and shall be treated in accordance with the terms of the Confidentiality Agreement.

7.6 Interim Period Consents

The Company may seek approval to undertake any actions not otherwise permitted to be taken under Section 5.1 directly from Colin Hames and the Purchaser shall ensure that such person shall respond, on behalf of the Purchaser, to the Company's requests in an expeditious manner.

7.7 Employee Matters

From and after the Effective Time, the Purchaser shall honour and perform, or cause the Company to honour and perform, all of the obligations of the Company and the Subsidiary under employment and other agreements with current or former Company Employees and Company Plans in accordance with their terms as in effect immediately before the Effective Time.

7.8 Indemnification and Insurance

(1) From and after the Effective Time, the Purchaser shall, and shall cause the Company to, indemnify and hold harmless, to the fullest extent permitted under applicable Law (and to also advance expenses as incurred to the fullest extent permitted under applicable Law), each present and former director and officer of the Company and the Subsidiary (each, an "**Indemnified Person**") against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any Proceeding, arising out of or related to such Indemnified Person's service as a director or officer of the Company and/or the Subsidiary or services performed by such persons at the request of the Company and/or the Subsidiary at or prior to or following the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, including the approval or completion of this Agreement and the Arrangement or any of the other transactions contemplated by this Agreement or arising out of or related to this Agreement and the transactions contemplated hereby. Neither the Purchaser nor the Company shall settle, compromise or consent to the entry of any judgment in any Proceeding involving or naming an Indemnified Person or arising out of or related to an Indemnified Person's service as a director or officer of the Company and/or the Subsidiary or services performed by such persons at the request of the Company and/or the Subsidiary at or prior to or following the Effective Time without the prior written consent of that Indemnified Person unless such settlement, compromise or consent includes an unconditional release of such Indemnified Person from all liability arising out of such Proceeding.

(2) Prior to the Effective Time, the Company and the Subsidiary shall, and from and after the Effective Time if the Company and the Subsidiary are unable to, the Parent and the Purchaser shall, or shall cause the Company and the Subsidiary to, obtain and fully pay a single premium for the non-cancellable extension of the directors' and officers' liability coverage of the Company's and the Subsidiary's existing directors' and officers' insurance policies for a claims reporting or run-off and extended reporting period and claims reporting period of at least six years from and after the Effective Time with respect to any claim related to any period of time at or prior to the Effective Time

from an insurance carrier with the same or better credit rating as the Company's current insurance carriers with respect to directors' and officers' liability insurance ("**D&O Insurance**"), and with terms, conditions, retentions and limits of liability that are no less advantageous to the Indemnified Persons than the coverage provided under the existing policies of the Company and the Subsidiary in respect of claims arising from facts or events which existed or occurred at or prior to the Effective Time (including in connection with this Agreement or the transactions or actions contemplated hereby) provided, however, that the Company and the Subsidiary shall not acquire such insurance (and the Purchaser and the Parent shall not be required to cause the Company and the Subsidiary to purchase such insurance) if the premium therefor exceeds 300% of the annual premium paid by the Company and the Subsidiary in respect of their existing D&O Insurance as of the date hereof. If the Company and the Subsidiary for any reason fail to obtain such "run-off" insurance policies as of the Effective Time, the Company and the Subsidiary shall (or if they are unable to, the Parent and the Purchaser shall, or shall cause the Company and the Subsidiary to) continue to maintain in effect for a period of at least six years from and after the Effective Time the D&O Insurance in place as of the date hereof with terms, conditions, retentions and limits of liability that are no less advantageous than the coverage provided under the Company's and the Subsidiary's existing policies as of the date hereof, or the Company and the Subsidiary (or if they are unable to, the Parent and the Purchaser shall, or shall cause the Company and the Subsidiary to) purchase comparable D&O Insurance for such six year period with terms, conditions, retentions and limits of liability that are at least as favourable as provided in the Company's and the Subsidiary's existing policies as of the date hereof provided, however, that if such comparable insurance cannot be obtained, or can only be obtained by paying an annual premium in excess of 300% of the annual premium paid by the Company and the Subsidiary in respect of their D&O Insurance as of the date hereof, the Company and the Subsidiary shall only be required to obtain as much coverage as can be acquired by paying an annual premium equal to 300% of the annual premium paid by the Company and the Subsidiary in respect of their existing D&O Insurance as of the date hereof.

(3) If any Indemnified Person makes any claim for indemnification or advancement of expenses under this Section 7.8 that is denied by the Company or the Purchaser and the Parent, and a court of competent jurisdiction determines that the Indemnified Person is entitled to such indemnification, then the Company and the Purchaser and the Parent shall pay such Indemnified Person's costs and expenses, including reasonable legal fees and expenses, incurred in connection with pursuing such claim against the Company or the Purchaser.

(4) The rights of the Indemnified Persons under this Section 7.8 shall be in addition to any rights such Indemnified Persons may have under the constating documents of the Company or the Subsidiary, or under any applicable Law or agreement of any Indemnified Person with the Company or the Subsidiary. All rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time and rights to advancement of expenses relating thereto in favour of any Indemnified Person as provided in the constating documents of the Company or the Subsidiary or any agreement between such Indemnified Person and the Company or the Subsidiary shall survive the Effective Time for a period of not less than six years and shall not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any such Indemnified Person.

(5) If the Company, the Purchaser or the Parent or any of their successors or assigns shall (a) amalgamate, consolidate with or merge or wind-up into any other person and shall not be the continuing or surviving corporation or entity; or (b) transfer all or substantially all of its properties and assets to any person, then, and in each such case, proper provisions shall be made so that the successors and assigns and transferees of the Company, the Purchaser or the Parent, as the case may be, shall assume all of the obligations set forth in this Section 7.8. The Parent shall ensure that the Company and the Purchaser and the Parent and any of their successors or assigns have adequate financial resources to satisfy all of the obligations set forth in this Section 7.8.

(6) The provisions of this Section 7.8 shall survive the consummation of the transactions contemplated by this Agreement and are intended for the benefit of, and shall be enforceable by, the Indemnified Persons, and their respective heirs, executors, administrators and personal representatives and shall be binding on the Company and its successors and assigns, and, for such purpose only, the Company hereby confirms that it is acting as trustee on their behalf and agrees to enforce the provisions of this Section 7.8 on their behalf.

7.9 Expense Reimbursement

(1) If this Agreement is terminated by the Parent pursuant to Section 8.1(1)(b)(i), the Company shall reimburse the Parent (the "**Expense Reimbursement**") an amount of up to $125,000 for reasonable and documented out-of-pocket expenses incurred by Parent in connection with the transactions contemplated herein.

(2) Any such Expense Reimbursement payment shall be made within two business days of receipt of copies of invoices or other reasonable proof of payments actually made.

(3) For certainty, no Expense Reimbursement will be paid in the event a Termination Payment is payable to the Purchaser.

ARTICLE 8
TERMINATION, AMENDMENT AND WAIVER

8.1 Termination

(1) This Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of this Agreement or the Arrangement Resolution or the Arrangement by the Shareholders and/or the Court):

(a) by mutual written agreement of the Parties;

(b) by either the Company or the Parent, on its own behalf and on behalf of the Purchaser, if:

(i) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 8.1(1)(b)(i) shall not be available to any such Party whose failure (or, in the case of the Parent, the failure of any of the Purchaser or the Parent) to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;

(ii) after the date hereof, there shall be enacted or made any applicable Law (or any such applicable Law shall have been amended) that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins the Company, the Parent or the Purchaser from consummating the Arrangement and such applicable Law (if applicable) or enjoinment shall have become final and non-appealable; or

(iii) the Arrangement Resolution shall have failed to receive the requisite vote of the Shareholders for approval at the Company Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order;

(c) by the Parent on its own behalf and on behalf of the Purchaser, if:

(i) prior to obtaining the approval of the Arrangement Resolution by the Shareholders, (i) the Board of Directors shall have withdrawn, withheld, qualified or modified in a manner adverse to the Parent, the Purchaser or the consummation of the Arrangement its recommendation to the Shareholders to vote in favour of the Arrangement, or failed to reconfirm within five business days after request by the Parent its approval and recommendation of the Arrangement or the Arrangement Resolution (it being understood that publicly taking a neutral position or no position with respect to an Acquisition Proposal beyond a period of five business days after public announcement of an Acquisition Proposal shall be considered an adverse modification); (ii) the Board shall have approved or recommended any Acquisition Proposal; (iii) the Company enters into a written agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section7.2(3)); or (iv) the Company shall have publicly

announced the intention to do any of the foregoing (each of the clauses (i), (ii), (iii) and (iv) above, a "**Change in Recommendation**") or the Company breaches Section 7.2 in any material respect; or

(ii) subject to Section 7.1(2), a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 6.1 or Section 6.2 not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that the Purchaser or the Parent is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 or Section 6.3 not to be satisfied; or

(d) by the Company, if:

(i) prior to obtaining the approval of the Arrangement Resolution by the Shareholders, the Board of Directors authorizes the Company, subject to complying with the terms of this Agreement (including the terms of Section 7.2 and payment of the Termination Fee in accordance with Section 7.3), to enter into a written agreement concerning a Superior Proposal;

(ii) subject to Section7.1(2), a breach of any representation or warranty or failure to perform any covenant or agreement on the part of any of the Purchaser or the Parent set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 6.1 or 6.3 not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that the Company is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 or Section 6.2 not to be satisfied; or

(iii) the Purchaser does not provide or cause to be provided the Depositary with sufficient funds to complete the transactions contemplated by the Agreement as required pursuant to Section 2.9; provided that the Company is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 or 6.2 not to be satisfied.

(2) The Party desiring to terminate this Agreement pursuant to this Section 8.1 (other than pursuant to Section 8.1(1)(a)) shall give notice of such termination to the other Parties.

8.2 Effect of Termination

(a) If this Agreement is terminated pursuant to Section 8.1, this Agreement shall become void and of no effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party hereto, except that (a) the provisions of this Section 8.2, Section2.4(5), Section 2.7, Section 7.3, Section 7.5(4), and Article IX (other than Section 9.3) shall survive any termination hereof pursuant to Section 8.1(1); and (b) neither the termination of this Agreement nor anything contained in this Section 8,2 shall relieve any Party for any liability for any wilful and intentional breach of this Agreement subject to the limitations set forth in Section 7.3(5).

8.3 Waiver

No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or a future waiver of the same provisions, nor shall such waiver be binding unless executed in writing by the Party to be bound by the waiver. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

ARTICLE 9
GENERAL PROVISIONS

9.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile or e-mail transmission, or as of the following business day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other Parties given in accordance with these provisions):

(a) if to the Parent or the Purchaser:

Arden Holdings Ltd.
c/o Continental Trust Corporation Limited
5th Floor, Richmond House
12 Par-la-Ville Road
P.O. Box HM 646
Hamilton HM CX, Bermuda

Attention: Colin Hames
Facsimile: (441) 405-8107
E-mail: cgh@ctc.bm

with a copy to:

Norton Rose Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street
Toronto, ON M5J 2Z4
Canada

Attention: Barry Segal
Facsimile: (416) 216-4861
E-mail: barry.segal@nortonrosefulbright.com

(b) if to the Company:

Khan Resources Inc.
The Exchange Tower
130 King Street West, Suite 1800
Toronto, Ontario M5X 1E3

Attention: Grant Edey
Facsimile: (416) 947-0167
E-mail: gedey@rogers.com

with a copy to:

Davies Ward Phillips Vineberg LLP
155 Wellington St W,
Toronto, ON M5V 3J7

Attention: Cameron Rusaw
Facsimile: (416) 863-0871

E-Mail: crusaw@dwpv.com

9.2 Governing Law; Jurisdiction; Service of Process

This Agreement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of Ontario and the Laws of Canada applicable therein, and shall be construed and treated in all respects as an Ontario contract. The Parties agree that any Proceeding seeking to enforce any provisions of, or based on any matter arising out of or in connection with this Agreement or the transactions contemplated hereby shall be brought in any court of the Province of Ontario, and each of the Parties irrevocably consents to the jurisdiction of such courts (and of the appellate courts therefrom) in any such Proceeding and irrevocably waives, to the fullest extent that any such Proceeding brought in any such court has been brought in an inconvenient forum. Each of the Parties expressly acknowledges that the foregoing waiver is intended to be irrevocable under all applicable Laws. Process in any Proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each Party agrees that service of process on such Party as provided in Section 9.1 shall be deemed effective service.

9.3 Injunctive Relief and Specific Performance

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, prior to the termination of this Agreement pursuant to Section 8.1, the Parties shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches or threatened breaches of the provisions of this Agreement or to otherwise obtain specific performance of any such provisions and to cause the Arrangement and the other transactions contemplated by this Agreement to be consummated on the terms and subject to the conditions set forth herein. Each Party hereby waives (i) any defences in any action for specific performance, include the defence that a remedy at Law would be adequate and (ii) any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief.

9.4 Time of Essence

Time shall be of the essence in this Agreement.

9.5 Entire Agreement, Binding Effect and Assignment

This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assigns.

This Agreement (including the Schedules hereto), the Company Disclosure Letter and the Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and thereof. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the Parties without the prior written consent of all the Parties.

9.6 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

9.7 No Third Party Beneficiaries

Except as provided in Section 2.4(5), Section 7.7 and Section 7.8 which, without limiting their terms, are intended as stipulations for the benefit of the third persons mentioned therein, and except for the rights of the Shareholders to receive the Consideration, following the Effective Time pursuant to the Arrangement (for which purpose the Company hereby confirms that it is acting as trustee on behalf of the Shareholders), this Agreement is not intended to confer any rights or remedies upon any person other than the Parties to this Agreement. The Parent and the Purchaser appoint the Company as the trustee for the applicable directors, officers and employees of the Company with respect to such individuals specified in Section 2.4(5), Section 7.7 and Section 7.8, hereof and the Company accepts such appointment. To the fullest extent permitted by applicable Law, each of the Parent, the Purchaser and the Company agrees that the stipulations for the benefit of third persons set out in Section 2.4(5), Section 7.7 and Section 7.8 shall not be revoked, and that acceptance by such third persons of such stipulations shall be deemed to have occurred, without prejudice to their right to accept in any other manner, through the fulfilment of their respective duties and functions with the Company or the Subsidiary until the end of the business day following the execution of this Agreement, it being an essential condition of this Agreement that the persons intended to be beneficiaries of such stipulations shall be entitled to all the rights and remedies available to them thereunder and under applicable Law.

9.8 Rules of Construction

The Parties to this Agreement waive the application of any applicable Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

9.9 No Liability

No director or officer of the Purchaser or the Parent or any of their subsidiaries shall have any personal liability whatsoever to the Company under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Purchaser or the Parent or any of their subsidiaries. No director or officer of the Company or the Subsidiary shall have any personal liability whatsoever to the Purchaser or the Parent under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Company or the Subsidiary.

9.10 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

9.11 Amendments

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and Final Order and applicable Laws, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and/or

(d) modify any mutual conditions precedent herein contained.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Parent, the Purchaser and the Company have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

ARDEN HOLDINGS LTD.

By: "*Colin Hames*"

Colin Hames

Director

2567850 ONTARIO INC.

By: "*Colin Hames*"

Colin Hames

President and Chief Executive Officer

KHAN RESOURCES INC.

By: "*Grant Edey*"

Grant Edey

President and Chief Executive Officer

SCHEDULE A
ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 182 of the *Business Corporations Act* (Ontario) (the "**OBCA**") of Khan Resources Inc. (the "**Company**"), as more particularly described and set forth in the management information circular (the "**Circular**") dated •, 2017 of the Company accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement (the "**Arrangement Agreement**") made as of March 22, 2017 between the Company, Arden Holdings Ltd. and 2567850 Ontario Inc., is hereby authorized, approved and adopted.

2. The plan of arrangement of the Company (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**")), the full text of which is set out in Appendix "•" to the Circular, is hereby authorized, approved and adopted.

3. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.

4. The Company be and is hereby authorized to apply for a final order from the Ontario Superior Court of Justice (Commercial List) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).

5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Ontario Superior Court of Justice (Commercial List), the directors of the Company are hereby authorized and empowered to, without notice to or approval of the shareholders of the Company, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.

6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver for filing with the Director under the OBCA articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

7. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

SCHEDULE B
PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 182
OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

ARTICLE 1
INTERPRETATION

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement (as defined below) and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"**affiliate**" has the meaning ascribed thereto in National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators;

"**Arrangement**" means the arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 9.11 of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated as of March 22, 2017, between the Purchaser, the Parent and the Company (including the schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with the terms thereof;

"**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement to be considered at the Company Meeting;

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement, required by the OBCA to be sent to the Director after the Final Order is made, which shall be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably;

"**business day**" means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Canada or Bermuda;

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement;

"**Company**" means Khan Resources Inc., a corporation existing under the laws of Ontario;

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, sent to, among others, the holders of Shares in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time;

"**Company Meeting**" means the special meeting of the holders of Shares, including any adjournment or postponement thereof, called and held in accordance with the Interim Order to consider the Arrangement Resolution;

"**Consideration**" means $0.05 in cash per Share;

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

"**Depositary**" means Equity Transfer and Trust Company, as depositary, or any other bank, trust company or financial institution, as may be agreed to in writing by the Company and the Purchaser;

"**Director**" means the Director appointed pursuant to Section 278 of the OBCA;

"**Dissent Rights**" has the meaning ascribed thereto in Section 4.1;

"**Dissenting Shareholder**" means a registered holder of Shares who validly dissents in respect of the Arrangement Resolution in compliance with the Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Shares in respect of which Dissent Rights are validly exercised by such registered holder;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" means 12:01 a.m. (Toronto time), or such other time as may be agreed to in writing by the Company and the Purchaser, on the Effective Date;

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

"**Final Order**" means the final order of the Court, as contemplated by Section 2.5 of the Arrangement Agreement, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal;

"**Governmental Entity**" means any (a) supranational, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission board, commissioner, board, bureau or agency, domestic or foreign, (b) subdivision, agent, commission, or authority of any of the foregoing, or (c) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the Exchange), regulatory agency or self-regulatory organization exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**holders**" means when used with reference to the Shares, except where the context otherwise requires, the holders of the Shares shown from time to time in the registers maintained by or on behalf of the Company in respect of the Shares;

"**Interim Order**" means the interim order of the Court in a form acceptable to the Company and the Purchaser, acting reasonably, as contemplated by Section 2.2 of the Arrangement Agreement, providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably;

"**Law**" or "**Laws**" means all federal, provincial, state, municipal, regional and local laws (statutory, common or otherwise), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, legally binding codes or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or similar requirement enacted, adapted, promulgated or applied by any Governmental Entity or self-regulatory authority (including the Exchange), and the term "applicable" with respect to such Laws and in a context that refers to one or more persons, means such Laws as are binding upon or applicable to such person or its assets;

"**Letter of Transmittal**" means the letter of transmittal sent by the Company to holders of Shares for use in connection with the Arrangement, in a form acceptable to the Purchaser, acting reasonably;

"**Liens**" means any hypothecs, mortgages, liens, charges, security interests, prior claims, pledges, encroachments, options, rights of first refusal or first offer, occupancy rights, covenants, restrictions, encumbrances of any kind and adverse claims;

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

"**Parent**" means Arden Holdings Ltd., a corporation existing under the laws of Turks and Caicos Islands;

"**Parties**" means, collectively, the Purchaser, the Company and the Parent, and "**Party**" means any of them;

"**person**" includes an individual, firm, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, venture capital fund, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means this plan of arrangement proposed under Section 182 of the OBCA, and any amendments or variations hereto made in accordance with Section 9.11 of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Purchaser**" means 2567850 Ontario Inc., a corporation existing under the Laws of Ontario, and a wholly-owned subsidiary of the Parent;

"**Shareholder Rights Plan**" means the amended and restated shareholder rights plan agreement dated as of November 14, 2006 between the Company and Equity Transfer and Trust Company, as amended and restated from time to time;

"**Shares**" means the common shares in the capital of the Company; and

"**Tax Act**" means the *Income Tax Act* (Canada), as amended.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into Articles, Sections, Appendices, subsections, paragraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section, Appendix, subsection, paragraph or clause by number or letter or both refer to the Article, Section, Appendix, subsection, paragraph or clause, respectively, bearing that designation in this Plan of Arrangement. The words "hereof', "herein" and "hereunder" and words of like import used in this Plan of Arrangement shall refer to this Plan of Arrangement as a whole and not to any particular provision of this Plan of Arrangement.

1.3 Rules of Construction

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders. References in this Plan of Arrangement to the words "include", "includes" or "including" shall be deemed to be followed by the words "without limitation" whether or not they are in fact followed by those words or words of like import.

1.4 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian currency and "**Cdn$**" or "**$**" refers to Canadian dollars.

1.5 Date for Any Action

If the date on which any action is required to be taken hereunder by a person is not a business day, such action shall be required to be taken on the next succeeding day which is a business day.

1.6 References to Dates, Statutes, etc.

In this Plan of Arrangement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively. In this Plan of Arrangement, references to a particular statute or Law shall be to such statute or Law and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated thereunder or amended from time to time. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. Any reference in this Plan of Arrangement to a person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns of that person.

1.7 Time

Time shall be of the essence in this Plan of Arrangement. All times expressed herein are Toronto, Ontario time unless otherwise stipulated herein.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on the Purchaser, the Parent, the Company, all holders and beneficial owners of Shares, and the Depositary, at and after the Effective Time without any further act or formality required on the part of any person, except as expressly provided herein.

ARTICLE 3
ARRANGEMENT

3.1 The Arrangement

The following events set out in this Section 3.1 shall occur and shall be deemed to occur consecutively commencing at the Effective Time in the order set out in this Section 3.1 without any further authorization, act or formality:

(1) the Shareholder Rights Plan shall be terminated and be of no further force and effect and all rights issued thereunder shall be terminated and expire without any payment in respect thereof.

(2) all directors of the Company shall cease to be directors and the following persons shall become the directors of the Company: Colin Hames and Karen McArthur.

(3) the following steps shall occur simultaneously: each Share outstanding immediately prior to the Effective Time shall be transferred from the holder thereof to the Purchaser in exchange for the Consideration from the Purchaser, subject to (for greater certainty) applicable withholdings in accordance with Section5.3, which amount shall be paid to the holder pursuant to and in accordance with Article V from the funds deposited with the Depositary

under Section 5.1(1), and the names of the holders of such Shares transferred to the Purchaser shall be removed from the register of holders of Shares, and the Purchaser shall be recorded as the registered holder of the Shares so acquired and shall be the legal and beneficial owner thereof; provided that, if ultimately entitled in accordance with Section 4.1, Dissenting Shareholders shall have the right to receive a payment from the Purchaser equal to the fair value of the outstanding Shares held immediately prior to the Effective Time by such Dissenting Shareholders in lieu of the Consideration.

3.2 Tax Election

At any time after the completion of the share exchange set out in Section 3.1(3), as promptly as possible after all conditions therefor have been met, the Company shall file the prescribed form of election under the Tax Act with the Canada Revenue Agency electing to cease being a public corporation for the purposes of the Tax Act.

3.3 Transfers Free and Clear

Any transfer of any securities pursuant to the Arrangement shall be free and clear of all Liens.

ARTICLE 4
RIGHTS OF DISSENT

4.1 Rights of Dissent

Registered holders of the Shares may exercise, pursuant to and in the manner set forth in Section 185 of the OBCA, the right of dissent in connection with the Arrangement, as same may be modified by the Interim Order and this Section 4.1 ("**Dissent Rights**"); *provided* that, notwithstanding subsection 185(6) of the OBCA, the written notice setting forth such registered holder's objection to the Arrangement Resolution referred to in subsection 185(6) of the OBCA must be received by the Company not later than 5:00 p.m. Toronto time on the business day which is two business days immediately preceding the date of the Company Meeting (as it may be adjourned or postponed from time to time). Registered holders of Shares who duly and validly exercise such Dissent Rights and who:

(1) are ultimately entitled to be paid by the Purchaser the fair value for their Shares, (a) shall be deemed to have transferred the Shares held by them and in respect of which Dissent Rights have been duly and validly exercised to the Purchaser, without any further act or formality, free and clear of all Liens at the time specified in Section 3.1(3), in consideration of a debt claim against the Purchaser to be paid the fair value of such Shares and (b) shall be entitled to be paid by the Purchaser an amount equal to the fair value of such Shares, and shall not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such registered holders not exercised their Dissent Rights in respect of such Shares; or

(2) are ultimately not entitled, for any reason, to be paid fair value for their Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Shares as contemplated by Section 3.1(3).

4.2 Recognition of Dissenting Shareholders

(1) In no circumstances shall the Purchaser, the Company or any other person be required to recognize a person exercising Dissent Rights unless such person is the registered holder of those Shares in respect of which such rights are sought to be exercised.

(2) For greater certainty, in no case shall the Purchaser, the Company or any other person be required to recognize a Dissenting Shareholder as a holder of Shares in respect of which Dissent Rights have been validly exercised after the completion of the steps set out in Section 3.1(3) and the names of such Dissenting Shareholders shall be removed from the applicable register of holders of Shares in respect of which Dissent Rights have been validly exercised at the same time as the steps

described in Section 3.1(3) occur and the Purchaser shall be recorded as the holder of the Shares so transferred and shall be deemed the legal and beneficial owner thereof free and clear of any Liens. In addition to any other restrictions under section 185 of the OBCA, holders of Shares who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution (but only in respect of such Shares) shall not be entitled to exercise Dissent Rights.

ARTICLE 5
CERTIFICATES AND PAYMENTS

5.1 Payment of Consideration

(1) On the Effective Date, in accordance with the terms of the Arrangement Agreement, the Purchaser shall (and the Parent shall ensure that the Purchaser shall) deposit cash with the Depositary in the aggregate amount equal to the payments required by this Plan of Arrangement to be made to holders of Shares (with the amount per Share in respect of which Dissent Rights have been exercised being deemed to be the Consideration for this purpose only). The cash deposited shall not be used for any other purpose except as provided in this Plan of Arrangement. The cash deposited with the Depositary shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of the Purchaser.

(2) Upon the surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Shares that were transferred pursuant to Section 3.1(3), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of the Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor from the Depositary, and the Depositary shall deliver to such holder as soon as possible, a cheque (or other form of immediately available funds) representing the cash which such holder has the right to receive under the Arrangement for such Shares, less any amounts withheld pursuant to Section 5.3, and any certificate so surrendered shall forthwith be cancelled. For greater certainty, as of the Effective Time, a holder of Shares' right to receive cash under the Arrangement shall be satisfied only out of the amount deposited pursuant to Section 5.1(1), and such holder shall have no further right or claim as against the Company or the Purchaser except to the extent the cash so deposited is insufficient to satisfy the amounts payable to such former holders.

(3) Until surrendered for cancellation as contemplated by this Section 5.1, each certificate that immediately prior to the Effective Time represented Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate as contemplated in this Section 5.1 or Section 4.1, as the case may be, less any amounts withheld pursuant to Section 5.3. Any such certificate formerly representing Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Shares of any kind or nature against or in the Company or the Purchaser. On such date, all cash to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser.

(4) Any payment made by way of cheque by the Depositary on behalf of the Company or the Purchaser pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Time, and any right or claim to payment hereunder that remains outstanding on the sixth anniversary of the Effective Time shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the consideration for the Shares pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser for no consideration.

(5) No holder of Shares shall be entitled to receive any consideration other than the consideration to which such holder is entitled to receive in accordance with Article III and this Section 5.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or

other payment in connection therewith, other than any declared but unpaid dividends with a record date prior to the Effective Date. No dividend or other distribution declared or made after the Effective Time with respect to the Shares with a record date on or after the Effective Date shall be delivered to the holder of any unsurrendered certificate which, immediately prior to the Effective Date, represented outstanding Shares.

5.2 Lost Certificates

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Shares that were transferred pursuant to Section 3.1(3) shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, cash deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom such cash is to be delivered shall, as a condition precedent to the delivery of such cash, give a bond satisfactory to the Purchaser and the Depositary (acting reasonably) in such sum as the Purchaser may direct, or otherwise indemnify the Purchaser and the Company in a manner satisfactory to the Purchaser and the Company, acting reasonably, against any claim that may be made against the Purchaser or the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

5.3 Withholding Rights

Each of the Company, Parent, Purchaser and the Depositary shall be entitled to deduct and withhold from any amounts payable to any person pursuant to this Plan of Arrangement (including any amounts payable pursuant to Articles III, IV and V) such amounts as are required to be deducted or withheld with respect to such payment under the Tax Act or any provision of any other applicable Law. To the extent that amounts are so withheld or deducted and remitted to the applicable Governmental Entity, such withheld or deducted amounts shall be treated for all purposes of this Plan of Arrangement as having been paid to such person as the remainder of the payment in respect of which such deduction and withholding were made.

5.4 Letter of Transmittal

At the time of mailing of the Company Circular or as soon as practicable after the Effective Date, the Company shall forward to each holder of Shares at the address of such holder as it appears on the register maintained by or on behalf of the Company in respect of the holders of Shares a Letter of Transmittal.

ARTICLE 6
AMENDMENTS

6.1 Amendments to Plan of Arrangement

(1) The Company may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (a) set out in writing, (b) approved by the Purchaser, (c) filed with the Court and, if made following the Company Meeting, approved by the Court and (d) communicated to holders of the Shares and others as may be required by the Interim Order if and as required by the Court.

(2) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company at any time prior to the Company Meeting (provided that the Purchaser shall have consented thereto in writing) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(3) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (a) it is consented

to in writing by each of the Company and the Purchaser (in each case, acting reasonably), and (b) if required by the Court, it is consented to by holders of the Shares voting in the manner directed by the Court.

(4) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former holder of Shares.

ARTICLE 7
FURTHER ASSURANCES

7.1 Notwithstanding

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

7.2 Paramountcy

From and after the Effective Time (a) this Plan of Arrangement shall take precedence and priority over any and all rights related to Shares issued prior to the Effective Time, (b) the rights and obligations of the holders of Shares, and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of actions, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to Shares shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

SCHEDULE C

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

(a) **Corporate Existence and Power.** The Company is a corporation duly incorporated, validly existing and in good standing under the Laws of the Province of Ontario and has all corporate power and capacity to own, lease and operate its properties and assets as now owned and to carry on its business as now conducted. The Company is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which do not have or would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) **Corporate Authorization**. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby are within the Company's corporate power and capacity and have been duly authorized by the Board of Directors and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or the transactions contemplated hereby other than in connection with the approval by the Board of Directors of the Company Circular and the approval by the Shareholders in the manner required by the Interim Order and applicable Laws and approval by the Court. This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered. As of the date hereof, the Board of Directors has (i) determined that the consideration to be received by the Shareholders is fair and that the Arrangement is in the best interests of the Company and (ii) resolved, subject to Section 7.2(6), to recommend that the Shareholders vote in favour of the Arrangement Resolution, and such determinations and resolutions are effective and unamended as of the date hereof.

(c) **Governmental Authorization**. No consent, approval, order or authorization of, or filing, recording, registering or publication with, any Governmental Entity is required to be obtained or made by the Company in connection with the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby, other than (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filings with the Director under the OBCA; (iv) compliance with any applicable Securities Laws, rules and policies of the Exchange; and (v) any actions or filings the absence of which would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) **Non-Contravention**. The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation of the transactions contemplated hereby and by the Plan of Arrangement do not and shall not (i) contravene, conflict with, or result in any violation or breach of any provision of the articles or by-laws of the Company or the constating documents of the Subsidiary; (ii) assuming compliance with the matters, or obtaining the approvals, referred to in paragraph (c) above, contravene, conflict with or result in a violation or breach of any provision of any applicable Law or any license, approval, consent or authorization issued by a Governmental Entity held by the Company or the Subsidiary; (iii) require any notice or consent or other action by any person under, contravene, conflict with, violate, breach or constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Company or the Subsidiary is entitled under, or give rise to any rights of first refusal or trigger any change in control provisions or any restriction under, any provision of any contract or other instrument, binding upon the Company or the Subsidiary or affecting any of their respective assets; or (iv) result in the creation or imposition of any Lien on any asset of the Company or the Subsidiary, with such exceptions, in the case of each of clauses (ii), (iii) and (iv), as do not have or would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. True and complete copies of the articles of amendment and by-laws of the Company as currently in effect have been made available to the Purchaser and the Company has not taken any action to amend or succeed such documents.

(e) **Capitalization**. The authorized share capital of the Company consists of an unlimited number of Shares. As of the close of business on March 22, 2017, there were issued and outstanding the number of Shares set out in the Company Disclosure Letter and no other shares were issued and outstanding. Except for the Shareholder Rights Plan, there are no pre-emptive or other outstanding rights, options, warrants, conversion rights, redemption rights, repurchase rights, shareholder rights plans, agreements, arrangements, calls, commitments or rights of any kind that obligate the Company or the Subsidiary to issue or sell any shares of capital stock or other securities of the Company or the Subsidiary or any securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire, from treasury any securities of the Company or the Subsidiary, and no securities or obligations evidencing such rights are authorized, issued or outstanding. There are no outstanding contractual or other rights to which the Company or the Subsidiary is a party, the value of which is based on the value of the Shares. All the outstanding Shares have been duly authorized and validly issued, are fully paid and non-assessable. There are no outstanding contractual or other obligations of the Company or the Subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of the Company or the Subsidiary.

The Shares have not been listed or quoted by the Company on any market other than the Exchange. No order ceasing or suspending trading in securities of the Company or prohibiting the sale of such securities has been issued and outstanding against the Company or its directors or officers.

(f) **Subsidiary**. The Company Disclosure Letter sets forth the following information with respect to the Subsidiary: (i) its name; (ii) as of the date hereof, the number, type and principal amount, as applicable, of its outstanding equity securities and a list of registered holders thereof; and (iii) its jurisdiction of organization or governance. The Subsidiary is a corporation duly incorporated, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or creation and has all corporate power and capacity to own, lease and operate its properties and assets as now owned and to carry on its business as now conducted. The Subsidiary is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which do not have or would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. The Company is, directly or indirectly, the record and beneficial owner of all of the outstanding shares of capital stock or other equity interests of the Subsidiary, free and clear of any Liens. All of such shares and other equity interests so owned by the Company are validly issued, fully paid and non-assessable (and no such shares or other equity interests have been issued in violation of any pre-emptive or similar rights). As of the date hereof, except for the equity interests owned by the Company in the Subsidiary, neither the Company nor the Subsidiary owns, beneficially or of record, any equity interest of any kind in any other person.

(g) **Securities Laws Matters**. The Company is a "reporting issuer" under applicable Canadian Securities Laws in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, and is not in default of any material requirements of any Securities Laws applicable in such jurisdictions or the rules and regulations of the Exchange. No delisting, suspension of trading in or cease trading order with respect to the Shares is pending or, to the knowledge of the Company, threatened. The documents comprising the Company's Current Public Disclosure Record did not at the time filed with Securities Authorities contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading in light of the circumstances under which they were made. The Company has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by the Company with the Securities Authorities since September 30, 2016, where the failure to timely file would individually or in the aggregate reasonably be expected to have a Material Adverse Effect. The Company has not filed any confidential material change report with the Securities Authorities which at the date hereof remains confidential.

(h) **Financial Statements**. The audited consolidated financial statements and the unaudited consolidated interim financial statements of the Company included in the Company's Current Public Disclosure Record fairly present, in all material respects, in conformity with IFRS applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of the Company and the Subsidiary as of the dates thereof and their consolidated statements of earnings, comprehensive income, shareholders' equity and cash flows for the

periods then ended (subject to normal year-end adjustments and the absence of notes in the case of any unaudited interim financial statements). Except as set forth in the Company's financial statements, neither the Company nor the Subsidiary has any documents creating any material off-balance sheet arrangements. Neither the Company nor the Subsidiary is a party to, or has any commitment to become a party to, any joint venture, partnership agreement or any similar contract (including any contract relating to any transaction, arrangement or relationship between or among the Company or the Subsidiary, on the one hand, and any unconsolidated affiliate, including any structured finance, special purpose or limited purpose entity or person, on the other hand) where the purpose or effect of such arrangement is to avoid disclosure of any material transaction involving the Company or the Subsidiary in the Company's financial statements.

(i) **Disclosure/Internal Controls**. The Company has established and maintained disclosure controls and procedures and internal control over financial reporting, as those terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. The disclosure controls and procedures have been designed to provide reasonable assurance that (i) material information relating to the Company, including the Subsidiary, is made known to the Company's Chief Executive Officer and its Chief Financial Officer by others within those entities; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under Securities Law is recorded, processed, summarized and reported within the time periods specified in Securities Laws. The internal control over financial reporting has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's Chief Executive Officer and its Chief Financial Officer have disclosed to the Company's auditors any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls. To the knowledge of the Company, except as set forth in the Company Disclosure Letter, there are no material deficiencies or weaknesses in the design or operation of the internal control over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and there is no fraud, whether or not material, that involved or involves management or other employees who have a role in the internal control over financial reporting of the Company.

(j) **Absence of Certain Changes**. Since September 30, 2016, other than the transactions contemplated in this Agreement, or other than as disclosed in the Company's Public Disclosure Record or in the Company Disclosure Letter: (i) the business of the Company and the Subsidiary has been conducted in the Ordinary Course of Business; (ii) there has not been any event, occurrence, development or state of circumstances or facts that has had or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect; (iii) there has not been any declaration, setting aside or payment of any dividend on, or other distribution (whether in cash, stock or property) in respect of, any shares in the capital of, or equity or other voting interests in, the Company or the Subsidiary, except for dividends from a subsidiary to the Company or another wholly-owned subsidiary of the Company and dividends by the Company as publicly disclosed; (iv) there has not been any split, combination or reclassification of any shares in the capital of, or equity or other voting interests in, the Company or the Subsidiary or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares in the capital of, or other equity or voting interests in, the Company or the Subsidiary; (v) there has not been any change in financial or tax accounting methods, principles or practices by the Company or the Subsidiary, except insofar as may have been required or permitted by IFRS or applicable Laws; and (vi) there has not been any material write-down by the Company or the Subsidiary of any of the material assets of the Company or the Subsidiary.

(k) **No Undisclosed Material Liabilities**. There are no liabilities or obligations of the Company or the Subsidiary of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than: (i) liabilities or obligations disclosed in any financial statements of the Company in the Company's Current Public Disclosure Record; (ii) liabilities or obligations incurred in the Ordinary Course of Business since September 30, 2016; (iii) liabilities or obligations incurred in connection with the transactions contemplated hereby; and (iv) liabilities or obligations that would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(l) **Compliance with Laws**. The Company and the Subsidiary is, and since September 30, 2016 has been, in compliance with, and to the knowledge of the Company is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of, any applicable Law, except for failures to comply

or violations that have not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(m) **Regulatory Compliance**. The Company and the Subsidiary have obtained and are in compliance in all material respects with all Permits. There has not occurred within the last two years any violation of, or any default under, or any event giving rise to or potentially giving rise to any right of termination, revocation, adverse modification, non-renewal or cancellation of any Permit and to the knowledge of the Company, no Governmental Entity has provided the Company or the Subsidiary with notice of any of the foregoing, except for any such matter as would not have and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Neither of the Company or the Subsidiary has been convicted of any crime or engaged in any conduct which could result in debarment or disqualification by any Governmental Entity and, to the knowledge of the Company, there is no Proceeding pending or threatened that reasonably might be expected to result in criminal liability or debarment or disqualification by any Governmental Entity. To the knowledge of the Company, the Company and the Subsidiary are in compliance with all foreign ownership restrictions applicable to any of them under applicable Laws.

(n) **Litigation**. As of the date hereof, there is no Proceeding pending against, or, to the knowledge of the Company, threatened against or affecting, the Company or the Subsidiary or any of their respective properties or assets, before any Governmental Entity or other person, that would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. Neither the Company nor the Subsidiary nor their respective assets or properties, nor directors or officers in their capacities as such, is subject to any outstanding judgment, order, writ, injunction or decree material to the Company and the Subsidiary, taken as a whole.

(o) **Taxes.** Except as disclosed in the Company Disclosure Letter, all Tax Returns required by applicable Laws to be filed with any Governmental Entity by, or on behalf of, the Company or the Subsidiary have been filed when due in accordance with all applicable Laws (taking into account any applicable extensions), and all such Tax Returns were true and complete. Except as disclosed in the Company Disclosure Letter, the Company and the Subsidiary have paid (or has had paid on its behalf) on a timely basis to the appropriate Governmental Entity all Taxes, including instalments, which are due and payable prior to the date hereof. Except as set forth in the Company Disclosure Letter, the Company and the Subsidiary have established (or has had established on its behalf) in accordance with GAAP an adequate accrual for all material Taxes which are not yet due and payable through the end of the last period for which the Company and the Subsidiary ordinarily record items on their respective books and, since the date thereof, neither the Company nor the Subsidiary has incurred any liability for Taxes other than in the Ordinary Course of Business. Except as set forth in the Company Disclosure Letter, no deficiencies for any Taxes have been assessed by a Governmental Entity with respect to any Taxes due by the Company or the Subsidiary and there is no Proceeding outstanding, pending or, to the knowledge of the Company, threatened with respect to the Company or the Subsidiary in respect of Taxes. The Company and the Subsidiary have complied with all requirements of applicable Law relating to the withholding and remittance of amounts from payments or amounts owed to any person, including any person that is a non-resident of Canada. Neither the Company nor the Subsidiary is party to any material tax sharing agreement or tax indemnification agreement with any person, other than the Company or the Subsidiary.

(p) **Employment Matters**.

(i) The Company Disclosure Letter contains a complete and accurate list of Company Employees, including their respective location, hire date, position, salary, benefits and current status (full time, part-time, active, non-active), as well as a list of all former Company employees to whom the Company or the Subsidiary has or may have any obligations indicating the nature and value of such obligations.

(ii) As of the date of this Agreement, to the knowledge of the Company, no active Company Employee listed in (i) has provided written notice to the Company or the Subsidiary that he or she intends to resign, retire or terminate his or her employment with the Company or the Subsidiary as a result of the transactions contemplated by this Agreement or otherwise.

(iii) Neither the Company nor the Subsidiary is a party to any material Proceeding under any applicable Law relating to the Company Employees.

(iv) Except as set forth in the Company Disclosure Letter, no employment agreement with respect to any Company Employee listed in (i) above contains any specific provision in relation to his or her termination, the application of which shall be triggered by the transactions contemplated by this Agreement.

(v) The Company is in compliance with all applicable Laws respecting employment, employment practices and standards, terms and conditions of employment, wages and hours, occupational health and safety, human rights, labour relations, pay equity and workers' compensation, except for failures to comply or violations that have not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(vi) Neither the Company nor the Subsidiary is in arrears in the payment of wages, overtime pay, public holiday pay, salary, commission, bonuses, incentives, vacation pay, expense reimbursement or any other compensation in any form or of any other amounts owing to current or former Company Employees. There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any material obligation upon the Company and the Subsidiary, taken as a whole, to do or refrain from doing any act, or which place a material financial obligation upon the Company and the Subsidiary, taken as a whole.

(q) **Company Plans**.

(i) The Company Disclosure Letter contains a complete list of all material health, welfare, supplemental unemployment benefit, bonus, profit sharing, option, insurance, incentive, incentive compensation, deferred compensation, share purchase, share compensation, disability, pension or supplemental retirement plans and other material employee or director compensation or benefit plans, policies, trusts, funds, agreements or arrangements for the benefit of directors or former directors of the Company or the Subsidiary, Company Employees or former Company Employees, which are maintained by or binding upon the Company or the Subsidiary or in respect of which the Company or the Subsidiary has any actual or potential liability (but for greater certainty, excluding any plans maintained by a Governmental Entity pursuant to statute) (collectively, the "**Company Plans**").

(ii) All of the Company Plans are and have been established, registered, qualified, funded and, in all material respects, administered in accordance with all applicable Laws, and in accordance with their terms, the terms of the material documents that support such Company Plans and the terms of agreements between the Company and/or the Subsidiary, as the case may be, and their respective Company Employees and former Company Employees who are members of, or beneficiaries under, the Company Plans.

(iii) All current obligations of the Company or the Subsidiary regarding the Company Plans have been satisfied in all material respects. All contributions, premiums or Taxes required to be made or paid by the Company or the Subsidiary, as the case may be, under the terms of each Company Plan or by applicable Laws in respect of the Company Plans have been made in a timely fashion in accordance with applicable Laws in all material respects and in accordance with the terms of the applicable Company Plan in all material respects. As of the date hereof, no currently outstanding notice of underfunding, non-compliance, failure to be in good standing or otherwise has been received by the Company or the Subsidiary from any applicable Governmental Entity in respect of any Company Plan that is a pension or retirement plan.

(iv) No Company Plan is subject to any pending Proceeding initiated by any Governmental Entity, or by any other party (other than routine claims for benefits) and, to the knowledge of the Company, there exists no state of facts which after notice or lapse of time or both would reasonably be

expected to give rise to any such Proceeding or to affect the registration or qualification of any Company Plan required to be registered or qualified.

(v) The Company and the Subsidiary have no liability or obligations in respect of any plan or arrangement which provides pensions on a defined benefit basis (but for greater certainty, excluding any plans maintained by a Governmental Entity pursuant to statute).

(vi) Except as set out in the Company Disclosure Letter, the Arrangement will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Company Plan.

(vii) The Company has no material liability or obligation to provide post-retirement benefits for former or retired employees of the Company or to any other individual.

(r) **Collective Agreements**. Neither the Company nor the Subsidiary is party to any collective agreements, either directly or by operation of law, with any trade union or association which may qualify as a trade union. There are no outstanding or, to the knowledge of the Company, threatened labour tribunal proceedings of any kind, including unfair labour practice proceedings or any proceedings which could result in certification of a trade union as bargaining agent for any employees of the Company or the Subsidiary. There are no threatened or apparent union organizing activities involving employees of the Company or the Subsidiary nor is the Company or the Subsidiary currently negotiating any collective agreement.

(s) **Environmental Matters**. Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect: (i) no written notice, claim, order, complaint or penalty has been received by the Company or the Subsidiary alleging a violation by or liability of the Company or the Subsidiary under any Environmental Law, and, to the Company's knowledge, there are no Proceedings pending or threatened which allege a violation by the Company or the Subsidiary of any Environmental Laws; (ii) the Company and the Subsidiary have all environmental Permits necessary for operations to comply with all Environmental Laws; (iii) the operations of the Company and the Subsidiary are in compliance in all material respects with the terms of Environmental Laws; (iv) neither the Company nor the Subsidiary has caused any Release of a Hazardous Material on, at, from or under any real or immovable property currently or formerly owned, operated or occupied by the Company or the Subsidiary that is reasonably likely to form the basis of any claim against the Company or the Subsidiary and (v) neither the Company nor the Subsidiary has assumed responsibility for or agreed to indemnify or hold harmless any person for any liability or obligation arising under any Environmental Law that is reasonably likely to form the basis of any claim against the Company or the Subsidiary.

(t) **Real Property**. Neither the Company nor the Subsidiary owns any real property; Any real property or building held under lease by the Company or the Subsidiary is held by it under valid and subsisting leases and/or temporary occupations enforceable against the respective lessors and/or owners thereof with the exclusive right to occupy and use such premises. All leases in respect of real property to which the Company or the Subsidiary is a party have been made available in the Diligence Documents. The Company Disclosure Letter sets forth the addresses of all leased real property.

(u) **Personal Property**. Neither the Company nor the Subsidiary own any personal or moveable property.

(v) **Permits**. The Company and the Subsidiary have obtained, and is in compliance with, all Permits required by applicable Laws necessary to conduct their current businesses as they are now being conducted, other than where the absence of such Permits or the failure to comply would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. There has not occurred any violation of, or any default under, or any event giving rise to or potentially giving rise to any right of termination, revocation, adverse modification, non-renewal or cancellation of any Permit, that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and, to the knowledge of the Company, no Governmental Entity has provided the Company or the Subsidiary with notice of any of the foregoing.

(w) **Contracts**. Neither the Company nor the Subsidiary are party to any contract which is material to the conduct of the business.

(x) **Intellectual Property**.

(i) Each of the Company and the Subsidiary owns or has the right to use all Intellectual Property required to carry on its business as currently conducted and proposed to be conducted. To the knowledge of the Company, there has been no claim of infringement by any of the Company or the Subsidiary or breach by the Company or the Subsidiary of any Intellectual Property rights or industrial rights of any other person, and none of the Company or the Subsidiary has received any notice that the conduct of its business infringes on any Intellectual Property rights or industrial rights of any other person.

(ii) There are no material proceedings pending or threatened against the Company or the Subsidiary in respect of any Intellectual Property in any court, tribunal or other forum in Canada or any other foreign jurisdiction.

(iii) The consummation of the transactions contemplated by this Agreement will not alter, impair or extinguish the Company's or the Subsidiary's rights in any Intellectual Property.

(y) **Insurance**.

(i) Each of the Company and the Subsidiary is, and has been continuously since September 30, 2016, insured by reputable and financially responsible third party insurers in respect of the operations and assets of the Company and the Subsidiary with policies issued. The third party insurance policies of the Company and the Subsidiary are in full force and effect in accordance with their terms and neither the Company nor the Subsidiary are in material default under the terms of any such policy. As of the date hereof, the Company has no knowledge of threatened termination of, or material premium increase with respect to, any of such policies.

(ii) There is no material claim pending under any insurance policy of the Company or the Subsidiary that has been denied, rejected, questioned or disputed by any insurer or as to which any insurer has made any reservation of rights or refused to cover all or any portion of such claims. All Proceedings covered by any of the insurance policies has been properly reported to and accepted by the applicable insurer.

(z) **Opinion of Financial Advisors**. The Board of Directors and the Special Committee have received the Fairness Opinion from Blair Franklin Capital Partners to the effect that, as of the date of this Agreement, the Consideration to be received by the Shareholders is fair from a financial point of view.

(aa) **Books and Records**. The books and records of the Company and the Subsidiary fairly reflect in all material respects the financial position of the Company and the Subsidiary and all material financial transactions relating to the businesses carried on by the Company and the Subsidiary have been accurately recorded in all material respects in such books and records.

(bb) **Finders' Fees**. There is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of the Company or the Subsidiary who might be entitled to any fee or commission from the Company or the Subsidiary in connection with the transactions contemplated by this Agreement.

(cc) **Shareholder Rights Plan**. Other than the Shareholder Rights Plan, the Company does not have in place, and the Shareholders have not adopted or approved, any shareholders rights plan or a similar plan giving rights to acquire additional Shares upon execution or performance of the obligations under this Agreement.

(dd) **No Collateral Benefit**. To the knowledge of the Company, no "director" or "senior officer" of the Company or any of their "affiliated entities" (in each case within the meaning of MI 61-101) is, or will be, entitled to receive a "collateral benefit" (within the meaning of such instrument) as a consequence of any transaction contemplated under this Agreement.

(ee) **Corrupt Practices Legislation**. There have been no actions taken by or, to the knowledge of the Company, on behalf of the Company or the Subsidiary that would cause the Company to be in violation of the *Foreign Corrupt Practices Act* of the United States or the *Corruption of Foreign Public Officials Act* (Canada).

(ff) **Non-Arm's Length Transactions**. Neither the Company nor the Subsidiary is indebted to any director, officer or employee of the Company or the Subsidiary or any of their respective affiliates or associates (except for amounts due as salaries, bonuses, other remuneration and reimbursement of expenses in the Ordinary Course of Business), and no director, officer or employee of the Company or the Subsidiary or any of their respective affiliates or associates is a party to any contract, loans, advance, guarantee or other transaction with the Company or the Subsidiary required to be disclosed pursuant to applicable Securities Laws.

SCHEDULE D

REPRESENTATIONS AND WARRANTIES OF THE PARENT AND THE PURCHASER

(a) **Organization and Qualification**. Each of the Parent and the Purchaser is a corporation duly incorporated, validly existing and in good standing under the Laws of its jurisdiction of incorporation and has all corporate power and capacity to own its assets as now owned and to carry on its business as it is now being conducted. Each of the Parent and the Purchaser is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now conducted, except where the failure to be so registered or in good standing, and except for those licenses, authorizations, permits, consents and approvals the absence of which, would not, prevent or materially delay the transactions contemplated by this Agreement. All of the issued and outstanding securities or other ownership interests of the Purchaser are validly issued, fully paid and non-assessable. The Purchaser is a wholly-owned subsidiary of the Parent.

(b) **Corporate Authorization**. The execution, delivery and performance by each of the Parent and the Purchaser of this Agreement and the consummation by each of the Parent and the Purchaser of the transactions contemplated hereby are within each of the Parent's and the Purchaser's corporate power and capacity and have been duly authorized by each of their respective boards of directors, as applicable, and no other corporate proceedings on the part of either each of the Parent or the Purchaser are necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by each of the Parent and the Purchaser and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a valid and binding agreement of each of the Parent and the Purchaser, enforceable against each of them in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(c) **Governmental Authorization**. The execution, delivery and performance by each of the Parent and the Purchaser of this Agreement and the consummation by the Purchaser of the transactions contemplated hereby and by the Plan of Arrangement require no consent, approval or authorization of or any action by or in respect of, or filing, recording, registering or publication with, or notification to any Governmental Entity other than (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filings with the Director under the OBCA; (iv) compliance with any applicable Securities Laws; and (v) any actions or filings the absence of which would not reasonably be expected to materially or adversely impair the ability of the Parent and the Purchaser to complete the transactions contemplated by the Agreement.

(d) **Non-Contravention**. The execution, delivery and performance by each of the Parent and the Purchaser of this Agreement and the consummation of the transactions contemplated hereby and by the Plan of Arrangement do not and shall not (i) contravene, conflict with, or result in any violation or breach of the articles or by-laws or other comparable organizational documents of the Parent or the Purchaser; (ii) assuming compliance with the matters, or obtaining the approvals, referred to in paragraph (c) above, contravene, conflict with or result in a violation or breach of any provision of any applicable Law or any license, approval, consent or authorization issued by a Governmental Entity held by the Purchaser or the Parent; (iii) require any consent or other action by any person under, constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Purchaser or the Parent is entitled under any provision of any material contract to which the Purchaser or the Parent is a party or by which it or any of its properties or assets may be bound; or (iv) result in the creation or imposition of any Lien on any material asset of the Purchaser or the Parent, with such exceptions, in the case of (ii) through (iv), as would not be reasonably expected to materially impede or delay the ability of the Purchaser or the Parent to consummate the transactions contemplated by this Agreement.

(e) **Litigation**. As of the date hereof, there is no Proceeding pending against, or to the knowledge of the Parent, threatened against or affecting the Parent or the Purchaser or any of its respective properties or, any of its respective officers and directors (in their capacities as such) that, individually or in the aggregate, could impair the Parent's or

Purchaser's, as applicable, ability to perform its respective obligations under this Agreement. There is no judgment, decree or order against the Parent or the Purchaser or any of their respective directors or officers (in their capacities as such) that could prevent, enjoin, alter or materially delay the Parent or Purchaser, as applicable, from performing its respective obligations under this Agreement or that in any manner challenges or seeks to prevent, enjoin, alter or materially delay the Arrangement or any of the other transactions contemplated hereby.

(f) **Sufficient Funds**. Parent has made adequate arrangements to ensure that, at the Effective Time, the Purchaser shall have available cash sufficient to pay in full the aggregate Consideration for Shares pursuant to the Arrangement in accordance with the terms of this Agreement, and to make all other payments required to be made by the Purchaser or the Parent in connection with the transactions contemplated by this Agreement and to pay all related fees and expenses for which the Purchaser or the Parent is responsible under the terms of the Agreement.

(g) **Security Ownership**. None of the Purchaser or the Parent or any of their affiliates or any person acting jointly or in concert with any of them owns any securities of the Company.

(h) **No Collateral Benefit**. To the knowledge of the Parent and the Purchaser, no related party of the Company (within the meaning of MI 61-101) is, or will be, entitled to receive a "collateral benefit" (within the meaning of such instrument) as a consequence of any transaction contemplated under this Agreement; or is, or will be, a party to any "connected transaction" (within the meaning of such instrument) to any transaction contemplated under this Agreement.

(i) **No Other Voting Agreements.** None of the Parent, the Purchaser, any of their affiliates or any person acting jointly or in concert with any of them is party to any agreement, arrangement or understanding with any holder of securities of the Company directly or indirectly relating to any such securities or the Company, including the voting, sale or other transfer of such securities.

(j) **Corrupt Practices Legislation**. There have been no actions taken by or, to the knowledge of the Parent or Colin Hames, on behalf of the Parent or the Purchaser or any officer, director, shareholder or affiliate thereof that would cause any of the foregoing to be in violation of the *Foreign Corrupt Practices Act* of the United States, the *Corruption of Public Officials Act* (Canada), or any other anti-bribery, anti-fraud, anti-money laundering or similar legislation in any jurisdiction.

APPENDIX C
PLAN OF ARRANGEMENT UNDER SECTION 182
OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

ARTICLE 1
INTERPRETATION

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement (as defined below) and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"**affiliate**" has the meaning ascribed thereto in National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators;

"**Arrangement**" means the arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 9.11 of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated as of March 22, 2017, between the Purchaser, the Parent and the Company (including the schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with the terms thereof;

"**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement to be considered at the Company Meeting;

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement, required by the OBCA to be sent to the Director after the Final Order is made, which shall be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably;

"**business day**" means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Canada or Bermuda;

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement;

"**Company**" means Khan Resources Inc., a corporation existing under the laws of Ontario;

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, sent to, among others, the holders of Shares in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time;

"**Company Meeting**" means the special meeting of the holders of Shares, including any adjournment or postponement thereof, called and held in accordance with the Interim Order to consider the Arrangement Resolution;

"**Consideration**" means $0.05 in cash per Share;

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

"**Depositary**" means Equity Transfer and Trust Company, as depositary, or any other bank, trust company or financial institution, as may be agreed to in writing by the Company and the Purchaser;

"**Director**" means the Director appointed pursuant to Section 278 of the OBCA;

"**Dissent Rights**" has the meaning ascribed thereto in Section 4.1;

"**Dissenting Shareholder**" means a registered holder of Shares who validly dissents in respect of the Arrangement Resolution in compliance with the Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Shares in respect of which Dissent Rights are validly exercised by such registered holder;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" means 12:01 a.m. (Toronto time), or such other time as may be agreed to in writing by the Company and the Purchaser, on the Effective Date;

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

"**Final Order**" means the final order of the Court, as contemplated by Section 2.5 of the Arrangement Agreement, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal;

"**Governmental Entity**" means any (a) supranational, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission board, commissioner, board, bureau or agency, domestic or foreign, (b) subdivision, agent, commission, or authority of any of the foregoing, or (c) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the Exchange), regulatory agency or self-regulatory organization exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**holders**" means when used with reference to the Shares, except where the context otherwise requires, the holders of the Shares shown from time to time in the registers maintained by or on behalf of the Company in respect of the Shares;

"**Interim Order**" means the interim order of the Court in a form acceptable to the Company and the Purchaser, acting reasonably, as contemplated by Section 2.2 of the Arrangement Agreement, providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably;

"**Law**" or "**Laws**" means all federal, provincial, state, municipal, regional and local laws (statutory, common or otherwise), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, legally binding codes or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or similar requirement enacted, adapted, promulgated or applied by any Governmental Entity or self-regulatory authority (including the Exchange), and the term "applicable" with respect to such Laws and in a context that refers to one or more persons, means such Laws as are binding upon or applicable to such person or its assets;

"**Letter of Transmittal**" means the letter of transmittal sent by the Company to holders of Shares for use in connection with the Arrangement, in a form acceptable to the Purchaser, acting reasonably;

"**Liens**" means any hypothecs, mortgages, liens, charges, security interests, prior claims, pledges, encroachments, options, rights of first refusal or first offer, occupancy rights, covenants, restrictions, encumbrances of any kind and adverse claims;

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

"**Parent**" means Arden Holdings Ltd., a corporation existing under the laws of Turks and Caicos Islands;

"**Parties**" means, collectively, the Purchaser, the Company and the Parent, and "**Party**" means any of them;

"**person**" includes an individual, firm, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, venture capital fund, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means this plan of arrangement proposed under Section 182 of the OBCA, and any amendments or variations hereto made in accordance with Section 9.11 of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Purchaser**" means 2567850 Ontario Inc., a corporation existing under the Laws of Ontario, and a wholly-owned subsidiary of the Parent;

"**Shareholder Rights Plan**" means the amended and restated shareholder rights plan agreement dated as of November 14, 2006 between the Company and Equity Transfer and Trust Company, as amended and restated from time to time;

"**Shares**" means the common shares in the capital of the Company; and

"**Tax Act**" means the *Income Tax Act* (Canada), as amended.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into Articles, Sections, Appendices, subsections, paragraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section, Appendix, subsection, paragraph or clause by number or letter or both refer to the Article, Section, Appendix, subsection, paragraph or clause, respectively, bearing that designation in this Plan of Arrangement. The words "hereof', "herein" and "hereunder" and words of like import used in this Plan of Arrangement shall refer to this Plan of Arrangement as a whole and not to any particular provision of this Plan of Arrangement.

1.3 Rules of Construction

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders. References in this Plan of Arrangement to the words "include", "includes" or "including" shall be deemed to be followed by the words "without limitation" whether or not they are in fact followed by those words or words of like import.

1.4 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian currency and "**Cdn$**" or "**$**" refers to Canadian dollars.

1.5 Date for Any Action

If the date on which any action is required to be taken hereunder by a person is not a business day, such action shall be required to be taken on the next succeeding day which is a business day.

1.6 References to Dates, Statutes, etc.

In this Plan of Arrangement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively. In this Plan of Arrangement, references to a particular statute or Law shall be to such statute or Law and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated thereunder or amended from time to time. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. Any reference in this Plan of Arrangement to a person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns of that person.

1.7 Time

Time shall be of the essence in this Plan of Arrangement. All times expressed herein are Toronto, Ontario time unless otherwise stipulated herein.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on the Purchaser, the Parent, the Company, all holders and beneficial owners of Shares, and the Depositary, at and after the Effective Time without any further act or formality required on the part of any person, except as expressly provided herein.

ARTICLE 3
ARRANGEMENT

3.1 The Arrangement

The following events set out in this Section 3.1 shall occur and shall be deemed to occur consecutively commencing at the Effective Time in the order set out in this Section 3.1 without any further authorization, act or formality:

(1) the Shareholder Rights Plan shall be terminated and be of no further force and effect and all rights issued thereunder shall be terminated and expire without any payment in respect thereof.

(2) all directors of the Company shall cease to be directors and the following persons shall become the directors of the Company: Colin Hames and Karen McArthur.

(3) the following steps shall occur simultaneously: each Share outstanding immediately prior to the Effective Time shall be transferred from the holder thereof to the Purchaser in exchange for the Consideration from the Purchaser, subject to (for greater certainty) applicable withholdings in accordance with Section5.3, which amount shall be paid to the holder pursuant to and in accordance with Article V from the funds deposited with the Depositary under Section 5.1(1), and the names of the holders of such Shares transferred to the Purchaser shall be removed from the register of holders of Shares, and the Purchaser shall be recorded as the registered holder of the Shares so acquired and shall be the legal and beneficial owner thereof; provided that, if ultimately entitled in accordance with Section 4.1, Dissenting Shareholders shall have the right to receive a payment from the Purchaser equal to the fair

value of the outstanding Shares held immediately prior to the Effective Time by such Dissenting Shareholders in lieu of the Consideration.

3.2 Tax Election

At any time after the completion of the share exchange set out in Section 3.1(3), as promptly as possible after all conditions therefor have been met, the Company shall file the prescribed form of election under the Tax Act with the Canada Revenue Agency electing to cease being a public corporation for the purposes of the Tax Act.

3.3 Transfers Free and Clear

Any transfer of any securities pursuant to the Arrangement shall be free and clear of all Liens.

ARTICLE 4
RIGHTS OF DISSENT

4.1 Rights of Dissent

Registered holders of the Shares may exercise, pursuant to and in the manner set forth in Section 185 of the OBCA, the right of dissent in connection with the Arrangement, as same may be modified by the Interim Order and this Section 4.1 ("**Dissent Rights**"); *provided* that, notwithstanding subsection 185(6) of the OBCA, the written notice setting forth such registered holder's objection to the Arrangement Resolution referred to in subsection 185(6) of the OBCA must be received by the Company not later than 5:00 p.m. Toronto time on the business day which is two business days immediately preceding the date of the Company Meeting (as it may be adjourned or postponed from time to time). Registered holders of Shares who duly and validly exercise such Dissent Rights and who:

(1) are ultimately entitled to be paid by the Purchaser the fair value for their Shares, (a) shall be deemed to have transferred the Shares held by them and in respect of which Dissent Rights have been duly and validly exercised to the Purchaser, without any further act or formality, free and clear of all Liens at the time specified in Section 3.1(3), in consideration of a debt claim against the Purchaser to be paid the fair value of such Shares and (b) shall be entitled to be paid by the Purchaser an amount equal to the fair value of such Shares, and shall not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such registered holders not exercised their Dissent Rights in respect of such Shares; or

(2) are ultimately not entitled, for any reason, to be paid fair value for their Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Shares as contemplated by Section 3.1(3).

4.2 Recognition of Dissenting Shareholders

(1) In no circumstances shall the Purchaser, the Company or any other person be required to recognize a person exercising Dissent Rights unless such person is the registered holder of those Shares in respect of which such rights are sought to be exercised.

(2) For greater certainty, in no case shall the Purchaser, the Company or any other person be required to recognize a Dissenting Shareholder as a holder of Shares in respect of which Dissent Rights have been validly exercised after the completion of the steps set out in Section 3.1(3) and the names of such Dissenting Shareholders shall be removed from the applicable register of holders of Shares in respect of which Dissent Rights have been validly exercised at the same time as the steps described in Section 3.1(3) occur and the Purchaser shall be recorded as the holder of the Shares so transferred and shall be deemed the legal and beneficial owner thereof free and clear of any Liens. In addition to any other restrictions under section 185 of the OBCA, holders of Shares who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution (but only in respect of such Shares) shall not be entitled to exercise Dissent Rights.

ARTICLE 5
CERTIFICATES AND PAYMENTS

5.1 Payment of Consideration

(1) On the Effective Date, in accordance with the terms of the Arrangement Agreement, the Purchaser shall (and the Parent shall ensure that the Purchaser shall) deposit cash with the Depositary in the aggregate amount equal to the payments required by this Plan of Arrangement to be made to holders of Shares (with the amount per Share in respect of which Dissent Rights have been exercised being deemed to be the Consideration for this purpose only). The cash deposited shall not be used for any other purpose except as provided in this Plan of Arrangement. The cash deposited with the Depositary shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of the Purchaser.

(2) Upon the surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Shares that were transferred pursuant to Section 3.1(3), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of the Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor from the Depositary, and the Depositary shall deliver to such holder as soon as possible, a cheque (or other form of immediately available funds) representing the cash which such holder has the right to receive under the Arrangement for such Shares, less any amounts withheld pursuant to Section 5.3, and any certificate so surrendered shall forthwith be cancelled. For greater certainty, as of the Effective Time, a holder of Shares' right to receive cash under the Arrangement shall be satisfied only out of the amount deposited pursuant to Section 5.1(1), and such holder shall have no further right or claim as against the Company or the Purchaser except to the extent the cash so deposited is insufficient to satisfy the amounts payable to such former holders.

(3) Until surrendered for cancellation as contemplated by this Section 5.1, each certificate that immediately prior to the Effective Time represented Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate as contemplated in this Section 5.1 or Section 4.1, as the case may be, less any amounts withheld pursuant to Section 5.3. Any such certificate formerly representing Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Shares of any kind or nature against or in the Company or the Purchaser. On such date, all cash to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser.

(4) Any payment made by way of cheque by the Depositary on behalf of the Company or the Purchaser pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Time, and any right or claim to payment hereunder that remains outstanding on the sixth anniversary of the Effective Time shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the consideration for the Shares pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser for no consideration.

(5) No holder of Shares shall be entitled to receive any consideration other than the consideration to which such holder is entitled to receive in accordance with Article III and this Section 5.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends with a record date prior to the Effective Date. No dividend or other distribution declared or made after the Effective Time with respect to the Shares with a record date on or after the Effective Date shall be delivered to the holder of any unsurrendered certificate which, immediately prior to the Effective Date, represented outstanding Shares.

5.2 Lost Certificates

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Shares that were transferred pursuant to Section 3.1(3) shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, cash deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom such cash is to be delivered shall, as a condition precedent to the delivery of such cash, give a bond satisfactory to the Purchaser and the Depositary (acting reasonably) in such sum as the Purchaser may direct, or otherwise indemnify the Purchaser and the Company in a manner satisfactory to the Purchaser and the Company, acting reasonably, against any claim that may be made against the Purchaser or the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

5.3 Withholding Rights

Each of the Company, Parent, Purchaser and the Depositary shall be entitled to deduct and withhold from any amounts payable to any person pursuant to this Plan of Arrangement (including any amounts payable pursuant to Articles III, IV and V) such amounts as are required to be deducted or withheld with respect to such payment under the Tax Act or any provision of any other applicable Law. To the extent that amounts are so withheld or deducted and remitted to the applicable Governmental Entity, such withheld or deducted amounts shall be treated for all purposes of this Plan of Arrangement as having been paid to such person as the remainder of the payment in respect of which such deduction and withholding were made.

5.4 Letter of Transmittal

At the time of mailing of the Company Circular or as soon as practicable after the Effective Date, the Company shall forward to each holder of Shares at the address of such holder as it appears on the register maintained by or on behalf of the Company in respect of the holders of Shares a Letter of Transmittal.

ARTICLE 6
AMENDMENTS

6.1 Amendments to Plan of Arrangement

(1) The Company may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (a) set out in writing, (b) approved by the Purchaser, (c) filed with the Court and, if made following the Company Meeting, approved by the Court and (d) communicated to holders of the Shares and others as may be required by the Interim Order if and as required by the Court.

(2) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company at any time prior to the Company Meeting (provided that the Purchaser shall have consented thereto in writing) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(3) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (a) it is consented to in writing by each of the Company and the Purchaser (in each case, acting reasonably), and (b) if required by the Court, it is consented to by holders of the Shares voting in the manner directed by the Court.

(4) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the

reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former holder of Shares.

ARTICLE 7
FURTHER ASSURANCES

7.1 Notwithstanding

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

7.2 Paramountcy

From and after the Effective Time (a) this Plan of Arrangement shall take precedence and priority over any and all rights related to Shares issued prior to the Effective Time, (b) the rights and obligations of the holders of Shares, and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of actions, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to Shares shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

APPENDIX D
INTERIM ORDER

Commercial List File No. CV-17-11753-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

THE HONOURABLE	)	THURSDAY, THE 6TH DAY
	)	
JUSTICE CONWAY	)	OF APRIL, 2017.

IN THE MATTER OF an Application under section 182 of the *Business Corporations Act*, R.S.O, 1990, c. B.16, as amended

AND IN THE MATTER OF Rules 14.05(2) and 14.05(3) of the *Rules of Civil Procedure*

AND IN THE MATTER OF a proposed arrangement involving Khan Resources Inc., its shareholders and 2567850 Ontario Inc.

KHAN RESOURCES INC.

Applicant

INTERIM ORDER

THIS MOTION made by the Applicant, Khan Resources Inc. ("**Khan**"), for an interim order for advice and directions pursuant to section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the "**OBCA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on April 3, 2017 and the affidavit of Grant Edey sworn April 3, 2017 (the "**Edey Affidavit**"), including the Plan of Arrangement, which is attached as Appendix "C" to the draft management information circular of Khan (the "**Information Circular**"), which is

attached as Exhibit "A" to the Edey Affidavit, and on hearing the submissions of counsel for Khan and counsel for and 2567850 Ontario Inc. ("**Arden**").

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that Khan is permitted to call, hold and conduct an annual and special meeting (the "**Meeting**") of the holders of voting common shares (the "**Shareholders**") in the capital of Khan to be held at the offices of Davies Ward Phillips & Vineberg LLP, 40th Floor, 155 Wellington Street West, Toronto, Ontario, on May 5, 2017 at 2:00 p.m. (Toronto time) in order for the Shareholders to consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the "**Arrangement Resolution**").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of meeting of Shareholders, which accompanies the Information Circular (the "**Notice of Meeting**") and the articles and by-laws of Khan, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the "**Record Date**") for determination of the shareholders entitled to notice of, and to vote at, the Meeting shall be April 5, 2017.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

(a) the Shareholders or their respective proxyholders;

(b) the officers, directors, auditors and advisors of Khan;

(c) representatives and advisors of Arden; and

(d) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that Khan may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by Khan and that the quorum at the Meeting shall be not less than two persons present in person at the opening of the Meeting who are entitled to vote at the Meeting either as Shareholders or proxyholders.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that Khan is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 9 below, such amendments,

modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraph 12 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8 above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Khan may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that Khan is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemented, shall be the Information Circular to be distributed in accordance with paragraph 12.

Adjournments and Postponements

11. **THIS COURT ORDERS** that Khan, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as Khan may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, Khan shall send the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy and the letter of transmittal, along with such amendments or additional documents as Khan may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "**Meeting Materials**"), to the following:

(a) the registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:

(i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of Khan, or its registrar and transfer agent, at the close of business on the

Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Khan;

(ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or

(iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of Khan, who requests such transmission in writing and, if required by Khan, who is prepared to pay the charges for such transmission;

(b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and

(c) the respective directors and auditors of Khan by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that accidental failure or omission by Khan to give notice of the meeting or to distribute the Meeting Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Khan, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of Khan, it shall use its best

efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

14. **THIS COURT ORDERS** that Khan is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials as Khan may determine in accordance with the terms of the Arrangement Agreement ("**Additional Information**"), and that notice of such Additional Information may, subject to paragraph 9 above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as Khan may determine.

15. **THIS COURT ORDERS** that distribution of the Meeting Materials pursuant to paragraph 12 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraph 12 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9 above.

Solicitation and Revocation of Proxies

16. **THIS COURT ORDERS** that Khan is authorized to use the letter of transmittal and proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as Khan may determine are necessary or desirable, subject to the terms of the Arrangement

Agreement. Khan is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. Khan may waive or extend generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if Khan deems it advisable to do so.

17. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with subsection 110(4) of the OBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to subsection 110(4.1) of the OBCA: (a) may be deposited at the registered office of Khan or with the transfer agent of Khan as set out in the Information Circular; and (b) any such instruments must be received by Khan or its transfer agent not later than 5:00 p.m. (Toronto Time) on the second business day immediately preceding the Meeting (or any adjournment or postponement thereof).

Voting

18. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold voting common shares of Khan as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

19. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per common share and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by an affirmative vote of (a) at least two-thirds of the votes cast on the Arrangement Resolution by Shareholders (in person or by proxy), and (b) a simple majority of the votes cast by Shareholders present at the Meeting (in person or by proxy), excluding the votes cast by such Shareholders that are required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transaction*. Such votes shall be sufficient to authorize Khan to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

20. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting Khan (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each voting common share held.

Dissent Rights

21. **THIS COURT ORDERS** that each registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 185 of the OBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that,

notwithstanding subsection 185(6) of the OBCA (pursuant to which a written objection may be provided at or prior to the Meeting), any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to Khan in the form required by section 185 of the OBCA and the Arrangement Agreement, which written objection must be received by Khan at 130 King Street East, Suite 1800, Toronto, Ontario M5X 1E3 not later than 5:00 p.m. (Toronto Time) on May 3, 2017 (or, if the Meeting is postponed or adjourned, not later than 5:00 p.m. on the day that is two business days immediately preceding any adjournment or postponement of the Meeting), and must otherwise strictly comply with the requirements of the OBCA. For purposes of these proceedings, the "court" referred to in section 185 of the OBCA means this Honourable Court.

22. **THIS COURT ORDERS** that, notwithstanding subsection 185(4) of the OBCA, Arden, not Khan, shall be required to offer to pay fair value, as of the Effective Date, for voting common shares held by Shareholders who duly exercise Dissent Rights, and to pay the amount to which such Shareholders may be entitled pursuant to the terms of the Arrangement Agreement. In accordance with the Plan of Arrangement and the Information Circular, all references to the "corporation" in subsections 185(4) and 185(14) to 185(32), inclusive, of the OBCA (except for the second reference to the "corporation" in subsection 185(15)) shall be deemed to refer to Arden in place of the "corporation", and Arden shall have all of the rights, duties and obligations of the "corporation" under subsections 185(14) to 185(32), inclusive, of the OBCA.

23. **THIS COURT ORDERS** that any Shareholder who duly exercises such Dissent Rights set out in paragraph 21 above and who:

(a) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its voting common shares, shall be deemed to have transferred those voting common shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to Arden for cancellation in consideration for a payment of cash from Arden equal to such fair value; or

(b) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its voting common shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall Khan, Arden or any other person be required to recognize such Shareholders as holders of voting common shares of Khan at or after the date upon which the Arrangement becomes effective and the names of such Shareholders shall be deleted from Khan's register of holders of voting common shares at that time.

Hearing of Application for Approval of the Arrangement

24. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Khan may apply to this Honourable Court for final approval of the Arrangement.

25. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraph 12 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 26.

26. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for Khan, with a copy to counsel for Arden, as soon as reasonably practicable, and, in any event, no less than two business days before the hearing of this Application at the following addresses:

(a) Derek D. Ricci
Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, ON M5V 3J7

Lawyers for Khan Resources Inc.

(b) Alan Merskey
Norton Rose Fulbright Canada LLP
Suite 3800
Royal Bank Plaza, South Tower
200 Bay Street
P.O. Box 84
Toronto, ON M5J 2Z4

Lawyers for 2567850 Ontario Inc.

27. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

(a) Khan;

(b) Arden; and

(c) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

28. **THIS COURT ORDERS** that any materials to be filed by Khan in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

29. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 26 shall be entitled to be given notice of the adjourned date.

Precedence

30. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the voting common shares or the articles or by-laws of Khan, this Interim Order shall govern.

Extra-Territorial Assistance

31. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

32. **THIS COURT ORDERS** that Khan shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

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ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 0 6 2017

PER / PAR:

IN THE MATTER OF a proposed arrangement involving Khan Resources Inc. *et al.*

KHAN RESOURCES INC. (Applicant)

Commercial List File No. CV-17-11753-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

INTERIM ORDER

DAVIES WARD PHILLIPS & VINEBERG LLP
155 Wellington Street West
Toronto, ON M5V 3J7

Derek D. Ricci (LSUC #52366N)
dricci@dwpv.com

Tel: 416.367.7471
Fax: 416.863.0871

Lawyers for the Applicant,
Khan Resources Inc.

D-15

APPENDIX E
DRAFT FINAL ORDER

Commercial List File No. CV-17-11753-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

THE HONOURABLE	)	■, THE ■TH DAY
	)	
■ JUSTICE ■	)	OF MAY, 2017.

- **IN THE MATTER OF** an Application under section 182 of the *Business Corporations Act*, R.S.O, 1990, c. B.16, as amended

- **AND IN THE MATTER OF** Rules 14.05(2) and 14.05(3) of the *Rules of Civil Procedure*

- **AND IN THE MATTER OF** a proposed arrangement involving Khan Resources Inc., its shareholders and 2567850 Ontario Inc.

- **KHAN RESOURCES INC.**

- Applicant

O R D E R

THIS APPLICATION made by the Applicant, Khan Resources Inc. ("**Khan**"), pursuant to section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the "**OBCA**"), for an Order approving a proposed plan of arrangement of Khan as described in the plan of arrangement attached as Schedule "A" to this Order (the "**Plan of Arrangement**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of Grant Edey sworn April 3, 2017, the affidavit of Grant Edey sworn ■, 2017, the exhibits thereto and other materials referred to therein, and on hearing the submissions of counsel for the Applicant and 2567850 Ontario Inc. ("**Arden**").

UPON BEING SATISFIED that: (i) the annual and special meeting of the holders of common shares of the Applicant (the "**Shareholders**") was called, held and conducted in accordance with the terms of the order dated April ■, 2017 (the "**Interim Order**"); (ii) the Shareholders approved the Plan of Arrangement in accordance with the terms of the Interim Order; (iii) the Plan of Arrangement fulfills the statutory requirements for an arrangement as set out in section 182 of the OBCA; and (iv) the terms and conditions of the Plan of Arrangement are fair and reasonable.

1. **THIS COURT ORDERS** that the Plan of Arrangement shall be and is hereby approved pursuant to section 182 of the OBCA.

2. **THIS COURT ORDERS** that the Applicant shall be entitled to seek leave to vary this Order upon such terms and upon such notice as this Honourable Court may direct, to seek the advice and directions of this Honourable Court as to the implementation of this Order, and to apply for such further order or orders as may be appropriate.

IN THE MATTER OF a proposed arrangement involving Khan Resources Inc. *et al.*

Commercial List File No. CV-17-11753-00CL

KHAN RESOURCES INC. (Applicant)

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

1.
O R D E R

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Lawyers for the Applicant,
Khan Resources Inc.

APPENDIX F
FAIRNESS OPINION

March 24, 2017

The Board of Directors
KHAN RESOURCES INC.
The Exchange Tower
130 King St. W., Suite 1800
Toronto, Ontario
M5X 1E3

To the Special Committee and the Board of Directors

Blair Franklin Capital Partners Inc. ("Blair Franklin") understands that Khan Resources Inc. ("Khan" or the "Company") has received an all cash offer from a Arden Holdings Ltd.'s wholly-owned subsidiary, 2567850 Ontario Inc. (the "Acquiror"), valued at $0.05 per share, payable immediately upon closing (the "Transaction").

The Special Committee of the Board of Directors of Khan (the "Committee") has retained Blair Franklin to provide its opinion (the "Opinion") as to the fairness, from a financial point of view, of the Consideration to be offered pursuant to the Transaction, to the shareholders of Khan ("Shareholders"). Blair Franklin has not been asked to prepare, and has not prepared, a formal valuation of Khan and the Opinion should not be construed as such.

Engagement of Blair Franklin

The Committee retained Blair Franklin and executed an engagement agreement dated March 6, 2017 (the "Engagement Agreement"). The Engagement Agreement provides for the payment to Blair Franklin of a fixed fee in respect of the preparation and delivery of its Opinion. Blair Franklin's fees are not contingent on the completion of the Transaction nor on the conclusions reached herein. In addition, Blair Franklin is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by the Company in certain circumstances.

Relationship with Related Parties

Blair Franklin is not an insider, associate or affiliate (as such terms are defined in the *Securities Act* (Ontario)) of Khan or any of its respective associates or affiliates, or the Acquiror (the "Interested Parties"). Blair Franklin has not provided any financial advisory services or participated in any financing involving Khan or any of their respective associates or affiliates within the past twenty-four months, other than services provided under the Engagement Agreement. There are no other understandings, agreements, or commitments between Blair Franklin and any of the Interested Parties with respect to any current or future business dealings which would be material to the Opinion.

Credentials of Blair Franklin

Blair Franklin is an independent investment bank providing a full range of mergers and acquisitions, divestitures, fairness opinions, valuations and financial restructuring services. The Opinion expressed herein is the opinion of Blair Franklin as a firm and the form and content herein has been approved for release by a committee of its principals, each of whom is experienced in mergers, acquisitions, divestitures and valuation matters.

Scope of Review:

In preparing the Opinion, Blair Franklin has reviewed and relied upon, among other things:

1. Certain public disclosure of Khan as filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") including, but not limited to, annual reports, quarterly reports, press releases and other material documents
2. Public information relating to the business, operations, financial performance and share price trading history of Khan;
3. Khan Monthly Consolidated Cash Report (as of Feb. 28, 2017)
4. Khan BV Annual Report (for the Year Ended July 31, 2016)
5. Khan BV Trial Balance (As of January 31, 2017)
6. Certain internal financial, operational, corporate and other information with respect to the Company, including a financial model prepared by management of the Company regarding the expected costs and timeline of a potential liquidation of Khan (and discussions with management with respect to such information, model, projections, and presentations)
7. Selected public market trading statistics and financial information of the Company
8. Khan outstanding shares list (Vote / No Vote List for the Special Meeting of Shareholders on Nov. 10, 2016)
9. Equity research and general industry reports
10. Draft Arrangement Agreement between Khan and Arden Holdings Ltd. (Draft of Feb. 28, 2017)
11. Execution version of the Arrangement Agreement ("Final Arrangement Agreement") between Khan and Arden Holdings Ltd. (Dated March 22nd, 2017)
12. Execution version of the Lock-up and Voting Agreements entered into between the Acquiror and a number of Khan's largest shareholders (Dated March 20th, 2017)
13. Discussions with Management relating to the assets and liabilities of Khan and the proposed Transaction
14. Certain internal financial analyses and forecasts prepared by the management of Khan;
15. Discussions with Khan and advisors (KPMG) on the tax matters regarding Khan BV
16. Tax opinion documents from KPMG and PwC regarding matters surrounding Khan BV
17. Other publicly available information considered relevant;
18. A certificate provided to us by senior officers of Khan as to certain factual matters; and
19. Such other information, documentation, analyses and discussions that we considered relevant in the circumstances.

Blair Franklin discussed with the management of Khan and the Special Committee and Board of Directors the potential likelihood of an acquisition of the Company or a portion thereof by a third party other than the Acquiror as an alternative to the Transaction (an "Alternative Transaction"). However, we have not been asked to solicit indications of interest or proposals from third parties or pursue strategies in respect of an Alternative Transaction. Accordingly, we do not express a view as to the relative merits of the Transaction and any Alternative Transaction or on what result would, or may, result from such a process.

We have also participated in various discussions with Davies Ward Phillips & Vineberg LLP, legal counsel to the Special Committee, concerning the Transaction, the Final Arrangement Agreement and related matters. Blair Franklin has not, to the best of its knowledge, been denied access by Khan to any information that has been requested.

Blair Franklin has conducted such analyses, investigations and testing of assumptions as were considered by Blair Franklin to be appropriate in the circumstances for the purposes of arriving at its opinion as to the fairness, from a financial point of view, of the Consideration to be offered pursuant to the Transaction, to the Shareholders.

Assumptions and Limitations

The Opinion is subject to the assumptions, explanations and limitations hereinbefore described and as set forth below.

We have not been asked to prepare, and have not prepared, a formal valuation or appraisal of Khan or any of its securities or assets and this Opinion should not be construed as such. We have, however, conducted such analyses as we considered necessary in the circumstances. In addition, the Opinion is not, and should not be construed as, advice as to the price at which Khan common shares may trade at any future date.

With the Committee's approval and as provided in the Engagement Agreement, Blair Franklin has relied, without independent verification, upon the completeness, accuracy and fair presentation in all material respects of all financial information and the completeness and accuracy of the other information, data, advice, opinions and representations obtained by it from public sources, management of Khan and its associates and affiliates and advisors or otherwise (collectively, the "Information") and we have assumed that the historical information included in the Information did not omit to state any material fact or any fact necessary to be stated or necessary to make that Information not misleading in light of the circumstances in which it was made. This Opinion is conditional upon the completeness, accuracy and fair presentation of such Information. Subject to the exercise of professional judgment and except as described herein, Blair Franklin has not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information. With respect to the forecasts, projections or estimates provided to Blair Franklin and used in the analysis supporting the Opinion, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of management of Khan as to the matters covered thereby at the time of preparation and, in rendering the Opinion, we express no view as to the reasonableness of such forecasts or budgets or the assumptions on which they are based.

Representatives of Khan have represented to Blair Franklin in a certificate delivered as at the date hereof, among other things, that (i) the Information provided orally by, or in writing by, the Company or any of its subsidiaries or its agents to Blair Franklin relating to the Company for the purpose of preparing this Opinion was, at the date that the Information was provided to Blair Franklin, and is, at the date hereof, together with all other documents which have been filed by Khan in compliance with its obligations under applicable securities laws (and to the extent not superseded by a subsequent filing), complete, true and correct in all material respects and did not and does not contain any untrue statement of a material fact in respect of Khan or the Arrangement and did not and does not omit to state a material fact in respect of Khan or the Arrangement necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided; and that (ii) since those dates on which the Information was provided to Blair Franklin, except as was disclosed in writing to Blair Franklin, or as publicly disclosed, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Khan and no material change has occurred in the Information or any part thereof which would have, or which would reasonably be expected to have, a material effect on the Opinion.

Blair Franklin has made several assumptions in connection with its Opinion that it considers reasonable, including that, the conditions required to implement the Arrangement will be met.

The Opinion is rendered on the basis of the securities markets, economic, financial and general business conditions prevailing as at the date hereof and the conditions, financial and otherwise, of Khan, and its subsidiaries and affiliates, as they were reflected in the Information and as they were represented to Blair Franklin in discussions with management of Khan. In its analyses and in preparing the Opinion, Blair Franklin made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Blair Franklin or any party involved in the Arrangement.

The Opinion has been provided to the Committee of Khan for its use and may not be used or relied upon by any other person without the express prior written consent of Blair Franklin.

The Opinion is given as of the date hereof and Blair Franklin disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of

Blair Franklin after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Blair Franklin reserves the right to change, modify or withdraw the Opinion.

Blair Franklin believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Overview of Consideration

The Consideration of C$0.05 in cash per share multiplied by the issued and outstanding shares of the Company implies an equity value of the Company of approximately C$4.5 million.

Approach to Fairness

In support of the Opinion, Blair Franklin has performed certain financial analyses with respect to Khan, based on those methodologies and assumptions that Blair Franklin considered appropriate in the circumstances for the purposes of providing the Opinion. In the context of the Opinion, Blair Franklin considered a Discounted Cash Flow approach ("DCF Approach") as the principal methodology.

Due to the fact that Khan Shareholders had previously approved a liquidation of the Company, Blair Franklin primarily focused its DCF Approach on a cash flow model of the Company that considered the planned wind-down expenses and declining cash balance expected pursuant to the liquidation. Blair Franklin's calculations were based on projections of cash flows and other amounts prepared by management of the Company, with certain adjustments made by Blair Franklin to such projections as we considered appropriate.

The DCF Approach requires that certain assumptions be made to derive the present value of future free cash flows, including, among other things, liquidation expenses, liquidation timeline, discount rates, and other factors affecting the ongoing business operations. As part of the DCF Approach, Blair Franklin performed a range of sensitivity analyses on a variety of factors. This included considering a range of estimated present values by applying a range of discount rates to estimated ending cash available to Shareholders subsequent to completion of the liquidation of the Company, as well various potential outcomes to potential timing and amount of estimated future liquidation expenses. Blair Franklin evaluated three cases with varying cash flows and timelines for the liquidation period representing a base case, optimistic case and pessimistic case. We discounted the resulting cash at a range of discount rates between 10% and 15% and considered the impact of discount rates outside of this range.

Fairness Considerations

The assessment of the Consideration, from a financial point of view, must be determined in the context of the particular transaction. Blair Franklin based its conclusion in the Opinion upon a number of quantitative and qualitative factors including, but not limited to the fact that the Consideration payable for each share pursuant to the Transaction compares favourably with the financial range derived from our analyses using the DCF Approach.

Fairness Considerations

Based upon and subject to the foregoing and such other matters as we considered relevant, Blair Franklin is of the opinion that, as of the date hereof the Consideration to be offered pursuant to the Transaction, is fair from a financial point of view to the shareholders of Khan.

Yours very truly,

Blair Franklin Capital Partners Inc.

BLAIR FRANKLIN CAPITAL PARTNERS INC.

APPENDIX G
SHAREHOLDER DISSENT RIGHTS

SECTION 185 OF THE OBCA

Rights of dissenting shareholders

185. (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

(a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
(b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
(c) amalgamate with another corporation under sections 175 and 176;
(d) be continued under the laws of another jurisdiction under section 181; or
(e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent.

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

(a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
(b) subsection 170 (5) or (6).

One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

(a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
(b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

Shareholder's right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

(a) the shareholder's name and address;
(b) the number and class of shares in respect of which the shareholder dissents; and
(c) a demand for payment of the fair value of such shares.

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

(a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
(b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

(c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee.

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13).

(a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or
(b) if a resolution is passed by the directors under subsection 54(2) with respect to that class and series of shares,

(i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and

(ii) to be sent the notice referred to in subsection 54(3).

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

(a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and
(b) to be sent the notice referred to in subsection 54(3).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

(a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
(b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Introduction

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is

effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and
(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22)(a) and (b).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

(a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

(a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.

APPENDIX H
CORPORATE GOVERNANCE DISCLOSURE

Khan believes that effective corporate governance practices are fundamental to the overall success of a company. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires the Corporation to disclose its corporate governance practices by providing in the Circular the disclosure required by Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)* ("**Form 58-101F2**"). National Instrument 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Corporation's disclosure of corporate governance practices pursuant to NI 58-101 is set out below in the form required by Form 58-101F2:

	Governance Disclosure Guidelines under NI 58-101		**Comments**
1.	**Board of Directors**		
	Disclose how the board of directors (the "Board") facilitates its exercise of independent supervision over management, including:		The Board is responsible for the stewardship of the Corporation and for the supervision of management to protect shareholder interests. The Board oversees the development of the Corporation's strategic plan and the ability of management to continue to deliver on the corporate objectives. 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.**
	(i) the identity of directors who are independent; and		As at September 30, 2016, the following four (4) directors were independent: Marc C. Henderson, David L. McAusland, Loudon F. M. Owen and Eric Shahinian.
	(ii) the identity of directors who are not independent, and the basis for that determination.		As at September 30, 2016, the following director was not independent: Grant A. Edey, Chairman, President and Chief Executive Officer of Khan
2.	**Directorships**		
	If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.		Grant A. Edey is a director of Primero Mining Corp. Marc C. Henderson is a director of Laramide Resources Ltd., Midpoint Holdings Ltd. (formerly Javelina Resources Ltd.) and Treasury Metals Inc. David L. McAusland is a director of ATS Automation Tooling Systems Inc., Cascades Inc., Cogeco Cable Inc., and Cogeco Inc.

	Governance Disclosure Guidelines under NI 58-101		Comments
			Loudon F. M. Owen is a director of Avesoro Resources Inc., Genesis Land Development Corp., Kilo Goldmines Inc. and Posera Limited.
3.	**Orientation and Continuing Education**		
	(a) Briefly describe what steps, if any, the Board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.		The Board recognizes the importance of providing new directors with an orientation upon election to the Board and with continuing education in the business of the Corporation. The Board has delegated the responsibility to ensure that appropriate orientation and education programs are in place for new directors and committee members to the Governance and Compensation Committee. Upon becoming a member of the Board, an individual will be provided with copies of the Corporation's principal continuous disclosure documents and a series of interviews or meetings with senior personnel in order to be informed on various business, operational and organizational aspects of the Corporation. Orientation will also include such things as: • organized visits to the Corporation's facilities; • familiarization with the service providers and partners; • company history and other relevant data; • information concerning mission, goals, strategy, philosophy and major policies of the Corporation; • review of recent analyst reports; • information pertaining to personal liability and insurance coverage; • rules for purchasing and selling securities of the Corporation; and • rules regarding insider information. Continuing education could include: reports from the Chief Executive Officer on industry developments to the Board of Directors at each meeting. Directors are also regularly provided with copies of the Corporation's ongoing continuous disclosure documents, and receive management presentations and information and presentations from the Corporation's external advisors and experts, as appropriate, from time to time.
4.	**Ethical Business Conduct**		
	Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.		The Board of Directors has a written disclosure policy aimed at informative, timely and broadly disseminated disclosure of material information to the market, in accordance with applicable securities legislation. The Board has also established a written insider trading

	Governance Disclosure Guidelines under NI 58-101		Comments
			policy which is intended as a guideline to eliminate any transaction by an insider which would not be in full compliance with applicable securities legislation or which, by implication, might suggest trading by insiders was carried out when they were in possession of privileged or material information not yet disclosed to the public.
5.	**Nomination of Directors**		
	Disclose what steps, if any, are taken to identify new candidates for board nomination, including: (i) who identifies new candidates; and (ii) the process of identifying new candidates.		Khan maintains, through its Governance and Compensation Committee, a list of potential directors who have appropriate levels of senior business experience. Names on that list come from several sources. The directors of Khan are encouraged to submit names. Candidates' names are also obtained through analysis of other corporate boards and through reviews of senior corporate executives in other types of enterprises. Business and financial publications are also sources of names. Shareholders are also welcome to submit names for consideration. The list is reviewed by the Governance and Compensation Committee on a regular basis. The Governance and Compensation Committee reviews the size, structure and composition of the Board from time to time so that when a vacancy occurs, the most appropriate candidate can be readily identified. When a vacancy occurs, the Governance and Compensation Committee reviews the list and selects the names of the most suitable candidates. The Governance and Compensation Committee may, if it is felt necessary, utilize the services of outside consultants in searching for candidates. The names of candidates are then submitted to the entire Board to obtain the comments and suggestions from its members. Once the Board agrees on the best candidate, an approach is made to that person in a manner deemed most appropriate by the Governance and Compensation Committee. The approach would be followed by personal interviews with the prospective director involving the Chairman of the Board, the Chair of the Governance and Compensation Committee, the Chief Executive Officer and other Board members as circumstances warrant. If there is agreement to serve as a director, a Board orientation process is then carried out by the Chairman of the Board. After appointment or election, as the case may be, orientation with management is carried out.
6.	**Compensation**		
	Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including: (i) who determines compensation; and (ii) the process of determining compensation.		The Governance and Compensation Committee is charged with developing, for recommendation to the Board, a compensation philosophy and guidelines for the CEO and other executive officers of the Corporation. It recommends to the Board the level of compensation for the CEO and other executive officers of the Corporation. The Governance and Compensation Committee also considers

	Governance Disclosure Guidelines under NI 58-101		Comments
			and, if deemed appropriate, makes recommendations to the Board about any option or benefit plans to be established for the CEO and other executive officers of the Corporation. The Governance and Compensation Committee is also charged with developing, for recommendation to the Board, a compensation philosophy and guidelines for the directors. It recommends the level of compensation for the directors based on a review of compensation paid by other public companies of the same size as the Corporation and in the same industry as the Corporation. Further details are also set out in the Circular under the heading "Compensation Discussion and Analysis".
7.	**Other Board Committees**		
	If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.		Other than the Audit Committee and the Governance and Compensation Committee, there are no other standing committees of the Board. Further details are also set out in the Circular under the heading "Committees of the Board of Directors".
8.	**Assessments**		
	Disclose what steps, if any, that the board takes to satisfy itself that the board, the committees and its individual directors are performing effectively.		The Governance and Compensation Committee conducts annually, in conjunction with the Chairman of the Board, an evaluation of the effectiveness of the Board and its committees. In such evaluation, the Governance and Compensation Committee assesses the effectiveness of the Board and its committees, the adequacy of information provided to directors, communication processes between the Board and management, agenda planning for Board and committee meetings and strategic planning.

APPENDIX I
NOTICE OF APPLICATION

CV-17-11753-00CL
Commercial List File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF an Application under section 182 of the *Business Corporations Act*, R.S.O, 1990, c. B.16, as amended

AND IN THE MATTER OF Rules 14.05(2) and 14.05(3) of the *Rules of Civil Procedure*

AND IN THE MATTER OF a proposed arrangement involving Khan Resources Inc., its shareholders and 2567850 Ontario Inc.

KHAN RESOURCES INC.

Applicant

NOTICE OF APPLICATION

TO: **THE RESPONDENTS**

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following pages.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List at 330 University Avenue, Toronto on May 9, 2017 at 10:00 a.m. or as soon after that time as the matter can be heard.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the Application, or to be served with any documents in the Application, you or an Ontario lawyer acting for you must forthwith prepare a Notice of Appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your Notice of Appearance, serve a copy of the evidence on the Applicant's lawyer and file it, with

proof of service, in the court office where the Application is to be heard as soon as possible, **but at least two days before the hearing.**

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

April 3, 2017 Issued by: _____

Address of Court Office:

330 University Avenue
Toronto, Ontario M5G 1R7

TO: ALL HOLDERS OF COMMON SHARES OF KHAN RESOURCES INC.

AND TO: ALL THE DIRECTORS OF KHAN RESOURCES INC.

AND TO: THE AUDITORS OF KHAN RESOURCES INC.

Collins Barrow Toronto LLP
Collins Barrow Place
11 King Street West
Suite 700, Box 27
Toronto, On M5H 4C7

AND TO: 2567850 ONTARIO INC.

c/o Norton Rose Fulbright Canada LLP
Suite 3800
Royal Bank Plaza, South Tower
200 Bay Street
P.O. Box 84
Toronto, ON M5J 2Z4

APPLICATION

1. **THE APPLICANT**, KHAN RESOURCES INC. ("**KHAN**"), MAKES APPLICATION FOR:

(a) an interim order (the "**Interim Order**") for advice and directions pursuant to section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the "**OBCA**"), with respect to an arrangement (the "**Arrangement**") involving the proposed acquisition by 2567850 Ontario Inc. ("**Arden**") of all of the outstanding common shares of Khan;

(b) a final order approving the Arrangement pursuant to section 182 of the OBCA;

(c) to the extent necessary, an order validating or abridging the time for service and filing of this Application and dispensing with any further service thereof; and

(d) such further and other relief as this Honourable Court deems just.

2. THE GROUNDS FOR THE APPLICATION ARE:

(a) Khan is a corporation governed by the OBCA with its head and registered office in Toronto, Ontario. Khan's common shares are currently listed on the Canadian Securities Exchange;

(b) under the Arrangement, Arden will acquire all of the outstanding common shares of Khan in exchange for $0.05 per common share, for a total consideration of approximately $4.5 million;

(c) the Arrangement is an "arrangement" within the meaning of subsection 182(1) of the OBCA;

(d) all statutory requirements of the OBCA have been met or will be met by the return date of this Application;

(e) the Arrangement is put forward in good faith;

(f) the Arrangement is fair and reasonable to the affected parties;

(g) the directions set out, and approvals required pursuant to, any Interim Order that this Court may grant have been followed and obtained, or will be followed and obtained, by the date of the return of this Application;

(h) certain of the shareholders of Khan are resident outside of Ontario, are necessary and proper parties to this Application, and will be served at their addresses as they appear on the books and records of Khan pursuant to Rules 17.02(n) and 17.02(o) of the *Rules of Civil Procedure* and the terms of any Interim Order granted by this Honourable Court;

(i) section 182 of the OBCA;

(j) National Instrument 54-101 of the Canadian Securities Administrators;

(k) Rule 14.05(2), 14.05(3), 17.02 and 38 of the *Rules of Civil Procedure*; and

(l) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

(a) this Notice of Application;

(b) such Interim Order and any other order(s) as may be granted by this Honourable Court;

(c) the affidavit of Grant Edey, to be sworn on behalf of Khan, and the exhibits attached thereto and other materials referred to therein, outlining the basis for an Interim Order for advice and directions;

(d) the supplementary affidavit material, to be sworn on behalf of Khan, and the exhibits thereto and other materials referred to therein, outlining, *inter alia*, the basis for a final order approving the Arrangement, and reporting on compliance with any Interim Order and the results of any meeting conducted pursuant to such Interim Order; and

(e) such further and other materials as counsel may advise and this Honourable Court may permit.

April 3, 2017

DAVIES WARD PHILLIPS & VINEBERG LLP
155 Wellington Street West
Toronto, ON M5V 3J7

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Tel: 416.367.7471
Fax: 416.863.0871

Lawyers for the Applicant,
Khan Resources Inc.

IN THE MATTER OF a proposed arrangement involving Khan Resources Inc. *et al.*

KHAN RESOURCES INC. (Applicant)

Commercial List File No: CV-17-11753-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

NOTICE OF APPLICATION
(Plan of Arrangement)

DAVIES WARD PHILLIPS & VINEBERG LLP
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Toronto, ON M5V 3J7

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Lawyers for the Applicant,
Khan Resources Inc.

QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITOR

North America Toll Free

1-877-452-7184

Collect Calls Outside North America

416-304-0211

Email: assistance@laurelhill.com