Khan Resources Inc.
Management's Discussion and Analysis
For the years ended September 30, 2011 and 2010

This management's discussion and analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations of Khan Resources Inc. (the "Company" or "Khan") for the years ended September 30, 2011 and 2010 and is intended to be read in conjunction with the audited consolidated financial statements of the Company for the years ended September 30, 2011 and 2010 and the related notes thereto. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Unless otherwise indicated, all amounts in this MD&A are expressed in United States dollars.

The date of this MD&A is December 15, 2011.

Highlights – 2011

- Net loss for the year ended Sep. 30, 2011 was $3,757,000 or $0.07 per share compared to a net loss of $4,130,000 or $0.08 per share for the same period in 2010.

- Activities related to the International Arbitration action against the Government of Mongolia accelerated during summer and fall of 2011. The action was initiated in January 2011 and the presiding Tribunal was formally constituted on May 9, 2011. A first procedural hearing was held on June 21, 2011. A second hearing was held on September 19, 2011 to decide whether the overall process would involve a single phase hearing all aspects of the action or would be split into two hearings: a first phase to hear jurisdictional matters followed by phase to hear the merits of the case. In late September, Khan and the Government of Mongolia jointly agreed to the two phase approach and the jurisdictional aspects are scheduled to be heard in May 2012. (See "International Arbitration" below).

- In August 2010, Khan initiated a lawsuit in the Ontario Superior Court of Justice against Atomredmetzoloto JSC ("ARMZ") claiming $300 million in damages for ARMZ's breach of fiduciary duties, unlawful interference in Khan's economic relations and damages to Khan's rights, property and reputation. Through a number of procedural delays, including invoking the Hague Convention claiming the lawsuit was an issue of Russian sovereignty or security, ARMZ avoided being served for a period of time. However, on October 31, 2011 Khan announced that it had obtained an order of the Ontario Superior Court of Justice validating service on Atomredmetzoloto JSC ("ARMZ") in respect of the lawsuit. ARMZ has appealed the decision and the appeal will be heard on January 24, 2012. (See "ARMZ" below).

- Following the earthquake/tsunami in Japan, the share prices of most uranium companies have declined significantly. As a result, Khan's investment in Macusani Yellowcake Inc. declined to $2,160,000 compared to the cost base for the investment of $4,339,000. Macusani raised funds in March 2011 (Khan subscribed for 3 million units) and is currently conducting a further drill program on its properties in Peru. (See "Macusani Yellowcake Inc." below).

Company Profile

Khan is a Canadian-based mineral exploration and development company engaged in the acquisition, exploration and development of uranium, primarily in Mongolia. The Company and its predecessors have held interests for the last 15 years in certain uranium properties that are located in the Dornod district of north eastern Mongolia. These uranium properties are known as the Dornod Uranium Project and currently consist of a 58% interest in the "Main Dornod Property" (defined below) and a 100% interest in the "Additional Dornod Property" (defined below). The Company has been affected by other developments in Mongolia that impact its properties and assets and its interests therein, including the refusal of the Mongolian Nuclear Energy Agency ('NEA") to reissue its mining and exploration licenses. See "Significant Developments" below for further details.

The Main Dornod Property consists of an open pit mine ("Dornod Deposit No. 2") and approximately two-thirds of an underground deposit ("Dornod Deposit No. 7"). From 1988 to 1995, JSC Priargunsky Industrial Mining and Chemical Union ("Priargunsky"), a Russian state owned company, extracted approximately 590,000 tonnes of ore at an average grade of 0.118 per cent uranium oxide ("U_3O_8") from Dornod Deposit No. 2. At Dornod Deposit No. 7, two shafts have been sunk to depths of 510 and 500 metres and approximately 20,000 metres of development drifts, which extend onto the Additional Dornod Property, are in place. The mining license in respect of the Main Dornod Property is registered in the name of Central Asian Uranium Company LLC ("CAUC"), a Mongolian company, in which the Company currently holds a 58% interest through its subsidiary CAUC Holding Company Limited ("CAUC Holding"). The other shareholders of CAUC, who each currently hold a 21% interest are MonAtom LLC ("MonAtom"), a Mongolian state owned company and Priargunsky. Khan operates the Main Dornod Property through a joint venture with MonAtom and Priargunsky. In January 2010, CAUC received a formal notice from the State Property Committee of Mongolia ("SPC") requiring CAUC to propose to its shareholders a resolution to approve an increase of the Mongolian State ownership in CAUC to 51%, which resolution was subsequently authorized and approved by MonAtom and CAUC Holding, and submitted to the SPC (see "Significant Developments - Mineral Licenses - Nuclear Energy Law" below for further details).

The Additional Dornod Property is contiguous to the Main Dornod Property and consists of approximately one third of Deposit No. 7 and part of another underground deposit. The exploration license in respect of the Additional Dornod Property is registered in the name of Khan Resources LLC ("KRL"), a Mongolian company in which the Company currently holds a 100% interest through subsidiaries. Although no formal notice has been received, the Company expects that the Additional Dornod Property will be subject to Mongolian State ownership of 51% as a result of the passage of the Nuclear Energy Law in 2009.

The Company also holds 15,523,330 common shares of Macusani Yellowcake Inc. ("Macusani"). Macusani is a Canadian TSX Venture Exchange company which holds uranium properties in the Macusani Plateau district of Peru. The Company initially invested in Macusani on November 30, 2009 and has subsequently subscribed to two additional share offerings by that company. Khan's current shareholding represents approximately 14.4% of the outstanding common shares of Macusani. Khan also holds 4,031,665 Macusani share purchase warrants. Further details concerning Khan's investment in Macusani are set out below under the section entitled "Significant Developments – Macusani Yellowcake Inc.".

Significant Developments

Mineral Licenses

On July 16, 2009, the Mongolian Parliament passed a new Nuclear Energy Law that, amongst many other things, effectively required that the Mongolian state be provided 51% ownership of the Dornod Uranium Project free of charge. In addition, all existing exploration and mining licenses, including those held by CAUC and KRL were required to be renewed and re-registered. 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.

In April, 2010, the Company announced that it had received notices from the Nuclear Energy Agency ("NEA") stating that the mining license for the Main Dornod Property and the exploration license for the Additional Dornod Property had been invalidated. Shortly thereafter, CAUC and KRL filed separate formal claims in the Capital City Administrative Court (the "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. In July 2010, the Court ruled in favour of CAUC and declared that the previous decision by the NEA to invalidate CAUC's mining license was itself illegal and invalid. This decision was subsequently appealed by the NEA but the appeal was unsuccessful. In August 2010, the Court also ruled in favour of KRL and declared that the previous purported decision by the NEA to invalidate KRL's exploration license was itself illegal and invalid.

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, amongst 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 pursuant to Mongolian law. To date, the NEA has not reissued the licenses.

The Company continues to believe that there exists no legal basis for the NEA to refuse to reinstate and re-register its licenses and that it has always acted in conformance with Mongolian laws.

International Arbitration

Following the failure of the NEA to reissue the Dornod licenses to CAUC and KRL, the Company announced on January 10, 2011 that it had formally commenced an international arbitration action against the Government of Mongolia for its expropriatory and unlawful treatment of Khan in relation to the Dornod Uranium Project. The claim seeks over US$200 million in compensation for losses and damages.

The arbitration, which is brought by Khan and several of its subsidiaries is governed by the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), and asserts claims under the Energy Charter Treaty, the Foreign Investment Law of Mongolia, and the Founding Agreement between Khan and the Mongolian Government. The claim was served on various officials of the Government of Mongolia on January 10, 2011.

The Tribunal that presides over the International Arbitration action was constituted on May 9, 2011 and consists of three well-known and highly respected international arbitrators: Mr. Yves Fortier of Canada (appointed by Khan); Mr. Bernard Hanotiau of Belgium (appointed by Mongolia) and Mr. David A.R. Williams of New Zealand (appointed as the presiding arbitrator by Messrs. Fortier and Hanotiau and with the consent of the parties). The arbitration is being administered by the Permanent Court of Arbitration (PCA), and is seated in Paris, France.

The Tribunal held its first hearing on June 21, 2011 to discuss scheduling and procedural matters. Prior to this hearing, Mongolian counsel for the action had brought a motion seeking "bifurcation" of the hearings into two separate phases: the first phase to hear various jurisdictional objections made by Mongolia (asserting, for example, that the Tribunal does not have jurisdiction over certain of the claims and parties included in the arbitration, or, alternatively, that the Tribunal many not consider all of the claims together in a single case), 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, the Company 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 under a single arbitration rather than in multiple arbitrations.

The Tribunal will hold a two to three day hearing on the jurisdictional objections in May 2012. The Government of Mongolia was required to file documents stating its jurisdictional objections to the process on December 2, 2011 and did so. The Company will file its response to this document in early February, 2013. The Government and Khan will then be able to make final written responses to these submissions, followed by the May hearing. On the assumption that the Government of Mongolia's jurisdictional objections are denied, a week-long hearing on merits and damages has been scheduled for November 2013. Although investor-state arbitration cases brought under international investment treaties and laws typically require substantial periods of time to complete, Khan believes that the scheduling of this action has been made on a reasonably timely basis.

The Company continues to believe it has a very strong case against the Government of Mongolia and will press its case vigorously. However, the Company continues to make efforts to come to a reasonable settlement of these issues with the Government prior to completion of the international arbitration process.

ARMZ

On August 20, 2010, the Company announced that it and certain of its subsidiaries had filed a statement of claim against Atomredmetzoloto JSC ("ARMZ") and its affiliate Priargunsky, with the Ontario Superior Court of Justice. The claim has been brought by the Company and certain of its subsidiaries, and seeks damages from ARMZ and its affiliate in the total amount of CDN$300,000,000, including equitable compensation resulting from their breach of fiduciary duties as one of Khan's joint venture partners and a shareholder of CAUC, general damages resulting from their unlawful interference with the plaintiffs' economic relations, general damages resulting from their deliberately causing damage to Khan's and its subsidiaries' rights, business reputation and property and aggravated, exemplary and punitive damages.

The statement of claim alleges, among other things, that the harmful conduct of ARMZ and it affiliates, namely in seeking to establish a joint venture with the Government of Mongolia over the Dornod uranium region without regard to Khan's rights and interests, impugning the legitimacy of Khan's interests in Mongolia, interfering with its economic relations with MonAtom (Khan's other joint venture partner in CAUC and the Mongolian state-owned entity with which Khan sought to pursue a strategic transaction), and interfering with the competing and superior take-over bid by CNNC, all with the goal of eliminating Khan's interests in Mongolia, has caused Khan, its subsidiaries and its shareholders substantial damage. Subsequent to filing the statement of claim against ARMZ, various reports have circulated concerning the advancement of a proposed Dornod uranium joint venture between the Russian and Mongolian Governments to develop the Dornod region to the exclusion of Khan and its subsidiaries. These reports culminated in an announcement on December 14, 2010 that Russia and Mongolia signed an agreement in principle for the creation of a joint venture to develop the Dornod resource. According to ARMZ's press release on their website, the agreement was signed on December 14, 2010 by Rosatom Corp. (Russia's nuclear power company), ARMZ, Mongolia's state owned MonAtom and the NEA and approves the terms and conditions of the Dornod Uranium Joint Venture. In June, 2011, Mongolian President Elbegdorj visited Moscow and reportedly signed a further agreement with Russia confirming each side's desire to consummate the Dornod Uranium Joint Venture.

The statement of claim against ARMZ and Priargunsky was filed with the Russian Department of Justice in October 2010 to be legally served in accordance with the applicable laws and protocols. The Russian Department of Justice informed the Company in February 2011 that it had refused to serve ARMZ and Priargunsky with the Company's statement of claim based on Article 13 of the Hague Convention. Article 13 states that service can be denied only if the State deems that compliance would infringe its sovereignty or security.

Following the refusal by the Russian Department of Justice to serve ARMZ and Priargunsky with the Company's statement of claim, the Company filed a motion with the Ontario Superior Court of Justice seeking an order dispensing with or substituting service of the statement of claim on ARMZ and Priargunsky. The motion was scheduled to be heard on April 18, 2011. Prior to the scheduled date of the motion, at the request of ARMZ, the parties agreed to adjourn the hearing so as to allow the parties to have settlement discussions. The settlement discussions were not successful and Khan reinitiated its motion which was then re-scheduled to be heard on June 29, 2011.

ARMZ then successfully petitioned the Court to allow ARMZ to cross-examine both Khan and its Russian counsel on Khan's request to dispense with the need for service. The cross-examination took place in July. A new Court hearing on Khan's original motion to dispense with or substitute service took place on September 7, 2011. On October 31, 2011, the Court released its decision on the matter and ruled in favour of Khan. ARMZ has appealed the decision and the appeal will be heard on January 24, 2012.

Macusani Yellowcake Inc.

From November, 2009, through March, 2011, the Company, through a combination of private placements and prospectus offerings, has purchased 15,523,330 common shares of Macusani Yellowcake Inc., 2,540,000 unlisted share purchase warrants with an exercise price of $0.35 per warrant and 1,494,665 listed share purchase warrants with an exercise price of $0.85 per warrant. The Company's holdings of common shares represent approximately 14.4% of the outstanding common shares of Macusani. The Company's cost basis for its purchases aggregates to $4.3 million.

On September 30, 2011, the closing share price for Macusani was C$0.14 per share. The closing price for Macusani listed share purchase warrants with an exercise price of C$0.85 was C$0.01 per warrant while the value for the unlisted share purchase warrants with an exercise price of C$0.35 estimated to be C$0.03. As of September 30, 2011, the market value for the Company's Macusani holdings totalled $2.2 million ($2,073,000 for Macusani common shares and $87,000 for Macusani share purchase warrants). An unrealized loss on the investment in common shares of $3.3 million was recorded in the statement of comprehensive loss for the year. An unrealized loss of $0.2 million on share purchase warrants was recorded in the statement of operation and deficit for the year.

As of the date of this MD&A, the market value of the Company's investment in Macusani was estimated at C$2.2 million.

After completion of its funding initiatives in March 2011, Macusani reinitiated its drilling program for uranium, focussing on its Kihitian prospect on the Macasani Plateau area of southern Peru. Three drills are currently operating on the prospect and drill results from the program have been released from July through November of 2011. The program continues to expand the uranium resources of that company.

Uranium Prices

From mid-2010 to March 2011, the spot price for U_3O_8 appreciated dramatically from US$40 per lb. to almost US$75 per lb. However, the Tohoku earthquake and subsequent tsunami in Japan on March 11, 2011 caused extensive damage to the Fukushima Daiichi nuclear station and resulted in reassessments of nuclear programs in many parts of the world. Spot uranium prices fell subsequent to that event and now appear to have stabilized somewhat, hovering between the $50 to $60 per lb. level. Although the near term price prospects are uncertain, the company expects the uranium price will recover over the medium term as a majority of countries recommit to and continue with their nuclear build programs.

Organizational Changes

In June 2011, Mr. Paul D. Caldwell resigned from the position of Chief Financial Officer and Corporate Secretary. Subsequent to Mr. Caldwell's resignation, Mr. Jeremy Budd was appointed Corporate Secretary and Mr. K. Bruce Gooding, CMA was appointed as Chief Financial Officer.

On June 30, 2011, Mr. Ochirbal Enkhbayar resigned from the position of Vice President, Government Affairs. Mr. Erdenebileg Badamtseren has succeeded Mr. Ochirbal Enkhbayar in Mongolia.

Overall Performance

Financial

Total assets of the Company at September 30, 2011 were $23,801,000 compared with $30,096,000 at September 30, 2010. The decrease of $6,295,000 resulted from the decreases in current assets of $4,922,000, capital assets of $198,000 and investments of $1,328,000 offset by increase in mineral interests of $153,000. The decrease in current assets was due primarily to the cash used in operating and investing activities during the year ended September 30. The decrease in investments was due to the decline in value of Macusani Yellowcake Inc. common shares and the increase in mineral interests was due to development costs incurred on the Dornod Uranium Project.

During the year ended September 30, 2011, the Company incurred a net loss of $3,757,000 or $0.07 per share compared with $4,130,000 or $0.08 per share in the comparable period of 2010. The net decrease of $373,000 was due to the increases in interest income of $17,000, rent revenue of $28,000 and other income of $254,000 and the decreases in general corporate expense of $1,069,000, amortization expense of $17,000 and Mongolian operations expense of $220,000, offset by the increase in stock-based compensation expense of $241,000, loss on investments of $213,000, loss on disposal of assets of $2,000, the decrease in foreign exchange gain of $423,000 and the change in income taxes of $353,000 from tax recovery of $158,000 in 2010 to tax provision of $195,000 in 2011.

During the year ended September 30, 2011, the Company incurred a comprehensive loss of $7,039,000. An unrealized holding loss on available-for-sale securities of $3,471,000 adjusted for future tax recovery of $189,000 increased the comprehensive loss to $7,039,000 from $3,727,000. During the year ended September 30, 2010, the Company incurred a comprehensive loss of $2,809,000. An unrealized holding gain on available-for-sale securities of $1,510,000 less future tax expense of $189,000 reduced the comprehensive loss to $2,809,000 from $4,130,000.

During the year ended September 30, 2011, cash decreased by $4,898,000 compared with $6,240,000 in the comparable period of 2010.

The cash used in operating activities was $2,530,000 in 2011 compared with $4,393,000 in 2010. The decrease of $1,863,000 was primarily due to the decreases in general corporate expense of $1,069,000, and Mongolian operations expense of $220,000, increases in interest income of $17,000, rent revenue of $28,000, other income of $254,000 and cash required for changes in non-cash working capital of $258,000

The cash used in investing activities was $2,554,000 in 2011 compared with $2,324,000 in 2010, an increase of $230,000. Purchase of investments used cash of $2,448,000 compared with $1,891,000 in 2010. The purchase of capital assets was $11,000 compared with $49,000 in 2010. The disposal of capital assets provided cash of $59,000 and there was no compatible amount in 2010. Mineral interests used cash of $154,000 compared with $384,000 in 2009. The decrease of $230,000 resulted from the lower level of activity at the Dornod Uranium Project in 2011.

The cash provided by financing activities was $122,000 in 2011 and there was no comparable amount in 2010. In 2011, the exercise of stock options provided cash of $122,000.

The foreign exchange gain on cash was $64,000 in 2011 compared with a foreign exchange gain on cash of $477,000 in 2010. Cash balances are primarily held in Canadian dollars. The decrease in foreign exchange gain on cash was due to the decrease in amount of cash on hand and the decrease in value of Canadian dollar in terms of the United States dollar during the period.

Selected Annual Information

The following table provides a brief summary of Khan's financial operations. For more detailed information, refer to Khan's consolidated financial statements

	September 30, 2011 $000's	September 30, 2010 $000's	September 30, 2009 $000's
Year ended			
Revenue	356	27	170
Expenses	3,918	4,345	3,997
Loss before taxes	(3,562)	(4,228)	(3,827)
Future tax recovery (provision)	(195)	158	-
Net loss	(3,757)	(4,130)	(3,827)
Net loss per share – basic and diluted	(0.07)	(0.08)	(0.07)
As at			
Cash	5,656	10,554	16,794
Working capital	5,334	10,446	16,770
Total assets	23,801	30,096	32,589

Results of Operations

As a development stage company, Khan has no operating history and has incurred losses in the years ended September 30, 2011 and September 30, 2010. Based on the current exploration and development plans for the Dornod Uranium Project, the Company expects to incur losses for the foreseeable future and will require additional funds to finance exploration and development activities.

Revenue

Total revenue increased by $299,000 during the year ended September 30, 2011 from the comparable period in 2010 due to the increases in interest income, rent revenue and other income. Interest income increased due to higher interest rates. Rent revenue resulted from a sublet of office space in 2011. There was no rental revenue in 2010. Other income in 2011 resulted from the settlement with China National Nuclear Corporation ("CNNC") in relation with the termination of the offer made by CNNC to acquire all of the outstanding common shares of Khan at C$0.96 per share. There was no compatible transaction in 2010.

Expenses

Total expenses decreased by $427,000 during the year ended September 30, 2011 from the comparable period in 2010 due primarily to the decreases in general corporate expense of $1,069,000, amortization expense of a $17,000 and Mongolian operations expense of $220,000offset by the increase in stock-based compensation of $241,000, the decrease in foreign exchange gain of $423,000, a loss on disposal of assets of $2,000 and a loss on the investment in Macusani purchase warrants of $213,000.

General corporate expense decreased by $1,069,000 in 2011 compared with 2010. The following table illustrates the major items included in general corporate expense:

	Year ended September 30, 2011 $000's	Year Ended September 30, 2010 $000's
Accounting and audit	158	145
Investor relations	77	139
Insurance	136	109
Legal	1,131	1,277
Management remuneration	854	1,068
Office and travel	428	1,115
	2,784	3,853

The major factor of the overall decrease was a lower level of activity in 2011 offset by the change in exchange rates between the Canadian dollar and the United States dollar as the majority of this expense is incurred in Canadian dollars and translated to United States dollars. The Canadian dollar averaged $1.014 in terms of the United States dollar during the year ended September 30, 2011 and averaged $0.9606 in terms of the United States dollar during the year ended September 30, 2010, an increase of 5%.

Other significant factors responsible for the changes in general corporate expense were as follows:

- Legal fees and expenses were higher in 2010 due to the ARMZ Offer, the Mongolian MOU, the CNNC Offer and the Mongolian court cases. In 2011, legal expenses associated with International Arbitration remained on a relatively moderate level because for the majority of the fiscal year, activities were in the preparation stage for the International Arbitration hearings.

- Management remuneration decreased due to change from full-time to part-time basis for certain staff, a reduction of overall staff levels and lower directors' fees due to decrease in the number of meetings.

- Accounting and audit expense increased due to fees related to the transition to IFRS.
- Investor relation expense decreased due to a lower level of activity.
- Insurance expense increased due to higher premiums for directors and officers insurance.
- Office and travel decreased due to lower level of activity and a focus on expense reduction.

Mongolian operations expense decreased by $220,000 in 2011 compared with 2010 due to fewer staff and a lower level of activity.

Amortization expense decreased by $17,000 in 2011 compared with 2010 as a number of assets became fully amortized in 2011.

Stock-based compensation expense increased by $241,000 in 2011 compared with 2010 due to the higher expense for the vesting of outstanding options. In 2011, 1,225,000 stock options were granted and there were no options granted in 2010. A significant portion of options granted in prior years was fully vested by September 30, 2009; thus a lower expense for the vesting of options was recorded in 2010.

The decrease in foreign exchange gain of $423,000 is primarily due to the fluctuation in value of the Canadian dollar in terms of the United States dollar and the amount of Canadian dollars on hand. In 2011, at the beginning of the fiscal period, the Canadian dollar was $0.9718 in terms of the United States dollar compared with $0.9540 at the end of the fiscal period. In 2010, at the beginning of the fiscal period, the Canadian dollar was $0.9340 in terms of the United States dollar compared with $0.9718 at the end of the fiscal period. The average Canadian dollars on hand was 97% of cash during 2011 compared with 90% during 2010.

Mineral interests

During the year ended September 30, 2011, the deferred development costs, consisting mainly of camp operations and site maintenance, incurred on the Dornod Uranium Project, were $153,000. The following table sets out the change in deferred development costs:

	As at September 30, 2011 $000's	during the year ended September 30, 2011 $000's	As at September 30, 2010 $000's
Deferred development costs			
Dornod Uranium Project, Mongolia	11,718	153	11,565

Summary of Quarterly Results

The following table sets out the financial results for Khan's eight most recently completed quarters. The results are expressed in thousands of United States dollars except per share amounts.

	Quarter ended September 30, 2011 $000's	Quarter ended June 30, 2011 $000's	Quarter ended March 31, 2011 $000's	Quarter ended December 31, 2010 $000's
Revenue	283	29	20	24
Expenses	1,696	1,403	1,024	(10)
Net income (loss)	(1,413)	(1,374)	(1,004)	34
Net income (loss) per share - basic and diluted	$ (0.03)	$ (0.02)	$ (0.02)	$ (0.00)

	Quarter ended September 30, 2010 $000's	Quarter ended June 30, 2010 $000's	Quarter ended March 31, 2010 $000's	Quarter ended December 31, 2009 $000's
Revenue	20	17	9	11
Expenses	466	1,604	1,280	837
Net income (loss)	(446)	(1,587)	(1,271)	(826)
Net income (loss) per share - basic and diluted	$ (0.01)	$ (0.03)	$ (0.02)	$ (0.02)

Over the past eight quarters, variations in the quarterly loss have usually been caused by fluctuations in general corporate expense, stock-based compensation expense, foreign exchange gain or loss and other expense items. General and corporate expense varies according to the level of activity in the head office. Stock-based compensation expense varies from quarter to quarter depending on the number of stock options granted and vested in the quarter. The foreign exchange gain or loss arises from the translation of amounts denominated in foreign currencies to United States dollars.

Liquidity and Capital Resources

As at September 30, 2011, the Company had working capital of $5,334,000 (September 30, 2010 - $10,446) which comprised cash of $5,656,000 (September 30, 2010 - $10,554,000), accounts receivable in the amount of $26,000 (September 30, 2010 - $59,000), prepaid expenses and other assets in the amount of $114,000 (September 30, 2010 - $191,000), restricted cash in the amount of $50,000 (September 30, 2010 - $51,000), investment in Macusani share purchase warrant of $87,000 (September 30, 201 – nil) and current liabilities of $599,000 (September 30, 2010 - $409,000).

The Company earns no income from operations and any significant improvement in working capital results from the issuance of share capital. For the year ended September 30, 2011, the operating activities of Khan used cash of $2,530,000 (2010 - $4,393,000), the investing activities, which consisted of the purchase of investments, purchase and disposal of capital assets and purchase of mineral interests used cash of $2,554,000 (2010 - $2,324,000), the financing activities provided cash of $122,000 (2010 – nil) and the foreign exchange gain on cash was $64,000 (2010 – gain of $477,000). The Company's last primary financing activity was on March 1, 2007, when the Company completed a public offering of 8,150,000 Common Shares, which were issued pursuant to a prospectus dated February 21, 2007. The Common Shares were issued at a price of Cdn$3.70 each, for total proceeds of Cdn$30,155,000.

The Company believes that it has sufficient financial resources to pay its ongoing general corporate and Mongolian operations expenses and to meet its liabilities over the next year. This expectation is based on the forecast costs associated with maintaining the current operations. There are no cost forecast for the development of the Dornod mine in the next year. The Company considers the re-instatement, re-registration and maintenance of the mining and exploration licenses for the Project, an updated joint venture agreement in respect of the CAUC joint venture and the successful negotiation of an investment agreement with the Government of Mongolia to be major prerequisites to any major mine development work. If these are achieved, the subsequent development of the Dornod Uranium Project will depend on, among other things, the Company's ability to obtain additional financing, and political and regulatory developments or changes in Mongolia. The Company has issued common shares, warrants and agents' options from time to time to advance the Project through various stages of development; however, debt may be required to bring the Project into production. There can be no assurance that the Company will be successful in raising the required financing.

The Company's capital resources are also dependent on the existence of a profitable market for the sale of mineralized material which it may discover or acquire. There can be no assurance that the uranium price will sustain a level that will enable the Dornod Uranium Project to be mined at a profit.

In addition**,** the ultimate development of the Dornod Uranium Project is a large, complex undertaking that will require substantial engineering, construction and operating expertise and execution. Potential cost overruns and completion delays are significant risks in projects of this size. In addition, Khan's operations are exposed to significant risks of legislative, political, social regulatory and economic developments or changes in the jurisdictions in which it carries on business. Any such changes are beyond the Company's control and may adversely affect Khan's business, properties and assets. The Company also considers the re-instatement, re-registration and maintenance of the mining and exploration licenses for the Project, an updated joint venture agreement in respect of the CAUC joint venture and the successful negotiation of an investment agreement with the Government of Mongolia to be major prerequisites to any major mine development work.

The Company 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 other than a five-year lease for office space that commenced on March 1, 2006. The lease has been extended until September, 2012 essentially under the same terms and conditions. The expected rent for the next year is $95,000.

Fourth Quarter

For the three months ended September 30, 2011, the Company recorded a net loss of $1,413,000 or $0.03 per share compared with a net loss of $446,000 or $0.01 per share in the comparable period of 2010.

Total revenue was $283,000 during the quarter ended September 30, 2011 compared with $20,000 in the compatible period of 2010.

Total expenses increased by $1,230,000 during the quarter ended September 30, 2011 from the comparable period in 2010 due primarily to increases in legal expense, a change of $761,000 in foreign exchange from gain of $321,000 in 2010 to loss of $440,000 in 2011 and a loss on the investment in Macusani share purchase warrants of $213,000.

Outstanding Share Data

The following table sets forth particulars of the fully-diluted share capitalization of Khan as at as of the date of this MD&A:

Securities	Number of Common Shares
Issued and outstanding common shares	54,525,445
Shares issuable upon exercise of stock options	3,478,334
Total	58,003,779

Transactions with Related Parties

There were no transactions with related parties during the years ended September 30, 2011 and 2010.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Critical Accounting Estimates

The Company's significant accounting policies are described in note 2 to the audited consolidated financial statements for the year ended September 30, 2011. Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Management uses its judgment and knowledge from past experience as a basis for estimates and other assumptions in connection with the preparation of the financial statements. Management's estimates and assumptions are evaluated and updated regularly. The actual results of the Company may materially differ if management were to use different estimates and assumptions. The following accounting estimates are what management currently considers being the most critical in the preparation of the Company's financial statements.

Mineral interests

The carrying values for development and exploration properties are cost less any write down to recognize impairment. Management reviews properties when events or changes in circumstances suggest that the carrying value of certain long-lived assets may not be recoverable. An asset impairment charge will be required if the undiscounted cash flows do not exceed the carrying value of the asset tested. The charge to earnings will be the difference between the asset's fair value and the carrying value. Future cash flows are estimated by management based on estimated uranium prices, operating costs, production volume, reclamation costs, capital expenditures and mineral reserves. Each of these variables is subject to uncertainty and risk.

Assets held for sale are separately presented in the consolidated balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are not depreciated while they are classified as held for sale.

Asset retirement obligations

The Company is subject to environmental protection laws governing reclamation of its development and exploration properties. These laws are continually changing and these changes may affect the procedures and costs required to complete reclamation obligations. Estimates of the fair value of the liabilities for asset retirement obligations are recognized in the period they are incurred. Actual future reclamation costs may be materially different from the costs estimated by the Company.

Contingencies

An estimated contingent loss is recorded when it is determined from available information that a loss is probable and that the amount can be reasonably estimated. Contingent liabilities involve the exercise of judgment and an estimate of future outcomes.

Stock-based compensation expense

The Company has a stock-based compensation plan. The Company accounts for stock options using the fair value method. The determination of the fair value of stock options issued requires management to estimate future stock volatility and a risk-free rate of return. Management uses the Black-Scholes option pricing model to estimate the fair value of Khan's stock options. The assumptions made may change from time to time.

Changes in Accounting Policies Including Initial Adoption

Initial Adoption

Financial Instruments – Disclosures

Effective October 1, 2009, the Company adopted the amendment to the Canadian Institute of Chartered Accountants ("CICA") section 3862 (Financial Instruments – Disclosures), which adopted the amendments recently issued by the IASB to IFRS 7 - Financial Instruments: Disclosures, which was issued in March 2009. The amendments enhance disclosures about fair value measurements, including the relative reliability of the inputs used in those measurements, and about the liquidity risk, of financial instruments. The amendments are effective for annual financial statements for fiscal years ending after September 30, 2009, with the early adoption permitted. The adoption of this standard did not have any impact on the Company's consolidated financial statements.

Financial Instruments – Recognition and Measurement and Impaired Loans

Effective October 1, 2009, the Company adopted the amendment to the CICA section 3855 (Financial Instruments – Recognition and Measurement) and concurrently accounting section 3025 (Impaired Loans). These amendments affect the classifications that are required or allowed for debt instruments, as well as the impairment model for held-to-maturity financial assets. The amendments are effective for annual financial statements relating to fiscal years beginning on or after November 1, 2008. The adoption of this standard did not have any impact on the Company's consolidated financial statements.

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, restricted cash, investments and accounts payable and accrued liabilities.

Fair Value

Cash is designated as held for trading and therefore carried at fair value with the unrealized gains or losses recorded in the consolidated statements of operations and deficit. Accounts receivable are designated as loans and receivables and, therefore, carried at amortized cost with the gains and losses recognized in the consolidated statements of operations and deficit in the period that the asset is derecognized or impaired. Restricted cash is designated as held for trading and, therefore, carried at fair value with the unrealized gains or losses recorded in the consolidated statements of operations and deficit. Investments in equity instruments are designated as available-for-sale and recorded at fair value with unrealized gains and losses recognized in the statement of comprehensive loss and realized gains and losses recognized in the consolidated statement of operations and deficit. Investments in non-hedge derivatives are designated as held-for-trading and recorded at fair value using quoted prices in active market if such prices are available; otherwise, such instruments are measured at fair value using measurement techniques based on the market price of underlying equity instrument traded in active market. Accounts payable and accrued liabilities are designated as other financial liabilities and therefore carried at amortized cost with the gains or losses recognized in the consolidated statements of operation and deficit when the financial liability is derecognized or impaired. The estimated fair values of accounts receivable and accounts payable and accrued liabilities approximate their respective carrying values.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts and guaranteed investment certificates. Bank accounts are held with major banks in Canada and Mongolia. As the majority of the Company's cash is held by a Canadian bank and the guaranteed investment certificate is also held by the same Canadian bank, there is a concentration of credit risk with one bank in Canada. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to credit risk is on its accounts receivable. This risk is minimal as accounts receivable consist primarily of refundable government taxes.

Currency Risk

The Company operates in Canada and Mongolia and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency. The majority of these transactions are in Canadian dollars. The Company's cash, accounts receivable, restricted cash, investments and accounts payable and accrued liabilities that are held in Canadian dollars, Euros and Mongolian togrogs are subject to fluctuation against the United States dollar.

Interest Rate Risk

The Company is exposed to interest rate risk as bank accounts earn interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The income earned on these bank accounts is subject to the movements in interest rates.

The Company also records transaction costs related to the acquisition or issue of held for trading financial instruments to the consolidated statements of operations and deficit as incurred. Transaction costs related to financial instruments not designated as held for trading are included in the financial instrument's initial recognition amount.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances.

International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board (AcSB) confirmed 2011 as the official changeover date for publicly listed Canadian companies to start using International Financial Reporting Standards (IFRS). The transition will affect interim and annual financial statements relating to years beginning on or after January 1, 2011. For the Company, the first annual IFRS financial statements would be prepared for the year ended September 30, 2012 and the first interim financial statements under IFRS would be for the three months ended December 31, 2011. These financial statements would also include comparative amounts for the 2011 fiscal year prepared on an IFRS basis.

The Company has prepared a comprehensive IFRS conversion plan and engaged third party advisors to assist with the planning and implementation of its conversion to IFRS. As part of the analysis of potential changes to significant accounting policies, the Company has assessed what changes may be required to its accounting systems and business processes. The adoption of IFRS requires the application of IFRS 1 – First-time Adoption of International Financial Reporting Standards ("IFRS 1") which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period, however IFRS 1 also provides certain optional exceptions and mandatory exceptions to this retrospective treatment. At the date of this MD&A, the Company was able to

(i) identify major differences between IFRS and GAAP applicable to the Company
(ii) analyze choices regarding accounting policies where IFRS allows alternatives, make decisions of IFRS 1 exemptions and
(iii) prepare first-time adoption reconciliations required under IFRS 1 between GAAP and the IFRS opening balance sheet as at October 1, 2010.

The adoption of IFRS will result in some changes to the Company's accounting policies, financial statement presentation and disclosures and modification of accounting software system.

The Company has also chosen certain exemptions from the retrospective applications of IFRS at the transition date that are provided by IFRS 1. The following exemptions have been applied to the opening statement of financial position prepared as at the date of transition of the Company, October 1, 2010.

(a) Business combinations

A first time adopter may elect not to retrospectively restate any business combinations prior to the date of transition (i.e. prospective application of IFRS 3). The Company has taken advantage of this election and will apply IFRS 3 to business combinations that occurred on or after October 1, 2010. .

(b) Share-based payment transactions

A first time adopter is encouraged but not required to retrospectively apply IFRS 2 to equity instruments (equity settled transactions) granted on or before November 7, 2002. Similarly, a first time adopter is encouraged but not required to apply IFRS 2 to equity instruments that were granted after November 7, 2002 and that vested before the date of transition to IFRS.

The Company has elected to not to apply IFRS 2 to awards that vested prior to October 1, 2010, which have been accounted for in accordance with Canadian GAAP.

(c) Cumulative translation differences

A first time adopter is permitted to reset the cumulative translation differences to zero by recognizing the full amount in the retained earnings of the opening balance sheet. This exemption allows entities to avoid the adjustments to the balance which would be required as a result of the IFRS transition adjustments of foreign operations. The Company has chosen to apply this election and has eliminated the cumulative translation difference and adjusted retained earnings by the same amount at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS will not affect the gain or loss on disposal.

The October 1, 2010 Canadian GAAP Statement of financial position has been reconciled to IFRS as follows (subject to audit):

Khan Resources Inc.
Consolidated Opening Balance Sheet
GAAP/IFRS Reconciliation - as at October 1, 2010

	Canadian GAAP $	Currency translation change C$ (i)	Other IFRS Adjustments C$	IFRS C$
In thousands				
ASSETS				
Current				0
Cash and cash equivalents	10,554	10,860		10,860
Accounts receivable	59	61		61
Prepaid expenses and other assets	191	201		201
Restricted cash	51	52		52
Total current assets	10,855	11,174	0	11,174
Investments	3,401	3,500		3,500
Property, Plant and Equipment	3,828	3,662	-1 ii	3,661
Mineral Interests	12,012	12,424		12,424
Intangible Assets	0		1 ii	1
TOTAL ASSETS	**30,096**	**30,760**	**0**	**30,760**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts Payable and accrued liabilities	409	421		421
Capital stock	71,247	84,709	(21) iii	84,688
Deficit	(42,881)	(52,460)	(3,195)	(55,656)
Accumulated other comprehensive income	1,321	1,306		1,306
Cumulative Translation Adjustment		(3,216)	3,216 iv	0
	29,687	30,339	0	30,339
TOTAL LIABILITIES AND EQUITY	**30,097**	**30,760**	**0**	**30,760**

(i) IAS 21 – Foreign Exchange Translation

The Company determined functional currencies of the Company and its subsidiaries as required under IFRS. The Company's functional currency is Canadian dollars as this is principal currency of the economic environment in which it operates. KRL's and CAUC's functional currency is the Mongolian Togrog. Khan Resources Bermuda, Khan Resources Netherlands and CAUC Holding also use the Canadian dollar as their functional currency because they are not autonomous but rather act as an extension of the Company.

The financial statements of KRL and CAUCare translated from Mongolian Tugriks to Canadian dollars as required under IAS 21.

(ii) IAS 38 – Intangible Assets

Mining and Accounting Software
Under Canadian GAAP, the Company recognized Computer Software in Property, Plant and Equipment (PPE). IAS 38 requires that if computer software is not an integral part of the related hardware, it should be treated as an intangible asset instead of PPE. As such, the Company has reallocated the value of the mining and accounting software from PPE to Intangible Assets. At the date of transition the cost of reallocated software was C$11,650 less accumulated amortization of C$10,697.

(iii) IFRS 2 – Stock Based Compensation

In accordance with IFRS transitional provisions, the company elected to apply IFRS relating to share-based payments retrospectively to outstanding stock options that had not vested prior to October 1, 2010. There was an adjustment of C$21,000 arising from this election as a portion of outstanding stock options had not vested by October 1, 2010.

(iv) IFRS 1 - First Time Adoption

As set out in (c) above, the Company applied the IFRS 1 exemption that permits the cumulative translation differences to be reset to zero by recognizing the full amount in the retained earnings of the opening balance sheet. The application of this exemption resulted in a reallocation of cumulative translation differences of C$3,216,000 to retained earnings as at October 1, 2010.

The IFRS accounting differences, findings concerning accounting policies and the IFRS 1 elections set out above are based on current IFRS which are subject to change. The Company's reporting under IFRS in fiscal 2012 will be based on the standards effective for that year. Accordingly, the Company continues to monitor standards development by the International Accounting Standards Board and the AcSB.

Risks and Uncertainties

Khan's success depends upon a number of factors, many of which are beyond its control. Typical risk factors include, among others, political risk, financing risk, title risks, exploration and development risks, joint venture risks, commodity price, and currency exchange rate risks, operating and environmental hazards encountered in the mining business and changing laws and public policies. Risk factors are more fully described in the Company's Annual Information Form to be filed with SEDAR on or before December 31, 2011.

There can be no assurance that Khan's licenses will be retained, re-instated or re-registered under the NEL (or any other law pursuant to which such licenses may in the future be required to be registered) or, if retained, re-instated or re- registered, the terms and conditions upon which such licenses may be retained, re-instated or re- registered. In the absence of the mining and exploration licenses being retained, re-instated or re-registered, there is uncertainty surrounding the Company's interest in the title and capitalized values of the Dornod properties. The Company believes it has complied with all of the Mongolian Government requirements to maintain title and that a settlement arrangement will be reached with the Government of Mongolia whereby the Company will realize value for its interest in the Dornod properties. Management has prepared the Company's consolidated financial statements with no write-down of the capitalized value relating to the Dornod properties. This is in accordance with the Company's accounting policy for mineral interests which states the costs of acquiring mineral interests and related exploration costs are deferred until the properties to which they relate are placed into production, sold or the related licences or permits are allowed to lapse. Should the Government of Mongolia prevail in its assertions that Khan has not met the requirements to retain, re-instate or re-register its licenses with respect to the Dornod properties, and the Company loses its interest in the Dornod properties, then the Company will be required to recognize a material write-down of the Dornod properties and related assets.

Disclosure Controls and Procedures

Management is responsible for the information disclosed in this MD&A and has in place the appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable. As of the year ended September 30, 2011, an evaluation was carried out under the supervision of, and with the participation of, the Company's management, including the Chief Executive Officer and Chief Financial Officer, on the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of September 30, 2011 to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities.

Management's Assessment of Internal Control over Financial Reporting

Management is also responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system is designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the consolidated financial statements. Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. The Chief Executive Officer and Chief Financial Officer have reviewed the internal control procedures in existence as of September 30, 2011, and concluded that the Company's internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles ("GAAP"). During the most recent fiscal year, there have been no changes in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Additional Information

Additional information, including the AIF of the Company, is available by accessing SEDAR.

Cautionary Note Regarding Forward-Looking Information

This management's discussion and analysis contains "forward-looking statements" and "forward-looking information" that are not historical facts and which include, but are not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries and its projects, the future price of uranium, the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage, and the timing and possible outcome of pending and potential litigation and regulatory matters. Often, but not always, forward-looking statements and information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events, performance or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements and information have been prepared for internal planning purposes and may not be appropriate for other purposes. Forward-looking statements and information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, events or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements and information. Such risks, uncertainties and factors include, among others: significant business, economic, competitive, political, regulatory and social uncertainties and contingencies; the impact of International, Mongolian and Canadian laws, trade agreements, treaties and regulatory requirements on Khan's business, licenses, operations and capital structure; Khan's ability to re-instate, re-register and maintain its licenses; regulatory uncertainty and obtaining governmental and regulatory approvals; legislative, political, social, regulatory and economic developments or changes in jurisdictions in which Khan and Macusani carry on business; the nature and outcome of the International Arbitration proceedings against the Government of Mongolia, the litigation against Atomredmetzoloto JS or any of the future litigation, arbitration and other legal or regulatory proceedings; the speculative nature of mineral exploration and development; changes in project parameters as plans continue to be refined; the actual results of exploration or reclamation activities; possible variations in ore grades or recovery rates; changes in market conditions; changes or disruptions in the securities markets and market fluctuations in prices for Khan's securities; the lack of any strategic or alternative transactions or the terms and conditions of any such transactions not being acceptable; 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 potential strategic transactions involving Khan, including those transactions that may produce strategic value to shareholders; changes in the worldwide price of certain commodities such as uranium, coal, fuel, electricity and fluctuations in resource prices; fluctuations in currency exchange rates and interest rates, including fluctuations in the value of United States and Canadian dollars relative to the Mongolian Togrog; inflationary pressures; the occurrence of natural disasters, hostilities, acts of war or terrorism; the need to obtain and maintain licenses and permits and comply with national and international laws, regulations, treaties or other similar requirements; risks involved in the exploration, development and mining business; operating or technical difficulties in connection with mining or development activities, including conducting such activities in remote locations with limited infrastructure; employee relations and shortages of skilled personnel and contractors; and uncertainty in the estimation of mineral reserves and resources that will be encountered if any property is developed; failure of plant, equipment or processes to operate as anticipated; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Mongolia, Bermuda, the British Virgin Islands or the Netherlands, as well as other risks associated with resource exploration and mine development described under the heading "Risk Factors" in the Company's Annual Information Form to be filed on SEDAR on or before December 31, 2011. Although the Company believes that the assumptions inherent in the forward-looking statements and information are reasonable, undue reliance should not be placed on these statements and information. Forward-looking statements and information contained herein are made as of the date of this document and the Company disclaims any obligation to update any forward-looking statements or information, whether as a result of new information, future events or results or otherwise, except as required under applicable laws. There can be no assurance that forward-looking statements or information will prove to be accurate, as actual results, performance, achievements and events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements or information.

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