



Khan Files Second Quarter 2016 Financial Results

TORONTO, ONTARIO, Canada, May 20, 2016 – Khan Resources Inc. (CSE:KRI) ("**Khan**" or "**the Company**") announced today that it has filed its financial statements and management's discussion and analysis for the six months ended March 31, 2016 on SEDAR and has posted these documents to its website www.khanresources.com.

Highlights

International Arbitration Settlement – On March 2, 2015 the international arbitration tribunal rendered an award to Khan as compensation for the Government of Mongolia's illegal actions in relation to the cancellation of Khan's uranium licenses in 2009.

On March 6, 2016, the Company signed a settlement agreement with the Government of Mongolia under which, Mongolia would pay the Company US\$70 million on or before May 16, 2016 and all outstanding matters pursuant to the international arbitration award would be resolved and terminated.

On May 18, 2016, the Company announced that Khan and the Government of Mongolia had signed all of the documentation required for the release of the US\$70 million from an escrow account to Khan. The funds have now been received. In addition, Khan's petition for certification of the international arbitration award has now been dismissed.

The Company is currently in the process of investigating options to distribute the majority of the funds remaining, after discharge of liabilities and obligations, to shareholders in a tax-efficient and timely manner. The process may entail multiple tranches.

With the receipt of the US\$70 million, the Company's primary objectives have now been met, and Martin Quick and Raffi Babikian announced their retirement from the Board. The Company wishes to thank Messrs. Quick and Babikian for their valued input and years of service through very trying times.

Cash – During the six months ended March 31, 2016, directors, officers and employees of the Company exercised 3,205,000 stock options resulting in cash inflow of \$1,195,675. The proceeds are being used for legal and tax consulting services to develop procedures of delivering and allocation of US\$70 million settlement funds from Mongolia and for general corporate matters. Cash and cash equivalents stand at \$1,852,000 as at March 31, 2016.

The following table summarizes financial results of the Company for the six months ended March 31, 2016 and 2015.

In thousands of dollars

| | 2015 | 2014 | Change % |
|---|--------|---------|-------------|
| Net loss from continuing operations | | | |
| Three months ended March 31 | (489) | (1,213) | 59.7% |
| Six months ended March 31 | (819) | (1,432) | 42.8% |
| Net loss from discontinued operations | | | |
| Three months ended March 31 | - | - | 0.0% |
| Six months ended March 31 | - | (8) | 100.0% |
| Basic and diluted earnings per share (\$) | | | |
| Three months ended March 31 | (0.01) | (0.02) | 50.0% |
| Six months ended March 31 | (0.01) | (0.02) | 50.0% |
| Cash flow | | | |
| Six months ended March 31 | 281 | 117 | -140.2% |
| Cash and cash equivalents | | | |
| As at March 31 | 1,852 | 469 | 294.9% |
| Working Capital | | | |
| As at March 31 | 2,128 | 692 | 207.5% |

Forward-Looking Statements and Information

This press release may contain forward-looking statements and forward-looking information, which are subject to certain risks, uncertainties and assumptions. Forward-looking statements and information are characterized by words such as "will", "plan", "expect", "project", "intend", "believe", "anticipate", "forecast", "schedule", "estimate" and similar expressions, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements and information are not historical facts and are based upon a number of estimates and assumptions and are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors, including the impact of international, Mongolian and Canadian laws, trade agreements and regulatory requirements on Khan's business, properties, licenses, operations and capital structure, Khan's ability to re-instate or re-register the Dornod uranium project licenses, regulatory uncertainty and obtaining governmental and regulatory approvals, legislative, political, social, regulatory and economic developments or changes in jurisdictions in which Khan carries on business, the nature and outcome of pending and future litigation, arbitration and other legal proceedings, the speculative nature of exploration and development, risks involved in the exploration, development and mining business, changes in market conditions, changes or disruptions in the securities markets and market fluctuations in prices for Khan securities, the existence of third parties interested in purchasing some or all of the common shares or Khan's assets, the method of funding and availability of any potential alternative strategic transactions involving Khan or its assets, including those transactions that may produce strategic value to shareholders, the need to obtain, maintain and/or re-register licenses and permits and comply with national and international laws, regulations, treaties or other similar requirements, and uncertainty in the estimation of mineral reserves and resources. In addition, a number of other factors could cause actual results to differ materially from the results discussed in such statements and information, and there is no assurance that actual results will be consistent with them. For further details, reference is made to the risk factors discussed or referred to in Khan's annual and interim management's discussion and analyses and Annual Information Form on file with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com. Such forward-looking statements and information are made or given as at the date of this news release, and Khan assumes no obligation to update or revise them, either publicly or otherwise, to reflect new events, information or circumstances, except as may be required under applicable securities law.

Investor Relations Contacts:

Grant Edey
Khan Resources Inc.
President & CEO
Office: 416.360.3405
gedey@rogers.com

Bruce Gooding
Khan Resources Inc.
Chief Financial Officer
Office: 416.360.3405
bgooding@khanresources.com