KHAN RESOURCES INC.

Management Discussion and Analysis

For the years ended September 30, 2017 and 2016
As at January 29, 2018

This Management Discussion and Analysis (“MD&A”) has been approved in accordance with a resolution of the board of directors dated January 29, 2018. It should be read in conjunction with the consolidated financial statements of the Company as at and for the years ended September 30, 2017 and 2016.

Significant Events and Current Status

Termination of the Liquidation Plan – On May 5, 2017 at the Company’s annual meeting, the shareholders of the Company elected a new board of directors (“board”). On May 8, 2017 the board announced that it had determined that it will not proceed with the liquidation plan that was approved by the Company’s shareholders on November 10, 2016. The liquidation plan approved by the shareholders provided that the board was authorized to stop the liquidation of the Company if it determines in its discretion that doing so is no longer in the best interests of the Company or its shareholders. Management is considering strategic alternatives for the Company with a view to maximizing its value for the benefit of the shareholders.

Change in basis of presentation – Due to the termination of the liquidation plan, the consolidated financial statements as at September 30, 2017 and for the year then ended as well as the comparative consolidated financial statements of the year ended September 30, 2016, have been prepared on the going concern basis of accounting.

Termination of the Arrangement Agreement with Arden Holdings Ltd. – On May 4, 2017 the Company announced that the arrangement agreement with Arden Holdings Ltd. and its wholly owned subsidiary to purchase the shares of Khan at $0.05 per share had been terminated. This arrangement agreement had been announced by the Company on March 22, 2017.

Return of capital – On November 10, 2016, the shareholders approved a distribution of $0.85 per share by way of a return of capital that was paid on November 29, 2016 to the shareholders of record at November 22, 2016.

Overall Performance

International Arbitration Award and the Liquidation Plan

In May, 2016, the Company announced the receipt of US$70 million (CAD$90,593,987) from the Government of Mongolia in settlement of an international arbitration award rendered in favour of Khan in March, 2015.

The subsidiaries of the Company collectively received an award of USD$55,167,000 (CAD$71,397,121) based on each entity's interest in the underlying historic assets of the two former Mongolian subsidiaries and the parent company received USD$14,833,000 (CAD$19,196,866) as a reimbursement of the expenses incurred to obtain the award and collect the settlement.

On November 10, 2016 the Company announced that the shareholders of the Company had approved a special resolution for the voluntary liquidation and dissolution of Khan. The shareholders also approved, pursuant to the winding up, an initial distribution of $0.85 per share by way of a return of capital that was paid on November 29, 2016 to shareholders of record at November 22, 2016.

Arrangement Agreement with Arden Holding

On March 22, 2017, the Company announced that it had entered into an agreement with Arden Holdings Ltd., ("Arden") a private Turks and Caicos company and Arden's wholly-owned subsidiary ("Arden BidCo") whereby Arden BidCo had agreed to acquire all of Khan's outstanding shares by way of a plan of arrangement (the "Arrangement"). Under the Arrangement, Khan's shareholders would have received cash of CAD$0.05 per share.

Termination of the Arrangement and the Liquidation

On May 4, 2017 the Arrangement with Arden was terminated based on received proxies that indicated that there would be less than the required two-third majority of votes in favour of the transaction.

On May 5, 2017 at the Company's Annual and Special Meeting of Shareholders ("AGM"), the shareholders of the Company elected a new board.

On May 8, 2017 the board announced that it had determined that it would not proceed with the liquidation plan that was approved by the Company's shareholders on November 10, 2016. The liquidation plan approved by the shareholders provided that the board was authorized to stop the liquidation of the Company if it determines in its discretion that doing so is no longer in the best interests of the Company or its shareholders. Management is considering strategic alternatives for the Company with a view to maximizing its value for the benefit of the shareholders. Management also made certain administration changes to align the business with the new board.

Netherlands preliminary tax assessment

On February 15, 2017, the Company received an income tax reassessment from the Netherlands tax authority reassessing the Company's Dutch subsidiary Khan Resources BV (KRBV) for an amount payable of 3.3 million euros (CAD$4.9 million). This reassessment was pursuant to management challenging an earlier preliminary assessment for an amount payable by KRBV of 11.4 million euros. The preliminary tax assessment and the reassessment were both issued before KRBV had filed its 2016 tax return and as such are based on incomplete information. Based on tax professionals advice, management is of the opinion that the reassessed amount payable of 3.3 million euros continues to be an over assessment. The 2016 tax return has since been filed and management believes that this issue will be resolved when the Netherlands tax authority has the opportunity to review all the facts. As a result no provision has been made for this reassessment in the consolidated financial statements as at September 30, 2017.

Former Chief Executive Officer Claim

In October 2017, Mr. Grant Edey, the former Chief Executive Officer has filed a $675,000 claim for severance and damages against the Company and the Company has counter-sued as it believes severance is not appropriate. No provision has been made for the claim in the consolidated financial statements.

KRBV dividend and Netherlands withholding tax

On May 2, 2017, the board of directors of KRBV approved a dividend in the amount of US$3 million to the Company who is the sole shareholder of KRBV. The withholding tax on this transaction of US$150,000 (CAD$204,000) was remitted to the Netherlands tax authorities during the third quarter of 2017.

Selected Quarterly Information

The below selected quarterly information summarizes the financial information for the last eight quarters. The information has been prepared on a going concern basis; therefore, the previously reported information on liquidation basis of Q4 2016 through Q2 2017 has been adjusted accordingly.

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16	Dec-15
	$	$	$	$	$	$	$	$
Interest income	11,515	10,273	10,550	97,060	65,775	5,276	1,702	1,738
Other income	-	-	-	-	454,939	90,139,048	-	-
Legal expenses	3,901	196,684	285,032	327	111,616	5,336,665	159,348	107,473
Restructuring costs	-	-	160,036	265,709	-	-	-	-
Loss on sale of subsidiary	-	-	-	-	2,378,223	-	-	-
Foreign exchange loss (gain)	49,652	28,943	(61,354)	37,660	(398,340)	(355,550)	12,671	(4,872)
Other General expenses	105,913	585,773	331,174	182,402	733,043	411,033	315,403	233,930
Income tax expense (recovery)	(813,203)	384,000	(148,855)	-	502,917	437,731	3,496	(4,894)
Net gain (loss)	665,252	(1,185,307)	(555,483)	(389,038)	(2,806,745)	84,314,445	(489,216)	(329,899)
Net gain (loss) per share (basic and diluted)	-	(0.01)	(0.01)	-	(0.02)	0.96	-	-
Other comprehensive income (loss)	-	365,243	-	-	(57,342)	(4,578)	(22,886)	32,041
Total comprehensive income (loss)	665,252	(1,245,809)	(395,447)	(123,329)	(2,864,087)	84,309,867	(512,102)	(297,858)
Total current assets	7,077,011	7,012,094	8,545,784	9,059,832	85,367,767	87,222,763	1,905,661	1,220,081
Total current liabilities	56,181	274,290	1,607,780	2,355,446	1,266,968	949,748	156,784	128,911
Total assets	7,166,386	7,103,493	8,598,035	9,375,905	85,420,017	87,599,882	2,285,052	1,573,605

The income results from the interest earned on the bank accounts and the guaranteed investment certificates (GIC). It fluctuates over the quarters due to changes in the cash balances.

The other income in the third and fourth quarters of 2016 reflects the US$70 million settlement payment from the Government of Mongolia.

Legal costs variances quarter to quarter in the year 2016 are mainly related to the international arbitration and settlement with the Government of Mongolia; in the year 2017 the legal costs are mainly related to the subsequent termination of the arrangement with Arden.

Restructuring costs in Q1 and Q2 of 2017 of $425,745 are mainly composed of $214,896 of consultants and audit expenses, $163,500 of severance and other employee expenses in addition to $47,349 of legal expenses; all of these expenses are related to the voluntary liquidation and dissolution decision of November 2016 which was subsequently reversed in May 8, 2017.

In Q4 2016 there is a $2,378,223 loss on the sale of the Khan Bermuda subsidiary.

The foreign exchange results fluctuate over the quarters mainly due to the variances in the foreign exchange rates mainly of the USD and for the variance of the cash balances denominated in such currency.

Other general expenses variances are mainly composed of salaries and wages and corporate and administrative expenses. During the current year there is a continuous reduction of these expenses which is also their trend in the forecasted short-term as a result of the lower activities and the actions taken to reduce them at a minimum level.

The main component of total assets of the Company is cash and the short-term investments. Total assets decreased significantly in 2017 in comparison to 2016 due to a distribution to shareholders of $0.85 per share by way of a return of capital that was paid on November 29, 2016 to shareholders of record at November 22, 2016. This decrease of $78,655,689 was partially offset by proceeds of $698,000 from the exercise of 1,500,000 share options by directors, officers and employees of the Company and $684,851 proceeds from the sale of the investment in Plateau Uranium Inc.

In 2016, total assets benefited from the receipt of the US$70 million ($90,139,000) settlement payment from the Government of Mongolia and were further supplemented by $1,774,675 in proceeds from the exercise of 4,530,000 share options by directors, officers and employees of the Company.

Results of Operations

Comparison of the three months ended September 30, 2017 and 2016

The net gain for the fourth quarter of 2017 was $665,252 compared to a net loss of $2,806,745 for the same period of 2016. The variances are summarized as follows:

- In Q4 2017 the legal expenses of $3,901 are $107,715 lower than Q4 2016 due to the end of the international arbitration and settlement with the Government of Mongolia in the previous year.

- The $58,671 of general corporate expenses and $47,242 salaries and wages in Q4 2017 are $314,342 and $312,788 lower, respectively, than the Q4 2016 expenses due to the restructuring and decrease of activities of the Company.
- In Q4 2016 there is a $2,378,223 loss on the sale of the Khan Bermuda subsidiary. There was no such expense in Q4 2017.
- In Q4 2017 there is a $813,203 net income tax recovery versus $502,917 net income tax loss in Q4 2016 due to the $402,058 recoverable tax loss carry back and the derecognition of the other deferred tax assets and liabilities in Q4 2017.

The above indicated lower expenses were partially offset by the following items:

- In Q4 2017 there is a $49,652 foreign exchange loss against a $398,340 foreign exchange gain as 2016 included the large USD cash balance received on settlement from the Government of Mongolia.
- In Q4 2016 there was a $454,939 adjustment for the settlement received from the Government of Mongolia.
- In Q4 2017 there is $11,515 of interest income against $65,775 in Q4 2016 due to the higher cash and short-term investments balances in Q4 2016.

Comparison of the years ended September 30, 2017 and 2016

The net loss for the year ended September 30, 2017 was $1,464,576 compared to a net gain of $80,668,585 for the year 2016. The variances are summarized as follows:

- In the year 2016 there is $90,593,987 income from compensation for impairment in the value of investments in subsidiaries as a result of the US$70 million received as settlement rendered by the international arbitration tribunal for the Government of Mongolia’s illegal actions in relation to the cancellation of Khan’s uranium licenses in 2009.
- In the year 2017 there is $54,901 of foreign exchange loss against $746,091 foreign exchange gain in 2016 as 2016 included the large USD cash balance received on settlement from the Government of Mongolia.
- In the year 2017 there is $425,745 of restructuring costs against Nil in the year 2016.

The above indicated lower income and higher expenses were partially offset by the following items:

- In the year 2017 the legal expenses are $486,124 against $5,715,102 in 2016 due to the end of the international arbitration and settlement with the Government of Mongolia in 2016.
- The $598,661 of general corporate expenses and $606,601 of salaries and wages in 2017 are $307,259 and $180,888 lower, respectively, than 2016 expenses due to the restructuring and decrease of activities of the Company. In 2017 the general corporate expenses include $175,000 of breakage fee paid to Arden due to the termination of the Arrangement Agreement with that company as it is described in the page 2 of this MD&A.
- In 2016 there is a $2,378,223 loss on the sale of the Khan Bermuda subsidiary. There was no such expense in 2017.

- In 2017 there is $129,398 of interest income against $74,491 in 2016 due to the higher balance of cash and GCI during the current year.
- In the year 2017 there is $578,058 net income tax recovery against $939,250 net income tax loss in 2016 due to the $402,058 recoverable tax loss carry back of the year 2017 and the adjustment for the derecognition of the other deferred tax assets and liabilities in 2017.

Other Comprehensive Income (“OCI”)

Investments

At September 30, 2017 the Company holds no investments. At September 30, 2016 the Company held equity instruments in the form of 1,055,291 common shares of Plateau with a fair value of $263,823. During the current year and before the full sale of the Plateau investment, its value was adjusted to its fair market value resulting in a valuation gain of $421,029 before income tax of $55,786 that was recognized in OCI. During the year, the Company sold all Plateau shares for cash proceeds of $684,851 and transferred the cumulative loss on this investment of $3,174,176 from accumulated OCI to the deficit.

Financial and Capital Management

Outstanding share data at September 30, 2017

Common shares outstanding:	90,166,482
Options to purchase common shares:	Nil

Cash Flows

For the year ended September 30, 2017 operating cash outflow was $2,888,238. This mainly includes cash used in operations of $2,045,810 and $822,255 of income tax paid offset by the interest revenue of $129,398 and income tax refund of $93,069.

During the year 2017, the investing cash inflow was $647,726 consisting of cash proceeds of $684,851 from the sale of the Plateau shares and cash outflow of $37,125 for the pre-payment of the long-term portion of the insurance.

Financing cash outflow in 2017 of $75,943,510 is attributed to the distribution of $76,641,510 ($0.85 per share) by way of a return of capital that was paid on November 29, 2016 to the shareholders of record at November 22, 2016 offset by proceeds from the exercise of stock options of $698,000.

For the year ended September 30, 2016 operating cash inflow was $83,970,031. This is mainly attributed to the receipt of US$70 million of the settlement proceeds from the Government of Mongolia. The exercise of stock options provided cash of $1,774,675 in that year.

Financial Instruments and Financial Risks

As at September 30, 2017, the Company’s financial instruments consist of cash and cash equivalents, short-term investments and current and non-current financial assets. The risk exposure related to these holdings is described below.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. This risk is mitigated by the fact that as at September 30, 2017, the Company had cash and cash equivalents and short-term investments of $6,640,541 to cover total liabilities of $56,181. The Company has positive working capital and does not have any contractual obligations, including those in the nature of long-term debt, capital lease obligations, operating leases, purchase obligations or other long-term obligations.

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company is exposed to credit risk from its cash and cash equivalents and short-term investments, the maximum exposure of which is represented by the carrying amounts reported on the consolidated statement of financial position. This risk is mitigated by using major banks in Canada and the Netherlands that are of high credit quality as determined by rating agencies.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include three types of risks: currency risk, interest rate risk and price risk. The Company is exposed to currency risk only at September 30, 2017. Interest rate risk is minimal at this time.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market currency rates.

The Company is exposed to currency risk because it maintains bank accounts denominated in Euros (EUR) and U.S. dollars (USD). The Company undertakes transactions denominated in these currencies and is exposed to foreign exchange risk arising from such transactions.

The Company currently does not engage in foreign currency hedging. As at September 30, 2017, with other variables unchanged, a 1% variance of the EUR and USD exchange rates against the CAD would have a net effect in net income by approximately $12,200.

Equity risk

The Company no longer has a significant equity price risk. The Company's holdings of marketable equity securities in the form of shares of Plateau were sold during the current year.

Accounting Policies

This MD&A should be read in conjunction with Khan's consolidated financial statements and notes as at and for the year ended September 30, 2017. For additional information on Khan's significant accounting policies and methods used in preparation of Khan's

2016 audited consolidated financial statements and notes, please refer to Note 2 to Khan's 2016 audited consolidated financial statements.

The consolidated financial statements as at September 30, 2017 and 2016 are presented on a going concern basis, the consolidated financial statements as at September 30, 2016 and for the year then ended were previously prepared and presented on a liquidation basis of accounting. Please refer to Note 10 of the audited consolidated financial statements for additional information of this change.

The preparation of Khan's financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Khan evaluates these estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Actual amounts could differ materially from those estimates and assumptions. Khan's critical accounting estimates are discussed later in this MD&A.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements with the exception of an indemnification agreement with the independent third party that purchased the Company's subsidiary, Khan Resources Bermuda Ltd. on August 17, 2016. The Company has indemnified the purchaser against certain contingencies. The indemnity is capped at $2 million and expired on August 16, 2017. Khan has not recognized this indemnity in its consolidated financial statements because management judged that the probability that the indemnity would be utilized was remote and this judgement proved to be correct.

Transactions with Related Parties

During the year ended September 30, 2017, certain directors, officers and employees of the Company exercised all outstanding share options as at September 30, 2016 acquiring 1,500,000 shares for total proceeds of $698,000. Included with these shares were 200,000 shares and proceeds of $91,000 from Carandian Corporation an entity that provided the CFO services to the Company.

In the year ended September 30, 2016, directors, officers and employees exercised 4,530,000 share options acquiring 4,530,000 shares for total proceeds of $1,774,675. Included with these shares were 400,000 shares and proceeds of $148,000 from Carandian Corporation and Jeremy Budd who provided CFO and secretarial services, respectively, to the Company.

Proposed Transactions

There are no significant transactions that are awaiting the approval of the Board of Directors at the date of this MD&A.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below.

Estimates

i. Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the balance sheet. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

ii. *Fair value of financial assets and liabilities*

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, their fair value is determined using valuation techniques including discounted cash flow models. The Company's current financial assets and financial liabilities are derived from active markets so there is no need to use valuation techniques.

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Going concern assumption

The going concern assumption is a fundamental principle in the preparation of financial statements. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. Accordingly, unless the going concern assumption is inappropriate in the circumstances of the entity, assets and liabilities are recorded on the basis that the entity will be able to realize its assets, discharge its liabilities, and obtain refinancing (if necessary) in the normal course of business. The assessment of an entity's ability to continue as a going concern is the responsibility of the entity's management.

The consolidated financial statements as at September 30, 2017 and 2016 and for the years then ended have been prepared on a going concern basis of accounting due to the termination of the liquidation plan (see note 1, 2 and 10 to consolidated financial statements as at September 30, 2017).

Risks Factors

The Company has previously described certain risks associated with the liquidation plan but with that plan now terminated, those risks no longer exist. Other risks which the Company is not aware of or which the Company currently deems to be immaterial may surface and have a material adverse impact on the Company's business income and financial condition.

Additional Information

Additional information is available by accessing SEDAR at www.sedar.com or the Company's website at www.khanresources.com.

Forward-Looking Statements

Certain statements included or incorporated by reference in this MD&A, including information as to the future financial or operating performance of the Company, its subsidiaries and its projects, constitute forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "schedule" and similar expressions identify forward-looking statements. This MD&A includes, but is not limited to, forward-looking statements regarding: the Company's ability to meet its working capital needs for the twelve-month year ending September 30, 2018 and statements regarding the Company's critical accounting estimates. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Such factors include, among others, risks relating to additional funding requirements, political and foreign risk, uninsurable risks, competition, environmental regulation and liability, government regulation, currency fluctuations, recent losses and write-downs and dependence on key employees. See "Risk and Uncertainties" section of this MD&A. Due to risks and uncertainties, including the risks and uncertainties identified above, actual events may differ materially from current expectations. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Forward-looking statements are made as of the date of this MD&A and the Company disclaims any intent or obligation to update publicly such forward-looking statements, whether as a result of new information, future events or results or otherwise.