Khan Resources Inc.

Management Discussion and Analysis

March 31, 2015

KHAN RESOURCES INC.

RESULTS FOR THE SIX MONTHS ENDED MARCH 31, 2015

This Management Discussion and Analysis ("MD&A") has been approved in accordance with a resolution of the Board of Directors dated May 21, 2015. It should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company as at March 31, 2015.

Significant Events and Current Status

Chairman Jim Doak – The Company is greatly saddened by the loss of James B.C. Doak, Chairman of the Board of Directors. Jim died suddenly of natural causes, on April 23, 2015, while on business in Ulaanbaatar, Mongolia. He had travelled to Mongolia with Grant Edey, President and CEO to negotiate the collection of the award made by the international arbitration tribunal (see below). Jim made an immense contribution to the Company since he became Chairman in 2006. Jim's leadership and support for a remedy to the clear violation of Khan's rights by the Government of Mongolia was boundless. The Company will continue to realize on his vision.

International arbitration award – On March 2, 2015 the international arbitration tribunal rendered an award to Khan as compensation for the Government of Mongolia's actions in relation to the cancellation of Khan's uranium licenses in 2009. As of the date of the approval of this MD&A, May 21, 2015, the award aggregates to approximately $104 million (US) with interest currently accruing at a rate of 2.55 % or $6,500 per day. In Canadian dollars at May 20, the value of the total award was $127 million.

Cash – The Company has announced that that it intends to raise approximately $2 million in a non-brokered private placement by issuing approximately 5 million common shares of the Company at a price of $0.40 per common share. The offering is expected to close in May 2015. The proceeds of the offering will be used to advance proceedings to enforce the collection of the arbitration award. Cash balances are also being supplemented by the exercise of outstanding options and by the sale of investments.

Investments – At March 31, 2015, the Company held 8.4 million common shares of Macusani Yellowcake Inc. ("Macusani") with a fair value of $464,328. During the latest quarter the Company sold 6 million Macusani shares for proceeds of $208,500. The Company's remaining holdings represent 3.2% of the 262.9 million Macusani outstanding common shares.

The following table summarizes financial results of the Company for the six months ended March 31, 2015 and 2014.

In thousands of dollars

	2015	2014	**Change %**
Net loss from continuing operations			
Three months ended March 31	**(1,275)**	(765)	-66.7%
Six months ended March 31	**(1,721)**	(1,851)	7.0%
Net loss from discontinued operations			
Three months ended March 31	**-**	(30)	100.0%
Six months ended March 31	**(8)**	3	366.7%
Basic and diluted earnings per share ($)			
Three months ended March 31	**(0.02)**	(0.01)	-100.0%
Six months ended March 31	**(0.02)**	(0.02)	0.0%
Cash flow			
Six months ended March 31	**117**	(1,566)	107.5%
Cash and cash equivalents			
As at March 31	**469**	665	-29.5%
Working Capital			
As at March 31	**692**	1,242	-44.3%

Overall Performance

International Arbitration Award

On March 2, 2015 the international arbitration tribunal rendered an award to Khan as compensation for the Government of Mongolia's actions in relation to the cancellation of Khan's uranium licenses in 2009. The award consisted of a base amount of $80 million (US) plus interest at LIBOR +2% (compounded annually) from July 1, 2009 to the time of payment. In addition, the tribunal awarded costs of $9.1 million in favour of Khan. At March 31, the award aggregated to approximately $104 million. Interest is accruing on the award at a rate of 2.55% or $6,500 per day.

In Canadian dollars at the closing exchange rate on March 31, the value of the total award was $132 million.

The international arbitration action, initiated in January 2011 against the Government of Mongolia and its state-owned uranium company, MonAtom LLC, was for the Government of Mongolia's failure to reissue the Company's mining and exploration licenses for the Dornod uranium project in northeastern Mongolia.

Consistent with the Company's preferred strategy of reaching an amicable settlement with the Government of Mongolia, meetings with representatives of the Government of Mongolia took place Paris on March 24 and 25, 2015 and in Ulaanbaatar on April 21 and 22, 2015. During these meetings, the Company repeated its request for full and prompt payment of the award.

Khan intends to vigorously pursue obtaining value for shareholders. The Company has commenced a complementary initiative for enforcement and collection of the award in the countries that are signatories to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958). The Company has retained the services of specialists for assistance in this matter.

Closure of Mongolian subsidiaries

The Mongolian subsidiaries were closed on September 30, 2013 and all Mongolian tangible assets were retired. The office in Ulaanbaatar was closed on June 30, 2014. The Company no longer has any employees in Mongolia.

The Company has determined that it does not have the power to govern the financial and operating policies of the Mongolian subsidiaries due to circumstances in Mongolia that are impeding the legal dissolution of these entities. Accordingly the Company derecognized related assets, liabilities and non-controlling interests at December 31, 2014. The Company did not receive any consideration in the deconsolidation of these two subsidiaries.

The assets and liabilities of the Mongolian subsidiaries are not significant to the Company's consolidated financial statements.

In conjunction with the closure plan, the Company recognized in the September 30, 2013, financial statements a provision of $38,000 for restructuring costs consisting of employee termination benefits along with estimated accounting and legal costs for closure. During the year ended September 30, 2014, $29,000 was incurred and charged against the provision. During the six months ended March 31, 2015 additional $4,000 was charged against the provision for the cost associated with tax and legal advice. The results of Mongolian operations are reported as discontinued operations on the face of the Company's consolidated statement of loss for the six months ended March 31, 2015 with comparative results for the six months ended March 31, 2014.

Selected Quarterly Information

In thousands of dollars

	Mar 31 2015	Mar 31 2014	Mar 31 2013
Revenue	-	2	7
Loss from operations	(1,213)	(827)	(964)
Gain (loss) on sale of investments	(62)	32	-
Net loss	(1,275)	(795)	(964)
Total assets	1,024	2,950	4,546
Total non-current liabilities	-	-	-
Basic and diluted earnings per share (in Canadian dollars)	(0.01)	(0.01)	(0.01)

The Company incurred significant legal costs associated with its international arbitration case in 2013. During the three months ended March 31, 2014, legal costs related to international arbitration were minimal. Lower legal costs in the second quarter of 2014 were partially offset by higher stock-based compensation expense. During the second quarter of 2015, the Company commenced an initiative for enforcement and collection of the international arbitration award. The higher net loss in the second quarter of 2015 was a result of the legal costs associated with this initiative and higher fair value of stock options granted in the second quarter of 2015 than in 2014. The reduction in total assets is due to the reduction in cash balances and a net decrease in fair value of the investment in Macusani.

Results of Operations

Revenue

In thousands of dollars

		Three months		Six months	
	Notes	**2015**	2014	**2015**	2014
Revenue					
Finance income from continued operations		**-**	2	**1**	6
Finance income from discontinued operations		**-**	-	**-**	-
Total revenue		**-**	2	**1**	6

Finance income declined by $2,000 in the quarter and $5,000 year-to-date as a result of lower cash balances on hand compared to the prior year.

Legal Expenses

During the second quarter of 2015, legal expenses, primarily related to the collection and enforcement of international arbitration award, were $295,000. Legal expenses related to the international arbitration case during the second quarter of fiscal 2014 were $34,000. Year-to-date, legal expenses were $304,000 in 2015 and $897,000 in 2014. The evidentiary phase of the international arbitration action was essentially complete by the end of first quarter of 2014.

At March 31, 2015, a contingent liability amounting to $4,108,293 (September 30, 2014 - $3,627,652) existed in respect of a completion fee arranged with legal counsel handling the international arbitration. The fee is based on the actual cost of the legal work completed and is conditional upon the recovery (in whole or significant part) by the Company of a settlement or award of the international arbitration case. As a present obligation does not exist due to the conditional nature of the fee, the amount is uncertain and cannot be measured reliably. Therefore management has not recognized a provision in the consolidated financial statements as at the date of their approval.

General Corporate Expenses

In thousands of dollars

	Three months		Six months	
	2015	2014	**2015**	2014
Accounting and audit	**2**	20	**9**	29
Investor relations	**17**	20	**20**	20
Insurance	**13**	16	**26**	32
Salaries	**125**	141	**249**	282
Office and travel	**61**	89	**127**	151
Total general corporate expenses	**218**	286	**431**	514

Expenses have been reduced through reduced operating activity.

Amortization and impairment loss

There was no amortization expense and impairment loss for the second quarters of 2015 and 2014. There was also no amortization expense year-to-date in 2015 (2014 –$1,000) because all the Company's tangible assets were fully amortized or impaired before October 1, 2014.

Share-based compensation

The share-based compensation expense (non-cash) was $188,000 higher for the quarter and $173,000 higher year-to-date than in the comparable period of the prior year. The difference is due to the higher fair value of options granted in the current year. The major factor that caused the higher value of the options granted on March 19, 2015, as measured by the Black-Scholes pricing model, was the option exercise price of $0.57 (March 28, 2014 - $0.335).

Available-for-sale investments (Macusani)

The value of the Company's investment in Macusani as at March 31, 2015 was $464,000 (September 30, 2014 - $939,000). The decrease of $475,000 resulted from a decline in price of Macusani shares from $0.065 at September 30, 2014 to $0.055 at March 31, 2015 and from the sale of 6 million shares during the second quarter for gross proceeds of $208,500. In addition, a loss of $61,500 was realized on the sale of the 6 million shares. While there was year-to-date decline in the price of Macusani shares, the $0.01 improvement during the second quarter resulted in a valuation gain of $85,000 before income tax that was recognized in other comprehensive income ("OCI").

During the second quarter of 2014, the value of Macusani investment increased by $393,000 from the value at September 30, 2013. The increase was due to an improvement in the price of Macusani common shares from $0.075 per share at September 30, 2013 to $0.105 per share at March 31, 2014, offset by sale of 700,000 shares for gross proceeds of $92,000.

On April 30, 2015, Macusani announced a name change to Plateau Uranium Inc. and an eight for one share consolidation.

Discontinued operations

Discontinued operations comprise the Mongolian subsidiaries that were closed on September 30, 2013. The loss from discontinued operations was $8,000 (2014 – gain of $3,000). Certain transactions incurred in 2014 did not repeat in 2015. During the six months ended March 31, 2014, the Company sold the remaining Mongolian assets for a gain of $47,000 and reversed the over-estimated restoration provision for an additional gain of $22,000. During the six months ended December 31, 2015, other operating expenses were $30,000 less than the comparative period as salaried employees left the business. Future costs related to these discontinued operations are expected to be minimal.

Income Tax

The current income tax provision is nil (2014 – nil) for the three months and nil (2014 - $2,000) for the six months ended March 31, 2015. The provision consists of the Government of Mongolia's withholding tax on intercompany interest expense. On December 31, 2013, the related intercompany loan was converted to equity as part of the wind up process. Accordingly, no interest expense or withholding tax was accrued or paid after December 31, 2013.

The Company also recognized a deferred tax benefit of $12,000 (2014 - $36,000) for the three months and of $2,000 (2014 - $57,000) for the six months ended March 31, 2015 on the statement of loss for the purpose of offsetting the deferred tax expense in the same amount recognized in the statement of comprehensive loss. The deferred tax benefit is recognized in the statement of loss because it originated in operations. The net result of these two amounts is zero.

Summary of Quarterly Results

In thousands of dollars

	31-Mar 2015	Dec 31 2014	Sep 30 2014	Jun 30 2014	Mar 31 2014	Dec 31 2013	Sep. 30 2013	Jun 30 2013	Mar 31 2013
Revenue	-	1	-	1	2	4	3	4	7
Expenses	(1,275)	(455)	(177)	(417)	(797)	(1,060)	(1,968)	(1,151)	(971)
Net loss	(1,275)	(454)	(177)	(416)	(795)	(1,056)	(1,965)	(1,147)	(964)
Basic and diluted earnings per share ($)	(0.02)	(0.01)	0.00	(0.01)	(0.01)	(0.01)	(0.03)	(0.02)	(0.01)

Financial and Capital Management

Outstanding share data

Common shares outstanding

	Number of shares
Outstanding, October 1, 2014	**76,416,482**
Shares issued under share option plan	**1,775,000**
Outstanding, March 31, 2015	**78,191,482**

Share options outstanding

	Number of shares	Weighted average exercise price ($)
Outstanding, October 1, 2014	**6,925,000**	**0.31**
Granted	**1,775,000**	**0.57**
Exercised	**(1,775,000)**	**0.26**
Forfeited	**-**	**-**
Outstanding, March 31, 2015 (a)	**6,925,000**	**0.39**

(a) All options were vested and exercisable at March 31, 2015

Common shares outstanding - diluted

	Number of shares
Outstanding, March 31, 2015	**85,116,482**

At May 21, 78,201,485 common shares and 6,915,000 share options were outstanding. Diluted common shares outstanding were 85,116,482.

Cash Flows

For the six months ended March 31, 2015 operating cash outflow was $545,000, an improvement of $1,251,000 from the prior year. This can be attributed primarily to $593,000 less legal expenses than in the prior year, and reduced accounts payable and accrued liabilities balances. During the six months ended March 31, 2015, the sale of Macusani common shares generated investment cash inflow of $209,000 (2014 - $92,000). In 2015, there was cash outflow of $5,000 due to the deconsolidation of a Mongolian subsidiary. Additional investing cash inflow in the prior year of $54,000 was resulted from the sale of assets at the Dornod site and at the corporate office.

During the six months ended March 31, 2015, the exercise of stock options provided cash of $455,000 (2014 - $91,000).

Financial Instruments and Financial Risks

The Company's primary financial instruments consist of cash and its current and non-current financial assets, including its investment in Macusani Yellowcake Inc. The Company no longer has a significant financial risk associated with its Mongolian subsidiaries due to their closure on September 30, 2013.

Bank accounts are held with major banks in Canada and the Netherlands through one of the Company's subsidiary holding companies. As a Canadian bank holds the majority of the Company's cash and the same Canadian bank also holds the guaranteed investment certificate, 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. Interest rate risk is minimal at this time.

The Company is exposed to equity price risk through its holdings of marketable equity securities that will fluctuate in value as a result of trading on Canadian financial markets. As the Company's investments are in uranium exploration companies, the value will also fluctuate based on commodity prices and exploration success.

Liquidity

With cash on hand of $469,000 and an available-for-sale investment in Macusani with a fair market value of $464,000 as at March 31, 2015, the Company believes that it has sufficient liquidity to cover its obligations. In addition, the Company has announced that that it intends to raise approximately $2 million in a non-brokered private placement by issuing approximately 5 million common shares of the Company at a price of $0.40 per common share. The offering is expected to close in May 2015. The proceeds of the offering will be used to advance proceedings to enforce the collection of the arbitration award. Cash balances are also being supplemented by the exercise of outstanding options and by the sale of investments.

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.

In respect of the Company's international arbitration award, management believes that it is probable but not certain that the Government of Mongolia will honour its international obligations. This uncertainty should be considered material and may cast significant doubt as to the Company's ability to continue as a going concern given its financial position as at March 31, 2015. See also Critical Accounting Estimates set out below.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

An officer of the Company is a partner in a firm that provides legal services to the Company. The Company paid an aggregate of $9 for the three months ended March 31, 2015 (2014 - $15) and $18 for the six months ended March 31, 2015 (2014 - $22). At March 31, 2015, the balance outstanding was nil (2014 - nil) and is included in accounts payable and accrued liabilities.

Proposed Transactions

The Company does not have any proposed asset or business acquisitions or dispositions 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 reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

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

Estimates

i. Impairment of assets

At each reporting date, the Company assesses whether there is objective evidence that an asset is impaired. Where an indicator of impairment exists, an estimate of the recoverable amount is made in accordance with IFRS standards. IFRS standards require a reversal of an impairment loss where there has been a change in estimates used to determine the recoverable amount. These assessments require the use of estimates and assumptions to project the future cash inflows related to an individual asset or a Cash Generating Unit.

ii. Restoration provision

The provision at the balance sheet date represents management's best estimate of the cost of removal of residual materials and remediation of disturbed areas. The cost estimates are updated at regular intervals to reflect known developments. Reclamation and closure costs are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. At March 31, 2015, management believes that all obligations to remove residual materials and remediate disturbed areas at the Dornod property have been fulfilled.

iii. Restructuring provision

The provision at the balance sheet date represents management's best estimate of the cost of winding up the Mongolian operation. The provision mainly comprises an estimate for costs for the ultimate wind-up of a Mongolian subsidiary and is measured at fair value.

iv. 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 forecast 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.

v. ***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.

Judgments

i. ***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 have been prepared on a going concern basis however, the Company has disclosed in the consolidated financial statements, the existence of a material uncertainty with respect to the going concern assumption. While management of the Company believes it will collect its international arbitration award from the Government of Mongolia, in the event that the award is not collected, this material uncertainty may cast significant doubt as to the Company's ability to continue as a going concern given its financial position as at March 31, 2015.

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, litigation risk, 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.

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 period ending March 31, 2016 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 Unsertainties" 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.