

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: Khan Resources Inc. (the "Issuer").

Trading Symbol: KRI _____

Number of Outstanding Listed Securities: 68,125,445 _____

Date: October 4, 2012 _____

Report on Business

- 1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.**

International Arbitration

In January, 2011, the Issuer has initiated International Arbitration Action against the Government of Mongolia and its state-owned uranium company, MonAtom LLC for expropriatory and unlawful treatment of the Company in relation to the Dornod Uranium Project. The claim seeks over US\$200 million in compensation for losses and damages.

The Tribunal held a hearing on May 14, 2012 to hear various jurisdictional objections made by the Government of Mongolia (asserting, for example, that the Tribunal does not have jurisdiction over certain of the claims and parties included in the arbitration).

The Tribunal's decision on the May hearing was rendered on July 25, two months in advance of when expected. The decision was entirely in Khan's favor and Mongolia's objections were entirely dismissed.

The Company's effort for the following months will be concentrated on preparation of the first submission for the merits/damages phase that is due in December, 2012.

Atomredmetzoloto JSC ("ARMZ") Litigation

In August, 2010, the Issuer had filed a statement of claim against Atomredmetzoloto JSC ("ARMZ"), Russian uranium company, with the Ontario Superior Court of Justice and seeks damages from ARMZ for the total amount of CDN\$300 million for ARMZ breach of fiduciary duties as one of the Company's joint venture partners and a shareholder of one of the Company's subsidiaries, general damages resulting from ARMZ unlawful interference with the Issue's

economic relations and actions causing damage to the Issuer's rights, business reputation and property and aggravated, exemplary and punitive damages.

Russian Department of Justice refused to serve ARMZ with the Company's statement of Claim.

After series of hearings and appeals from both sides, on March 9, 2012, the Ontario Superior Court decided to dismiss the Issuer's motion to validate, substitute or dispense with service.

On April 20, 2012, the Company filed an appeal of the last ruling with the Court of Appeal for Ontario. The Appeal was heard on September 11, 2012 and the Company is currently waiting for the Appeal Court's decision.

Additional Information

Additional information relating to the Issuer is available on the CNSX Disclosure Hall at www.CNSX.ca or on SEDAR at www.sedar.com.

- 2. Provide a general overview and discussion of the activities of management.**
See the item above

- 3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.**

This does not apply to this Issuer.

- 4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.**

The Company is currently in the process of permanently closing the Dornod project camp, which has been on a care-and-maintenance status for the last two years.

- 5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.**

This does not apply to this Issuer.

6. **Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.**

This does not apply to this Issuer.

7. **Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.**

In conjunction with closing the Dornod camp, the assets at site are in the process of being sold.

8. **Describe the acquisition of new customers or loss of customers.**

This does not apply to this Issuer.

9. **Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.**

This does not apply to this Issuer.

10. **Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.**

With the closing of the Dornod camp, the employees stationed at the site have been permanently laid off.

11. **Report on any labour disputes and resolutions of those disputes if applicable.**

This does not apply to this Issuer.

12. **Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.**

The Issuer did not become a party to any additional legal proceedings in the past month.

Please, see Item 1 above for details with respect to the monthly activity related to the International Arbitration proceeding against the Government of Mongolia and the ARMZ litigation.

13. **Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.**

This does not apply to this Issuer.

14. Provide details of any securities issued and options or warrants granted.

The Issuer did not issue any securities or grant options in the past month.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

This does not apply to this Issuer.

16. Provide details of any changes in directors, officers or committee members.

This does not apply to this Issuer.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

In June the parliamentary elections in Mongolia resulted in another minority government this time lead by the Mongolian Democratic Party.

The Democratic Party has formed a coalition government with the MPRP and various independents. The implications to the Issuer of the results of the elections and change of government are unknown.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated October 4, 2012_____.

Grant A. Edey_____
Name of Director or Senior Officer

Signed "Grant A. Edey" _____
Signature

President, Chief Executive Officer
and a Director _____
Official Capacity

<i>Issuer Details</i> Name of Issuer	For Month End September, 2012	Date of Report YY/MM/D 12/10/04
Issuer Address 141 Adelaide Street West, Suite 1007		
City/Province/Postal Code Toronto/Ontario/M5H 3L5	Issuer Fax No. (416) 360-3417	Issuer Telephone No. (416) 360-3405
Contact Name Grant A. Edey	Contact Position President and CEO	Contact Telephone No. (416) 360-3405
Contact Email Address gedey@rogers.com	Web Site Address www.khanresources.com	