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, 2013

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 initiated an International Arbitration action against the Government of Mongolia and its state-owned uranium company, MonAtom LLC for the expropriatory and unlawful treatment of the Company in relation to the Dornod Uranium Project. A Tribunal to hear the matter was constituted in mid 2011 and a schedule was determined to hear and assess the matter.

A hearing was held 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, 2012 hearing was rendered on July 25, 2012. The decision was entirely in Khan's favour and Mongolia's objections were entirely dismissed.

Efforts since that time have been focused on submissions to the Tribunal concerning the quantum and damages phase. A submission was filed by Khan on December 7, 2012 and included documentations by counsel, expert witnesses and company witnesses. Raymond James and the Berkeley Research Group submitted valuation reports that supported an increase in damages from the initial estimate of US$200 million to US$255 million plus US$71 million of pre-judgment interest.

The Government of Mongolia filed their Statement of Defense and Counterclaim on April 5, 2013. The Company 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 Government of Mongolia's response is due on October 4, 2013.

The formal hearing by the Tribunal on the merits and damages for the case is scheduled for November 11 through November 15, 2013.

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Atomredmetzoloto JSC ("ARMZ") Litigation

In August, 2010, the Issuer filed a statement of claim against Atomredmetzoloto JSC ("ARMZ"), a uranium company owned by the Government of Russia, with the Ontario Superior Court of Justice which seeks damages from ARMZ for the total amount of CDN$300 million for ARMZ's breach of fiduciary duties as one of the Company's joint venture partners and as a shareholder of one of the Company's subsidiaries, for general damages resulting from ARMZ's unlawful interference with the Issuer's economic relations and actions causing damage to the Issuer's rights, business reputation and property and for aggravated, exemplary and punitive damages.

The Russian Department of Justice subsequently refused to serve ARMZ with the Company's statement of Claim citing Article 13 of the Hague Convention that provides that the State addressed may refuse to effect service "only if it deems that compliance would infringe its sovereignty or security". No reason was given by the Russian Department of Justice as to why service would infringe on Russian sovereignty or security.

After a series of hearings and appeals from both sides, the Court of Appeal for Ontario decided on April 2, 2013 to dismiss Khan's motion to validate, substitute or dispense with service. The Court held that the Hague Convention was the ruling document to effect service.

Khan has decided not to appeal this 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.
To advance Company's international Arbitration case as described in (1), the Company raised $1,230,000 through the non-brokered private placement of 7,237,703 common shares. Private placement was closed on September 23, 2013.

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.

N/A

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 has permanently closed the Dornod project camp. All camp buildings constructed by Khan have been taken down and all camp equipment has been removed. AATA International was engaged to provide a report on closure of the Dornod site. The report has been completed and no issues have been found that suggest an environmental liability

   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.

   N/A

5. **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.**

   N/A

6. **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.**

   Most of the assets at the Dornod camp were disposed by the end of 2012. Currently, the Company is disposing of the remaining assets. No new assets have been acquired.

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

   N/A

8. **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.**

   N/A

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

There were no employees hired or terminated during the month of September.

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

N/A

11. 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.

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

N/A

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

Private Placement of common shares was closed on Sep. 23, 2013.

Security	Number Issued	Details of Issuance	Use of Proceeds(1)
Common Shares	7,237,703	Private Placement	1,230,000
			To advance International Arbitration case

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

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

N/A

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

16.

No changes during the month of September.

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

N/A

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, 2013.

Grant A. Edey
Name of Director or Senior Officer

Signed *"Grant A. Edey"*
Signature

President, Chief Executive Officer and a Director
Official Capacity

Issuer Details Name of Issuer	For Month End September, 2013	Date of Report YY/MM/D 13/10/04
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

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