

4 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.

#### **Drilling Update**

The first three diamond drillholes (11-SC-001 to 003, to downhole depths of 86.2meters, 80.5meters and 111.9 meters respectively) have now been completed. In the third hole, a 300mm wide quartz vein with massive abundant pyrite was intersected at 92 meters downhole depth, flanked by smaller veins with massive observed pyrite and some galena. The third hole is located close to the western end of the Waldimiro Vein from which high grade underground sample assays were reported by Kenai on August 31st.

Please find attached an announcement released by Kenai to the TSX-V yesterday which provides an update on the drilling programme at the Project and advises details of the resolution of landowner disputes relating to 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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**TRADING SYMBOL: TSX-V: KAI**  
Shares Outstanding: 62,406,734

October 3rd, 2011

## **UPDATE ON THE DRILL PROGRAM AT SAO CHICO GOLD PROJECT, BRAZIL**

VANCOUVER, B.C. - Kenai Resources Ltd ("Kenai", TSX-V: KAI) is pleased to provide the following update on the Sao Chico gold project in north central Brazil.

### **Drilling Update**

The first three diamond drillholes (11-SC-001 to 003, to downhole depths of 86.2 meters, 80.5 meters and 111.9 meters respectively) have now been completed. In the third hole, a 300mm wide quartz vein with massive abundant pyrite was intersected at 92 meters downhole depth, flanked by smaller veins with massive observed pyrite and some galena. The third hole is located close to the western end of the Waldimiro Vein from which high grade underground sample assays were reported by Kenai on August 31<sup>st</sup>.

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 second week of October, and is expected to be operating by approximately October 12<sup>th</sup>.

The drill holes are targeting vein structures near the Waldimiro Vein down dip, beneath the high grade eastern end of the existing underground drive. Assay results are expected from these first holes in November.

### **Settlement of Landowner Agreements**

KAI has been instrumental in negotiating settlement of a landowner dispute on the Sao Chico project. On 23<sup>rd</sup> September the disputing parties entered into agreements that extinguish all litigation between them. Application has now been made with the authorities to have AP12836 transferred into the Gold Aura Brazils name, the company Kenai has an option over which will hold the Sao Chico project.

### **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](http://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:

<b>Project</b>	<b>Tonnes</b>	<b>Grade</b>	<b>Ounces AuEq</b>	<b>Status/Classification</b>
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.