

20 October 2011

Company Announcements Office
Australian Securities Exchange

Sao Chico Project, Brazil – Kenai Resources Drilling Programme Update

As previously advised:

1. Toronto Stock Exchange Venture Exchange (“TSX-V”) - listed Kenai Resources Limited (“Kenai”) (TSX-V code: “KAI”) provides project management advisory services to Gold Anomaly Limited (“GOA”) for the Sao Chico Project in Brazil (“the Project”);
2. Kenai has:
 - (i) an option to acquire 50% of GOA’s wholly owned Brazilian subsidiary which holds the mineral project rights to the Project; and
 - (ii) a further option to acquire an additional 25% interest on certain terms and conditions.

Please find attached an announcement released by Kenai to the TSX-V yesterday which provides an update on the drilling programme at the Project.

Yours Faithfully
GOLD ANOMALY LIMITED



John Lemon
Company Secretary

Competent Person Statement

The information in the report to which this statement is attached that relates to Exploration Results at the Sao Chico Project is based on information compiled by Neil Cole, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Cole is employed by Kenai Resources Limited. Mr Cole has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Cole consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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October 19th, 2011

FURTHER UPDATE – DIAMOND DRILLING PROGRAM, SAO CHICO GOLD PROJECT, BRAZIL

VANCOUVER, B.C. - Kenai Resources Ltd (“Kenai”, TSX-V: KAI) is pleased to provide a further update on drilling at the Sao Chico gold project in north central Brazil. The drilling program currently underway at Sao Chico from core holes 11-SC-001 to 11-SC-005 has demonstrated that it is drilling into deeper zones which may be the source of the multiple parallel veins mined on the Sao Chico garimpo. Surface mining by garimpeiros was estimated to have produced two tonnes of gold (64,000 gold ounces) in the period of 1999 to 2001 by rudimentary methods and where the grades were lower than evidenced from recent underground extensions of the surface veins sampled, due to extensive weathering of the host granite and leaching of the gold veins.

Drilling Update: Early Signs of Potential for Extensive Gold System

- Drilling of the first 5 holes (574 metres) of a total of about 25 holes planned for the current 3,000 metre program identify wide altered granite zones with major quartz structures with abundant sulphides.
- These zones are regarded as deeper extensions of near surface zone which hosted gold mineralization in a 20 metre deep drive which sampled at an averaged over 17.7 g/t gold over an east-west length of 58 metres.
- Mineralization to date identified from drilling over a strike length of 80 metres and a vertical depth of 154 metres,
- Multiple zones are being identified below the surface expression of the system which has been mined by garimpeiros since 1985 in the local surrounding area.

The extensions of the surface gold veins are expected to be more concentrated (higher grade) than that experienced on surface as there has not been weathering and leaching at depth. This has been evidenced by the sampling of a 20 metre deep underground drive in an altered zone which hosts gold-bearing quartz/sulphide vein structures that averaged 17.7 g/t gold over a sampled 58 metre east-west strike length in primary (unoxidised) rocks at a depth of 20 vertical metres. Within this altered zone, massive galena and pyrite were identified. This type of mineralization is what is being observed in the altered zones of drill holes 11-SC-002 to 11-SC-005.

Evidence of the immediate potential is also demonstrated by more than 200 small garimpeiro shafts over a surface area of 1,000 metres east-west by 600 metres north-south.

Drilling to date has focussed on the area of known high grade mineralization observed in the underground drive, with the completion of five diamond drill holes for a total to date of 574 metres. Quartz/sulphide vein zones between 30 centimetres and 6 metres in apparent width have

been intercepted in drillholes 11-SC-002 to 11-SC-005. Quartz vein zones contain individual quartz veinlets <3 mm wide and quartz veins up to 30 cm wide, with a moderate to strong pyrite-chlorite-k-feldspar selvage. Disseminated to massive galena-pyrite is observed in hole 11-SC-004 (49 to 56 metres) as a selvage to quartz veins.

These intercepts so far demonstrate mineralization over a strike length of 80 metres and to a downhole length of 188 metres, equal to a vertical depth of 154 metres. Mineralization is interpreted to occur as lenticular bodies of quartz and disseminated to massive sulphide hosted in a larger fault zone. Where drilling intercepts the fault zone mineralization is commonly, but not always, observed.

Ongoing drilling is planned to explore the strike and down dip continuity of the mineralization observed to date, and also to explore the potential for other lenticular mineralized bodies hosted within the fault zone.

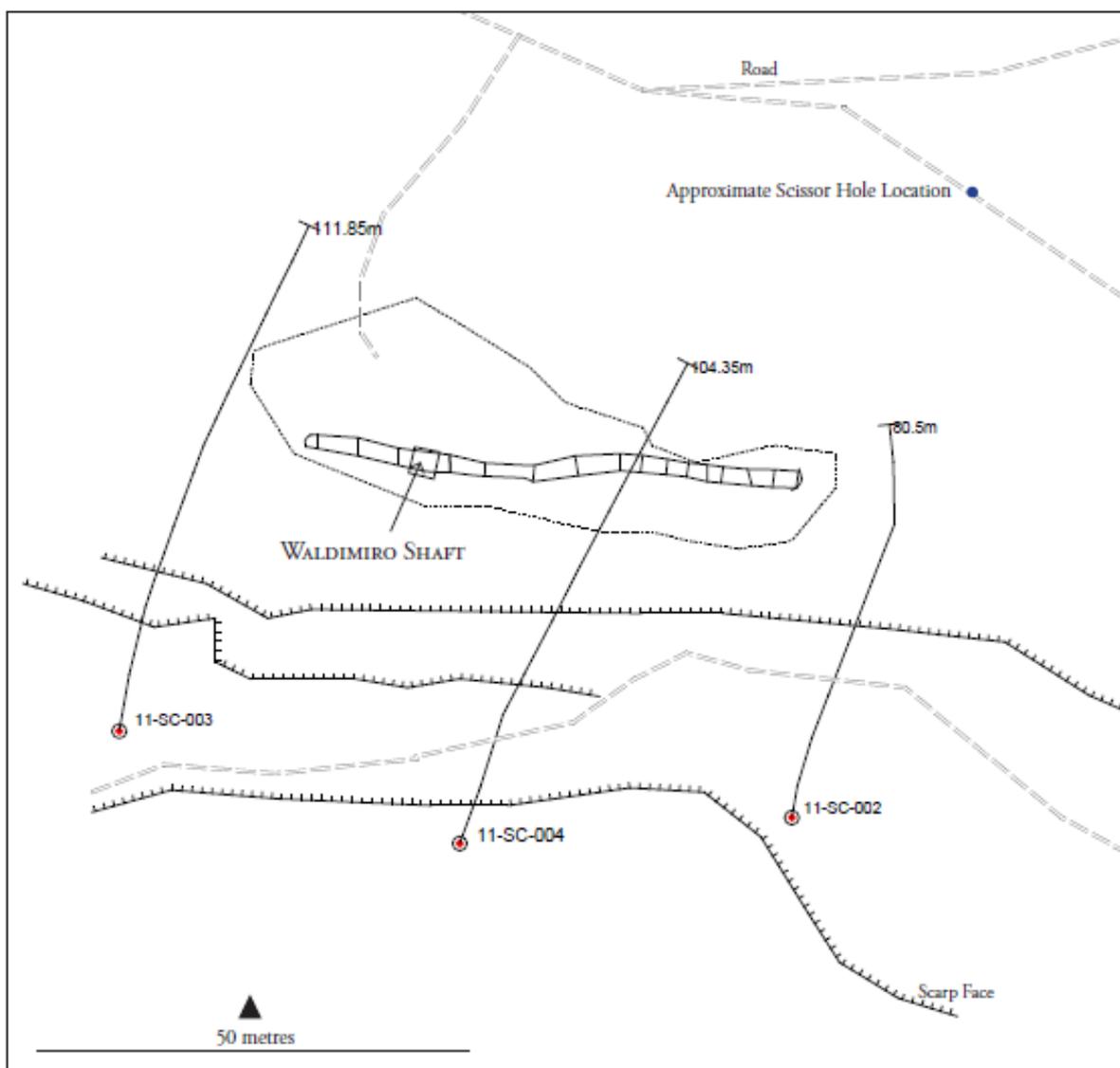


FIGURE 1
Plan view of drill holes at the Waldimiro Shaft and Drive area

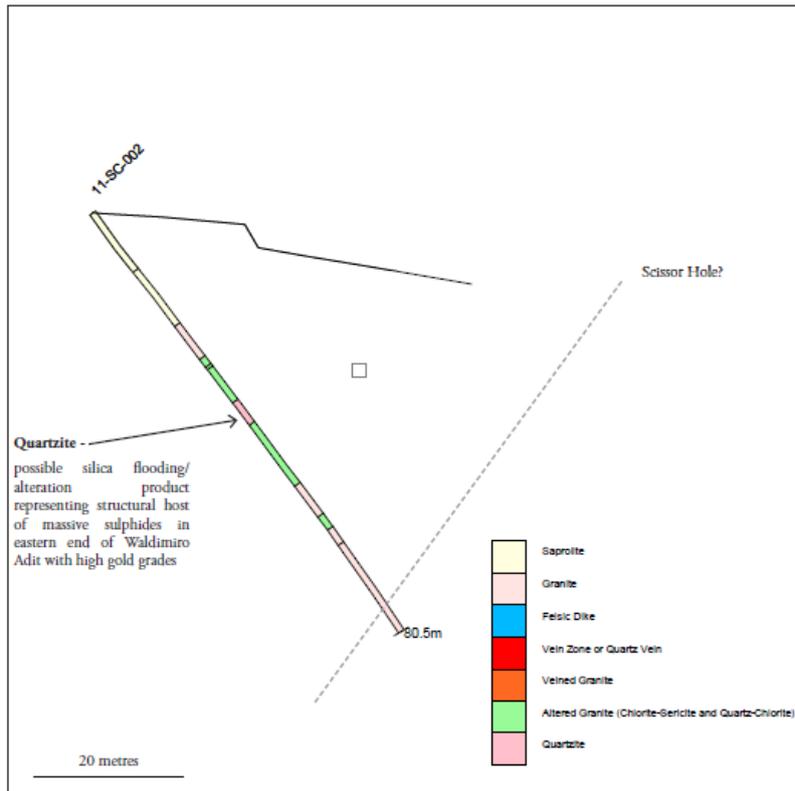


FIGURE 2
Section through 11-SC-002 facing west, showing with proposed scissor hole, if warranted following drillholes 11- SC-005 and 11-SC-006

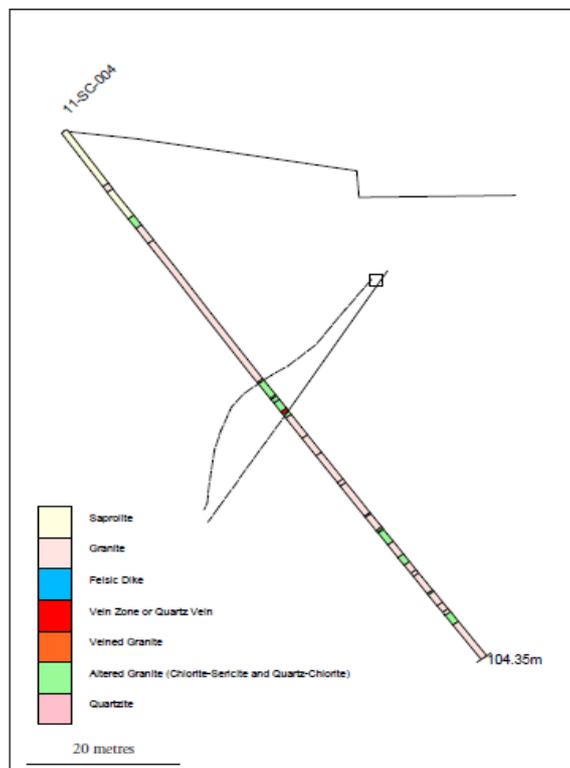


FIGURE 3
Section through 11-SC-004 facing west. Hashed lines show initial interpretation of vein zone. Hole 11-SC-005 is a 40m step back from 11-SC-004 and has added further data on the down dip continuity of this zone



FIGURE 4

Drill core from 53 to 60 metres in 11-SC-004 showing quartz and sulphide mineralization in altered zone

The first five diamond drillholes (11-SC-001 to 005, to downhole depths of 86.2 metres, 80.5 metres, 111.9 metres, 104.4 metres and 191.2 metres respectively) have now been completed. In the third, fourth and fifth holes, wide quartz veins with massive abundant pyrite have been intersected at predictable downhole depths, flanked by smaller veins with massive observed pyrite and some galena.

The drilling program commenced with one shift per day and has now been increased to two shifts per day. A second Minexplor rig is planned to be at the site by the third week of October.

The initial drillholes are targeting vein structures near the Waldimiro Vein down dip, beneath the high grade eastern end of the existing underground drive, along the broadly east-west strike of vein structures mapped at the surface and laterally to the north and south. Preliminary assay results are expected from these first holes in November.

About Sao Chico

The project is more completely described in Kenai's NI 43-101 Technical Report on the project, details of which were contained in Kenai's news release of January 20, 2011. It has since been filed on SEDAR and on Kenai's website at www.kenairesources.com.

Sao Chico is located within the Tapajos region in Brazil, the site of one of the biggest gold rushes in recent history. In the late 1970's and 1980s, approximately 500,000 garimpeiros rushed to the region to exploit extensive areas of newly discovered alluvial gold, producing approximately 20-30 million ounces of gold before the easily won alluvial gold deposits were largely depleted. Despite the gold rush, little modern exploration has been conducted over the region to date, with excellent potential to expand gold operations at Sao Chico. The Sao Chico project team has extensive experience and expertise of operating within the region, which will provide a focussed and systematic effort to gold production and exploration at Sao Chico.

As previously advised, Gold Anomaly via a wholly owned subsidiary will receive all cash flow generated by GOAB at Sao Chico until Kenai exercises its options to acquire 50% and then 75%

equity in the Sao Chico mineral rights to the Sao Chico project. The options expire at end-September 2012.

About Kenai Resources

Kenai is a Canadian company focused on precious mineral project exploration and development, towards early significant gold production. In addition to the Sao Chico gold project in Brazil, Kenai is also involved in exploration of the wholly-owned Quartz Mountain and Hope Butte epithermal gold projects in South-Eastern Oregon, both located in Malheur County, close to the Oregon border with Idaho. Kenai's current indicated and historical gold resources from the two Oregon projects are summarized as follows:

Project	Tonnes	Grade	Ounces AuEq	Status/Classification
Quartz Mountain	15,050,200	0.80 g/t Au	352,667	Indicated Resources NI43-101 compliant
Hope Butte	5,000,000	0.91 g/t Au	146,300	Historical, not NI 43-101 compliant

Footnotes:

1. For Quartz Mountain, resources above a 0.34 g/t cutoff with silver converted to gold equivalent using a ratio of 49.5:1 silver to gold. Metallurgical recoveries were not considered. Indicated resources are as reported in an independent November 2006 NI 43-101 report, posted on SEDAR at that time.
2. The Hope Butte resources are considered historic in nature, do not comply with current NI 43-101 standards, have not been verified by the Company and therefore should not be relied upon. It is uncertain if further exploration will result in the discovery of an economic mineral resource.

On behalf of the Board of Directors of Kenai Resources Ltd

Greg Starr, President and CEO

FOR ADDITIONAL INFORMATION PLEASE CONTACT:

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements: Statements in this release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed and elsewhere in the company's periodic filings with Canadian securities regulators. The economic viabilities of the resources estimates discussed in the release have not been established and may not be. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The company does not assume the obligation to update any forward-looking statement.

The technical content of this news release has been reviewed by Kenai's Vice President Technical Services, Neil Cole, who has sufficient experience which is relevant to the style of mineralization under consideration and to the activity which is being undertaken and planned to qualify as a Qualified Person under NI 43-101.