Mineral Resource Estimate on the Sao Chico Gold Project, Brazil

NI 43-101 Technical Report

Prepared for

Kenai Resources Limited

By

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Executive Summary

Exploration Alliance Ltd (EAL) was asked by Kenai Resources Ltd (Kenai) to prepare an updated NI 43-101 compliant report on the Sao Chico gold project, following the completion of an underground sampling and diamond drill exploration program in 2011. Andes Mining Services Ltd (AMS) were retained by Kenai in May 2012 in order to prepare a NI 43-101 compliant resource estimate on the Sao Chico gold project based on these results.

The Sao Chico gold project is located in Para State, northern Brazil and comprises a single exploration permit totalling 1416 hectares. Sao Chico is situated within the Tapajos Gold District, a 200 km long, northwest trending belt host to numerous shear and intrusion hosted gold deposits including Tocantinzinho, Palito and Cuiú-Cuiú.

Sao Chico is a shear-hosted gold deposit. The main area of interest is called the Sao Chico prospect, located in the southwestern part of the exploration permit. Three veins are recognised at the Sao Chico prospect named the Main Vein, the Parallel Vein and the Highway Vein. Mineralisation comprises sub-parallel, steeply dipping west-northwest striking veins over a strike length of one kilometre. Individual veins range from 30 cm to 2 meters wide, averaging 80 cm.

An independent mineral resource has been estimated for the Sao Chico Gold Project, based on results from 22 diamond drill holes totalling 3235 meters at the Sao Chico prospect, which were completed by Kenai in 2011. Mineral resources comprise a combined measured and indicated mineral resource of 26,487 tonnes at 29.77 g/t Au for a total of 25,275 ounces of gold. An additional inferred mineral resource of 85,577 tonnes at 26.03 g/t Au for a total of 71,385 ounces of gold has been estimated.

Further diamond drilling is warranted in order to increase the confidence in, and size of, current mineral resources at Sao Chico.

The Main, Parallel and Highway veins remain open along strike and down dip, where mineralisation is hosted in narrow (average 80 cm wide), steeply south dipping, west-northwest striking quartz-sulphide veins hosted in granodiorite. The potential for discovery of blind, sub-parallel vein deposits has been demonstrated through the definition of inferred mineral resources on the Parallel Vein. Further exploration is also warranted in the immediate area around Sao Chico where some areas with artisanal workings at surface remain untested by drilling.

Metallurgical testwork has demonstrated that mineralisation at Sao Chico is amenable to cyanidation leaching, gravity separation and cyanidation, and gravity separation and flotation, with gold recoveries of up to 99%. Cyanidation leaching is the preferred benefication process.

Exploration of the wider licence area outside of the Sao Chico prospect has located the Pedro and Paulo Arara prospects, located 1.7 and 1.1 km north of Sao Chico respectively. These prospects are currently defined by artisanal surface workings and rare shafts exploiting similar styles of mineralisation to that observed at Sao Chico. Further work is warranted to advance the Pedro and Paulo Arara prospects given the successful drilling program at Sao Chico. It is possible that given the proximity to each other that the Pedro and Paulo Arara prospects are related to the same mineralising event and/or structural control. The central and eastern parts of AP12836 remain largely unexplored.

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1 Introduction and Terms of Reference

Exploration Alliance Ltd (EAL) were asked by Kenai Resources Limited (Kenai) to review the Sao Chico project in Brazil (Figure 1) in order to produce an updated National Instrument 43-101 (NI 43-101) compliant Technical Report. This included a site visit by Mr Andrew Tunningley between 2nd and 3rd February 2012 for two days. The resource estimate presented in Section 13 was prepared by Mr. Bradley Ackroyd of Andes Mining Services who performed a site visit for one day on 12th May 2012.

1.1 Scope of Work

EAL was asked by Kenai to produce a Technical Report in compliance with NI 43-101, Standards of Disclosure for Mineral Projects, to provide an update on the recently completed phase one diamond drill program. EAL has been responsible for the logging, sampling and QA/QC throughout the drill program on a contract basis on behalf of Kenai. EAL also conducted limited exploration across the licence area in February 2011.

EAL understands that this report is required in support of a project financing by Kenai and that it may be released publicly per the requirements of the Toronto Venture Stock Exchange (TSX-V).

1.2 Qualification of Consultants

EAL (www.explorationalliance.com) comprises a team of 8 exploration geologists who have collectively worked in over 90 countries and have experience in a range of commodities. EAL is managed by Dr Chris Wilson who has over 25 years of industry experience. EAL specialises in practical, cost-effective exploration solutions, which conform to industry-recognized standards of Best Practice and the requirements of the JORC, CIM and NI 43-101 codes.

This report was written by Mr Andrew Tunningley based on a site visit between 2nd and 3rd February 2012 and comprehensive data review. Mr Tunningley is responsible for all sections of this Technical Report except for Section 13 Mineral Resource Estimates. Mr. Tunningley holds a MGEOL (Hons) in Applied Geology, is a Chartered Professional Geologist and Member of the Australasian Institute of Mining and Metallurgy (MAusIMM (CP) No.990553) and a Member of the Society of Economic Geologists. He is a qualified person (NI 43-101). Mr. Tunningley has nine years experience in precious and base metal exploration, from grass roots exploration to resource definition drilling. His experience includes the implementation and management of exploration programs, the review, verification and digital capture of historic data sets and integration into modern GIS-based systems, and the design, implementation and monitoring of appropriate Quality Assurance/Quality Control (QA/QC) procedures.

Mr. Bradley Ackroyd is a principal consulting geologist for Andes Mining Services and is responsible for Section 13 Mineral Resource Estimates of this report. Mr Ackroyd is a qualified person. Mr Ackroyd has eleven years experience in exploration and mining geology, holds a BSc (Geo) and is a Member of the Australian Institute of Geosciences (MAIG). Mr Ackroyd visited the Sao Chico site on 12th May 2012.

Neither EAL or Andes Mining Services, nor any of their employees or consultants involved in the preparation of this report have any beneficial interest in the Sao Chico property or Kenai. EAL and Andes Mining Services will be paid a fee for this work in accordance with normal consulting practice.

1.3 Sources of Information

The information in this report is based on EAL's and Andes Mining Services field observations and independent sampling results, data and internal reports supplied by Kenai and publicly available information as listed in the references section (Section 18) of this report.

Metric units are used throughout this report.

The currency used throughout is Canadian Dollars (CAD) unless otherwise stated. The recent exchange rate for CAD to Brazilian Reals (BRL) has been approximately 1 CAD = 200 BRL.

Figure 1: Map of Brazil showing the location of the Sao Chico Project.

2 Reliance on Other Experts

The results and opinions expressed in this report are based on EAL's field observations and publicly available information as listed in the references section (Section 18) of this report. Reports listed in the references section are either NI 43-101 compliant reports or public disclosure documents written by Qualified Persons or published academic papers in reputable scientific journals. The information in these reports is assumed to be accurate.

EAL carefully reviewed all of the information provided by Kenai and believes the information to be reliable. However, EAL did not review legal issues regarding land tenure nor independently verify the legal status or ownership of the licence. Neither did EAL review issues with respect to surface rights, the environmental status of the Property and requirement for environmental permits.

Bradley Ackroyd (BSc (Geo), MAIG) of Andes Mining Services is responsible for Section 13, Mineral Resource Estimate, of this report.

3 Property Description and Location

3.1 Licence Location

The Sao Chico Project is located in Pará state, northern Brazil (Figure 1) and comprises a single "Authority to Prospect" exploration permit (AP12836) which covers an area of 1416 hectares, centred on latitude 6.41˚S and longitude 55.94˚W (Figure 2).

EAL understands that there are no obligations on the holder of the Mining Rights as defined in Section 3.2, or on Kenai to retain the property other than the payment in due course of the payment obligations specified in section 3.3, and the usual reporting, environmental management and operational health and safety regulation specified by statutory authorities for exploration and mining activities of the sort contemplated for the Sao Chico project.

3.2 Licence Status

The original surface landowner was Waldimiro Martins (WM), who applied for 202 PLG (Permissões de Lavra Garimpeira) tenements under DNPM file numbers 650.000/1998 to 650.201/1998 in 1998. Of these 202 applications, 36 were approved by the DNPM and converted to form license AP12836, granted on 31st November 2007, with WM as the sole holder. The remaining PLG petitions are pending approval by the DNPM. AP12836 and DNPM file numbers 650.000/1998 to 650.201/1998 are jointly referred to herein as the Mining Rights. EAL understand that the coordinates for the PLG applications have not been verified by the DNPM, and EAL has no diagram or figure showing AP12836 in relation to the PLG locations.

In September 2011, and as amended subsequently thereto, settlement terms were negotiated between GOAB (Gold Aura do Brasil Mineração Ltda), and WM ("Brazilian property owners") that resulted in AP12836 being transferred to GOAB, as notified in the Brazilian Government Gazette dated 22 December 2011. GOAB is a locally incorporated company, up until recently a 99.99 % subsidiary of an Australian Stock Exchange (ASX) listed company Gold Anomaly Ltd (GOA), which has been purchased and is 100% owned by Kenai (see Section 3.3).

Under the settlement agreement terms, WM will transfer to GOAB as part of the Mining Rights any new Exploration Permits which GOAB may apply for on behalf of WM, via the conversion to Exploration Permits of his existing PLG applications (DNPM file numbers 650.000/1998 to 650.201/1998). WM's PLG application areas outside of AP12836 total 6763 hectares.

Property boundaries are not physically staked and are held as corner coordinates by the DNPM. Figure 2 shows the location of the known mineralised zones within the property boundary.

GOAB has agreed to honour an arrangement WM entered into where WM has authorised five persons to conduct alluvial mining activities within AP12836 over a total area of 2.25 hectares.

3.3 Royalties and Other Agreements

GOAB's purchase of the Sao Chico deposit from the Brazilian property owners

Under revised terms recently settled with prior owners WM and Ademir and Jandira (A&J) (see Section 5.1), GOAB has agreed the following payment obligations arising from its acquisition of AP12836, based on an assumed exchange rate of US$1.00 = R$2.00.

I. Unconditional Payment

Property acquisition payment

- US$600,000 (US$75,000 per quarter from December 2012 to September 2014)

II. Conditional Payments on Receipt of Project Financing for Production

Property acquisition payment

- US$3,500,000
  - US$1,500,00 30 days after project financing plus
  - US2,000,000 over 36 equal monthly instalments starting 11 months after project financing.

III. Conditional Payments on Production

Production based payments

- 3 % Net Smelter Return (NSR) royalty to a maximum of US$10,000,000 (for example this would cease after approximately 200,000 ounces of production at a gold price of US$1600/ounce).
- US$3.75 per ounce of gold production.

Based on a gold price of US$1600 per ounce and 100,000 ounces of gold production, the conditional payment on production equates to an average NSR of 3.2 %. Based on 500,000 ounces of gold production, this equates to an average NSR of 1.5 % (as the 3 % NSR would cease after approximately 200,000 ounces of production).

The above amounts are based on production from gold in AP12836. There are other royalties to be considered on metal production from any new exploration permits arising from further contiguous and nearby 6,763 hectares of PLG claims which are the subject of current exploration permit applications (see Section 3.2). As these applications do not form a material part of this Technical Report they are not included herein and the details are not known to the author.

Kenai's purchase of GOAB

As part of the consideration for the purchase of GOAB by Kenai, Kenai has agreed to issue 6 million shares to GOA upon the earliest of the following events:

- GOAB receiving a mining concession;
- Kenai or GOAB completing a positive feasibility study on all or part of the deposit;
- Commencement of commercial production at the Sao Chico project;
- The sale by Kenai of all or substantially all of its interest in GOAB;
- The sale, transfer, disposition, joint venture, option or similar transaction whereby Kenai or GOAB disposes all or substantially all of its interest in the property;
- The purchase or takeover of all or substantially all or a controlling equity interest in Kenai by a third party.

GOAB has the right of first refusal on total or partial sale of WM's royalty on gold production. WM shall inform GOAB of any third party offer with regards to total or partial sale of his royalty on gold production within 14 days of any offer, and GOAB shall have 45 days from receivership of the offer to exercise its right of first refusal.

Sao Chico is also subject to the standard Brazil royalty payment (CFEM) at a rate of 1 % of gold production.

There are no other royalties, back-in rights, payments or other agreements or encumbrances.

3.4 Environmental Liabilities

Small scale artisanal mining has been conducted on the Sao Chico property for approximately 30 years and had ceased at the time of writing. This includes a tailings deposit adjacent to the abandoned plant and the GOA installed plant. In order to commence mining in the future, the Brazilian equivalent of an Environmental Impact Assessment will have to be completed and approved by SEMA (Secretaria de Estado de Meio Ambiente, the Environmental Agency of Pará State).

In order to continue with exploration, no environmental permits or assessments are required.

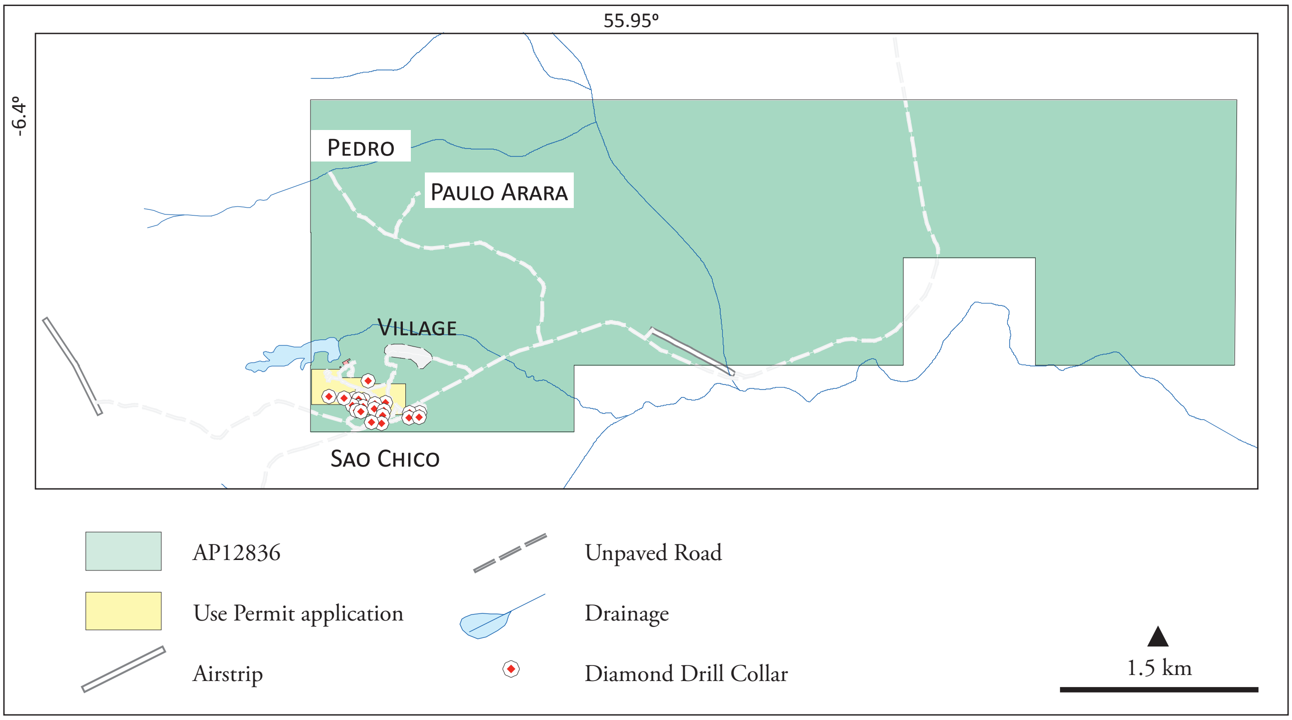
3.5 Permits

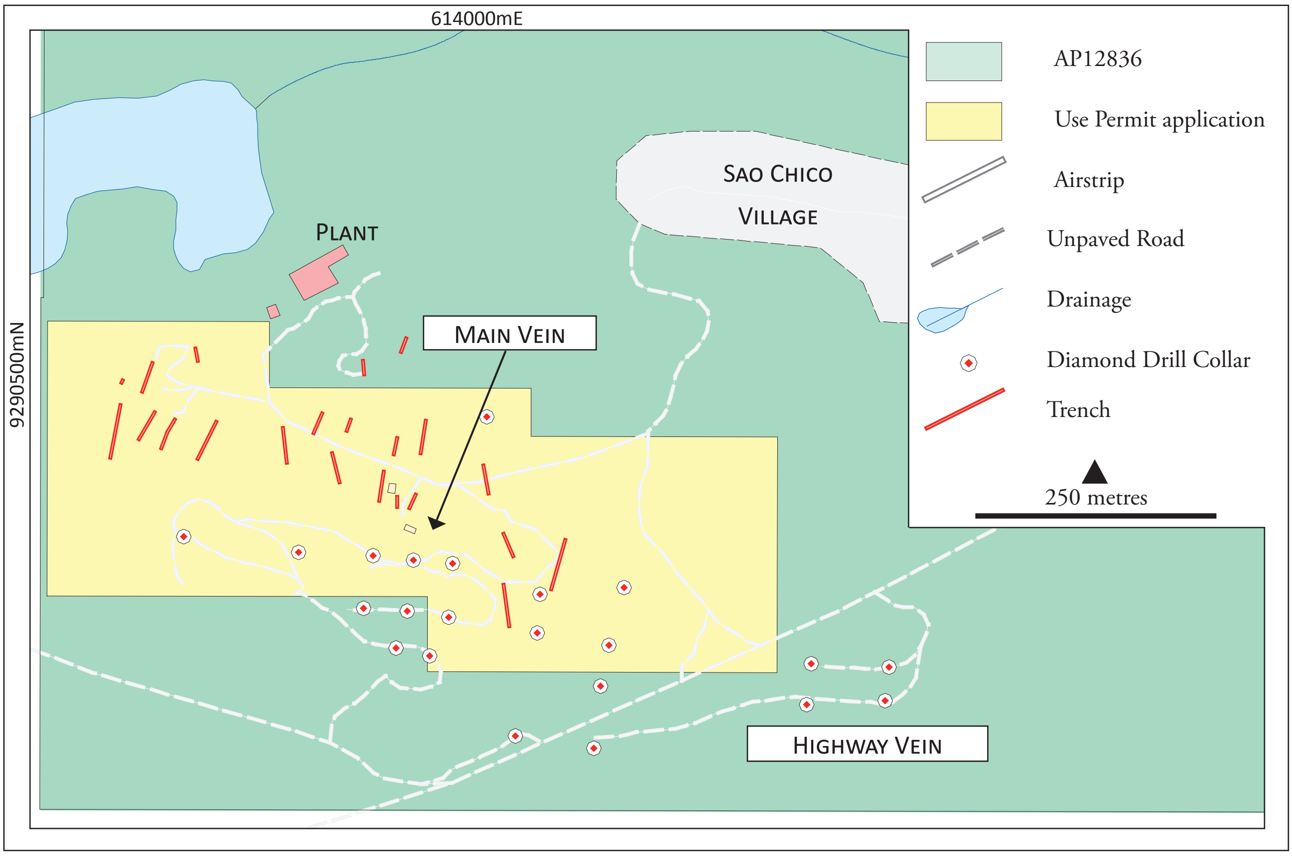
All exploration activities can proceed under the exisitng Exploration Permit (AP12836) and no other permits are required.

GOAB have applied to DNPM for a "Guia de Utilização" (trial mining Use Permit) of 17.2 hectares (Figures 2 and 3). Such a Use Permit is valid for 12 months from the date of issue allowing for the trial mining and mineral processing of 50,000 tons with a right to apply to DNPM for a renewal for a further 12 month period.

The Use Permit application was lodged by GOAB with DNPM on 15th May 2012. The application is currently being processed. A condition precedent to the grant of the Use Permit is the grant by SEMA of an LO (operating licence) covering the proposed Use Permit activities. The required report was submitted to SEMA on 6th August 2012. Kenai and GOAB anticipate that the Use Permit may be issued and gazetted by November 2012.

GOAB previously held a Use Permit at Sao Chico, identified as GUIA 02/2010, which was granted for 11 months on 6th July 2010 for exploitation of 50,000 tons of secondary oxide material as part of a bulk sampling program (Tunningley and Atkinson, 2010). This GUIA was cancelled by GOAB following a decision to focus on exploration of the sulphide mineralization in 2011.





Figures 2 (upper) and 3 (lower): Map of AP12836 and Use Permit with prospects (upper). Figure 3 (lower) displays work completed by Kenai and GOA in 2010 and 2011 at Sao Chico. Kenai's field camp is located in Sao Chico Village.

4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

4.1 Accessibility

Sao Chico is situated approximately 220 kilometres directly south of Itaituba. Itaituba is a provincial capital with a population of approximately 120,000 and hosts a port which handles barge transport, as well as an airport with regular connections to the major populated centres of Manaus, Belém and Cuiabá.

Access from Itaituba to Sao Chico is via unsealed roads (BR230 and BR163) to Moraes de Almeida. From Moraes de Almeida the Transgarimpeira Highway, also an unsealed road, leads directly to the project area via Jardim de Ouro. Total road distance is approximately 340 kilometres. Jardim de Ouro is located on the Jamanxim River, which is a tributary of the Tapajós River on which Itaituba is located. Charter flights can be arranged from Itaituba (1 hour flying time) or Santarem (1.5 hours flying time) to one of two unsealed airstrips within 2 kilometres of Sao Chico (Figure 2).

Road and air access can be limited in wet weather, particularly in the wet season (see Section 4.2), when access may not be possible for several days at a time.

4.2 Climate

The Sao Chico area is subject to an equatorial climate, with a rainy season from December to June and dry season from July to November. Annual average temperature is in the range of 22°C to 32°C, with annual precipitation of 1380 millimetres. The climate allows for a year-round operating season.

4.3 Physiography

The project area is characterised by low rolling hills with an average elevation of approximately 240 metres above sea level. The immediate area around the village of Sao Chico has been completely cleared for use as pasture. Approximately 60% of the 1416 hectares of AP12836 has also been cleared. The remainder of the region is covered by dense tropical forest. Sao Chico is located in a shallow valley which broadens to the east (Figure 3).

4.4 Local Resources and Infrastructure

Itaituba is the closest town capable of supplying services such as sufficient semi-skilled and skilled labour and mining personnel, basic field supplies and banking and legal services. There are two sample preparation laboratories (ACME and SGS) based in Itaituba.

The village of Sao Chico is located within AP12836 and is less than 500 metres northeast of the shaft at Sao Chico (Figure 4). The village has a population of approximately 100 and relies on farming and alluvial gold mining as its main source of income. Locally there are small farms. Both the village and small farms are capable of supplying unskilled labour.

The closest grid electricity to Sao Chico is at the Palito mine site (See Section 14), approximately 20 kilometres northeast of Sao Chico. Sufficient electricity for the camp is currently provided by diesel generator, with diesel fuel supplied by road from Itaituba. Sufficient water for the plant and camp can be sourced from the adjacent reservoir (Figures 2 and 3), and bore established by GOAB in 2011 located 150 metres north of camp.

Figure 4: View facing east across the Sao Chico Project area. The unsealed track in the distance is referred to as the Transgarimpeiro Highway. Note cleared land in the immediate vicinity of Sao Chico village (middle distance) and the dam for farm stock adjacent to the abandoned plant.

Figure 5: View facing south across Sao Chico village (bottom), abandoned plant and GOA installed plant (right) and historic workings and drill pads (centre).

There is an existing tailings storage area and abandoned small scale plant located at site (Figures 3 and 4). The plant, established and owned by previous owners of the Sao Chico property A&J, has been largely stripped of all equipment, cables et cetera by other parties, with the remaining ball mill and primary crusher in a poor state of repair and not considered worth rehabilitating.

In 2011 GOAB installed a gravity recovery processing facility to process oxide material, located immediately adjacent to the abandoned plant. The plant has recently been sold by GOAB.

EAL is of the opinion that there are sufficient areas within the licence and land use area to host potential future tailings storage areas, waste disposal areas, heap leach pad areas and processing plant sites.

Surface rights for mining operations are provided for in the 2009 agreement between GOA and WM as that party is the local landowner and has undertaken to provide adequate surface access and associated rights. This is part of the permits described in Section 3.5.

5 History

5.1 Ownership History

WM originally owned 100% of the Sao Chico project and in 2006 he entered into an agreement with A&J, whereby A&J would acquire 100% of the Sao Chico project. The terms of the agreement are not known.

On 13th November 2006, Gold Anomaly Ltd (GOA) entered into an agreement with A&J whereby GOA could earn up to 60% of the Sao Chico property. GOA subsequently exercised this option.

In 2008, WM initiated court action against A&J to rescind his agreement with A&J on certain grounds.

On 12th May 2009 the Itaituba Court granted an injunction to suspend the agreement between WM and A&J. This injunction provisionally transferred total control of the Sao Chico property to WM, including the right for WM to undertake exploration within AP12836 and to apply for the conversion of PLGs to Exploration Permits.

Following the injunction granted 12th May 2009, GOA subsequently entered into an agreement with WM to protect GOA's 60% interest in the Sao Chico property. Under the terms of this agreement GOAB, a wholly owned subsidiary of GOA, would own 100% of the Mining Rights associated with the Sao Chico property in consideration for paying WM a defined 40% Net Profit Interest and a royalty of R$15.00 per ounce of gold production. As described in Section 3.3, agreed payment obligations to the prior owners have recently been revised to the terms detailed in that section.

In September 2010 Kenai entered into an option agreement with GOA whereby Kenai had the option to purchase up to 75% of issued and outstanding shares of GOAB. In December 2011, Kenai entered into a letter agreement with GOA to acquire GOAB and provide Kenai with full ownership of the Sao Chico project. That transaction has since been completed, with GOAB, the owner of AP12836 and the associated mineral rights, being a wholly owned subsidiary of Kenai.

5.2 Exploration and Development History

Prior to Kenai's involvement, GOAB are the only known company to have conducted exploration on the Sao Chico property. Prior to GOAB, the area was held under PLG claims and worked intermittently by artisanal miners since at least the 1970s.

Approximately 15 years ago, WM constructed a vertical shaft to approximately 8 metres below surface, however encountered sulphide mineralization and could not recover sufficient gold to warrant further mining. In 2006 A&J deepened the shaft to 18 meters below surface as access to a 58 metre long exploration drive. The shaft is located at 613945 mE, 9290357 mN (UTM WGS84, Zone 21) (Figure 2).

Historic production figures are not available and the previous work is believed to be of a small scale. Other small scale artisanal miners have intermittently attempted to work on the project area but are no longer active. There is some re-working of tailings by villagers within AP12836.

Regional aeromagnetic surveys were recently flown by a third party and this data is of use in regional exploration (see Section 6.1).

GOAB completed first pass exploration work in the general licence area, including channel sampling of the drive located on the Main Vein (Figure 2). A total of 30 channel samples were collected and returned maximum assay results of 348 ppm gold, 41 ppm silver, 0.23% copper, 5.7% lead and 3.2% zinc. Eighteen of the 30 samples assayed over 1 ppm gold and averaged approximately 15 ppm gold. Observations of stockpiled material from the shaft indicates that these samples were taken from sulphide bearing quartz vein material and pyrite altered host rock. Repeatability of gold assays from GOABs underground sampling is not consistent and indicates a nugget effect in the hypogene mineralization.

The encouraging results of GOABs sampling demonstrates the bonanza grades at the Sao Chico project. EAL were unable to verify the exploration results of GOAB due to insufficient information regarding sample location, description, methodology and preparation and assay techniques, therefore these results are considered historic and cannot be relied upon.

EAL prepared a NI 43-101 Technical Report on the Sao Chico property dated 25th November 2010, and GOABs exploration work program from 2010 to date is described in the Exploration section (Section 8).

6 Geological Setting and Mineralization

The geology of northern Brazil is dominated by the PreCambrian Amazonian Craton, which is divided into the Guiana and Guaporé shields (Figure 6). These are separated by the Amazonian sedimentary basin and are largely bound by Neoproterozoic orogenic belts.

The Amazonian Craton underwent tectonism relating to the Trans Amazonian Orogeny between 2.2 and 1.9 Ga, and much of the structural controls on mineralization in the craton have been attributed to this orogeny. A regional northwest-southeast structural trend is recognised, and has been used to help determine the six geochronological provinces of the Amazonian Craton (see Section 6.1).

Widespread laterite and saprolite has formed across much of the craton, reflecting a long period of stability since the break up of Gondwana and deep weathering.

6.1 Regional Geology

Sao Chico is located within the northern part of the Tapajós-Parima Orogenic Belt (TPOB), a constituent of the Ventauri-Tapajós geochronological province of the Guaporé Shield (Moura et. al., 2006). The TPOB is a northwest orientated magmatic arc which formed between 2.5 and 1.8 Ga, bound to the north by the Amazonian Basin and to the south by the Cachimbo Graben. The Tapajós Gold Belt occurs within the TPOB and contains a number of primary gold deposits (e.g. Serrinha, Tocantinzinho, Ouro Roxo and Palito) over an area of approximately 300 by 350 kilometres.

The TPOB is underlain by an Early Proterozoic metamorphic basement, and is composed primarily of calc-alkaline granodiorite, diorite and tonalite with co-magmatic volcanic rocks of the Uatuma Supergroup, intruded by post-collisional granites of the Maloquinha Group. Parauari Suite intrusive rocks are the host to mineralization at the Sao Domingo, Sao Chico, Palito and Tocantinzinho gold deposits (Figure 7). Minor graben hosted sedimentary rocks and mafic intrusions are recognised (Figure 7).

A pronounced northwest-southeast structural trend is evident in the region, and sinuous fault zones locally strike west-northwest with a shear component. Most deposits and artisanal workings are located proximal to these fault zones and their associated splays (Figure 7). This trend is also evident on regional aeromagnetic and satellite data. A more subtle east-northeast trend is recognised in Figure 7, which can be extrapolated through the Sao Domingo, Sao Chico and Palito deposits (Figure 7).

6.2 Local Geology

Outcrop at Sao Chico is poor due to widespread laterite development and alluvium. The average depth to fresh rock is approximately 10 to 20 meters. The cover comprises a red, lateritic top soil between one and three meters deep, with a lower boundary marked by a stone line or pesolith of quartz fragments and ferruginous pebbles (Figure 9). Saprolitic bedrock underlies the laterite and ranges in depth from 10 to 20 meters below surface (Figure 10), with a gradational transition into fresh host rock. Quartz float at surface overlies quartz vein zones, and float trains were used as a prospecting tool by artisanal miners in the region.

Sao Chico is underlain by Early to Middle Proterozoic granite and granodiorite (Figures 11 and 12) of the Pararauri Suite, which is also the host to mineralization at the Palito and Tocantinzinho deposits (Figure 7). Host rocks at Sao Chico are composed of granodiorite and granite, typically medium-grained, leucocratic, feldspar phyric and belonging to a larger, poorly exposed intrusive complex.

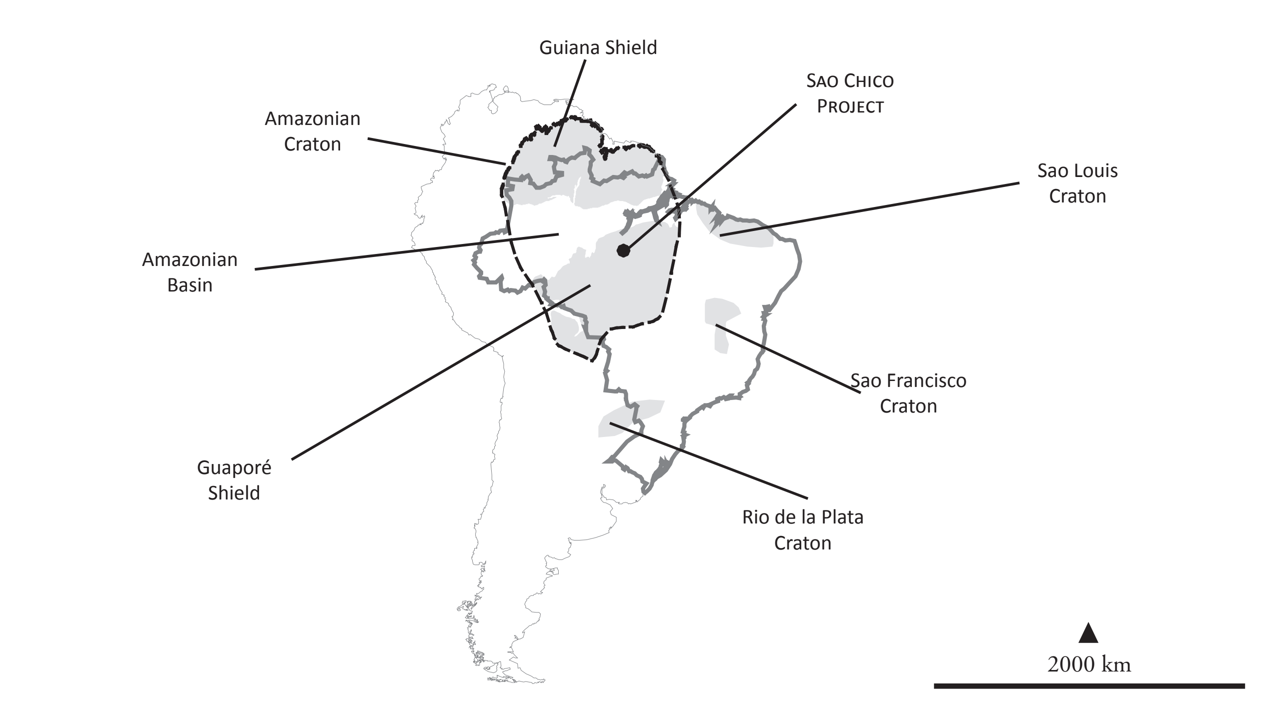


Figure 6: Sketch map of cratonal blocks within South America. Sao Chico is located in the Guaporé Shield.

Mineralization is hosted in west-northwest trending, steeply south dipping fault zones with a shear component. These mineralised faults have been offset by north to north-northeast trending normal faults with a dextral lateral displacement.

6.3 Mineralization

Mineralization at Sao Chico comprises sub-parallel, west-northwest striking, steeply south dipping quartz-sulphide veins. An outer, texture retentive K-feldspar alteration is observed proximal to veins, and is overprinted by a narrow, strong, texture destructive chlorite-sericite-pyrite selvedge (Figures 13 and 14). In parts a late silica alteration overprints K-feldspar and chlorite-sericite assemblages (Figure 15). Alteration zones have weathered to kaolin with boxworks after sulphide close to surface and can be observed in artisanal miners waste dumps and as float across the property (Figure 16). The base of oxidation is shallow, interpreted to be less than 15 meters deep.

Veins are observed in three locations within AP12836, at the Sao Chico, Paola Arara and Pedro prospects (Figure 2). Sao Chico is the main area of interest, where veins are observed over a surface area of >1 km by 300 meters. Individual veins range in width from <20 cm to >3 meters. Average vein width is approximately 0.8 meters.

Two main vein zones have been identified to date at Sao Chico, the Main Vein and the Highway Vein (Figure 8). Both are interpreted to be spatially related to the same west-northwest trending fault, and are located at the low angle intersections of this main fault with second order structures. Other veins, mainly to the west along strike from the Main Vein and identified from trenching and artisanal workings, remain undrilled.

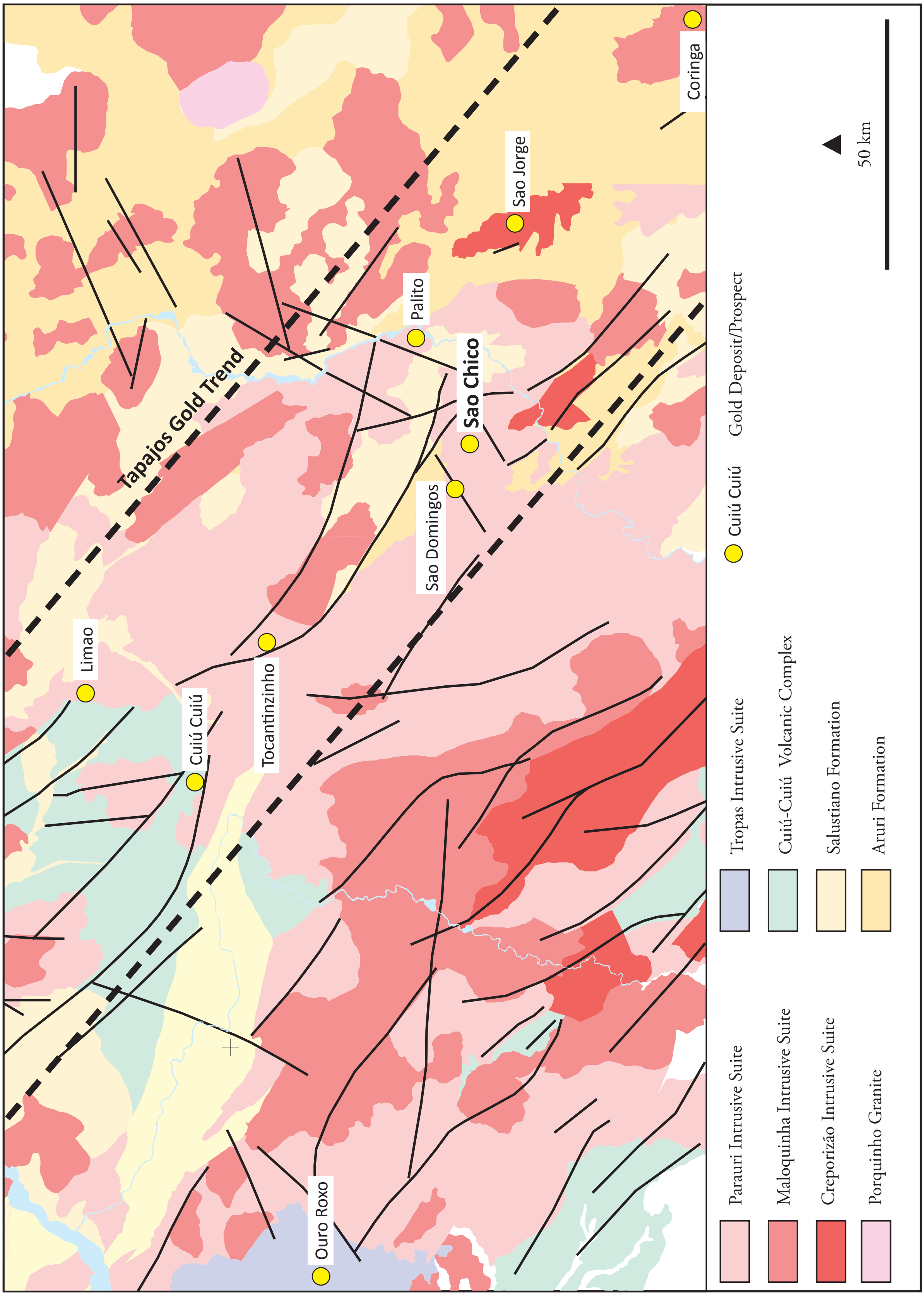


Figure 7: Regional Geology and major deposits of the Tapajós Gold Trend area. Note major northwest-southeast structural trend is host to major gold deposits (modified from Companhia de Pesquisa de Recursos Minerais, 2000).

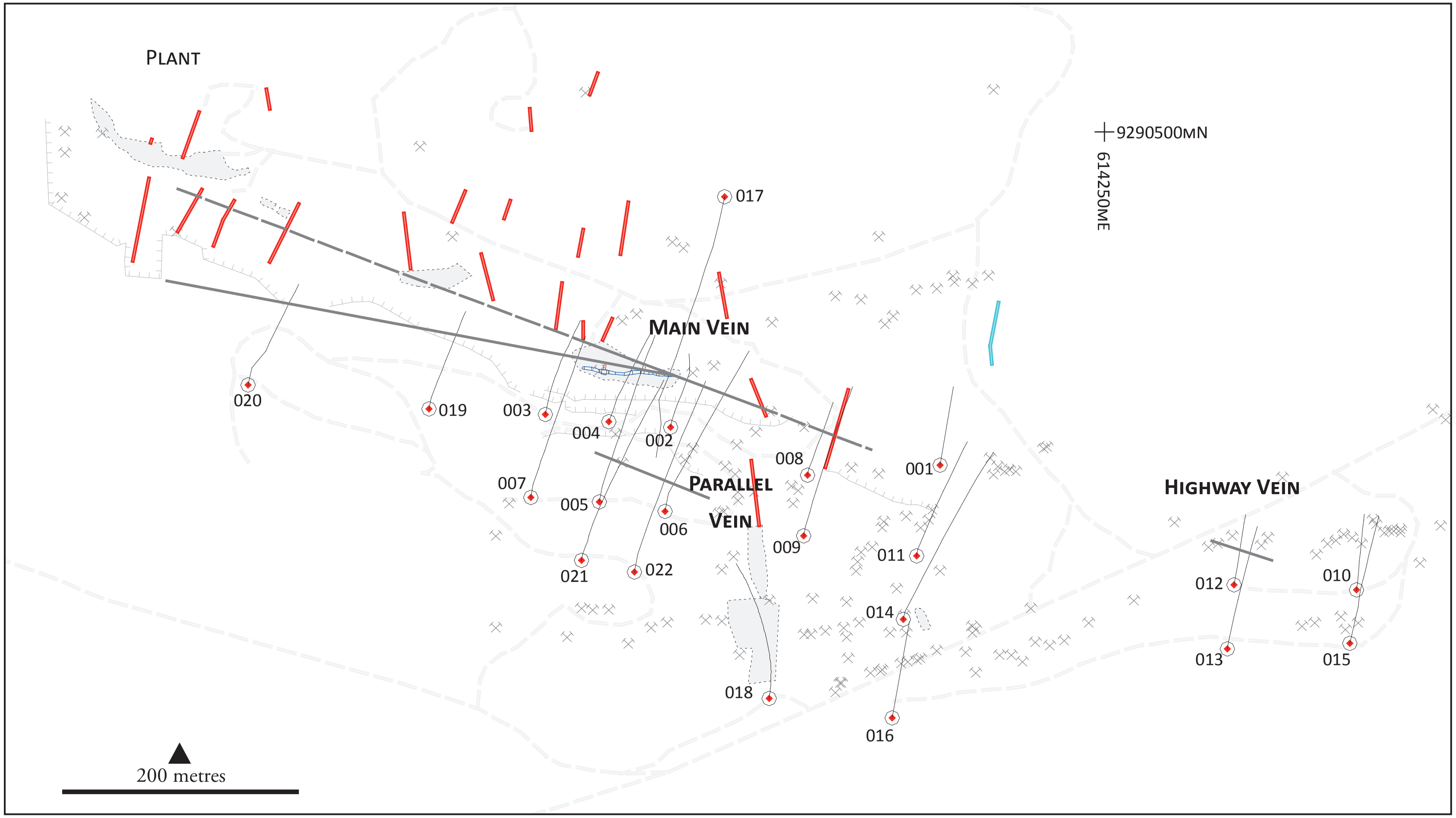


Figure 8: Map of the Sao Chico prospect with location of Main and Highway Veins, drill holes completed by Kenai and trenches completed by GOAB. Note the sub-parallal vein south of the Main Vein, and largely untested western strike extensions of veins with shallow artisanal pits at surface. Artisanal shafts indicate further exploration porential north and east of MainVein as well as to the west and east of Highway Vein. All drill holes numbers are prefixed with 11-SC-.

Figure 9: Soil Profile at Sao Chico, Highway Vein Prospect. A one meter deep laterite soil contains dispersed quartz float overlying a quartz vein zone, which has been exploited by artisanal miners with a small open pit. Note the black, thin horizontal stone line which marks the contact between laterite soil and saprolite.

Figure 10: Quartz vein hosted in saprolitic host rock. Note boulder of fresh granite indicates close proximity to contact between saprolite and unweathered bedrock.

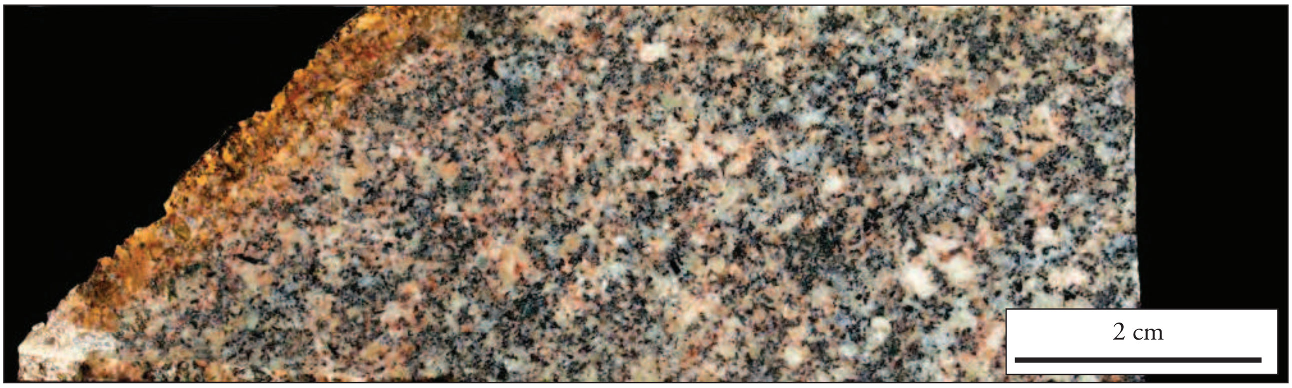


Figure 11: Example of host rock at Sao Chico. Medium-grained granodiorite with rare coarse-grained feldspar phenocrysts. The rock is crosscut by an oxidised fracture. Hole 11-SC-005, 40 meters.

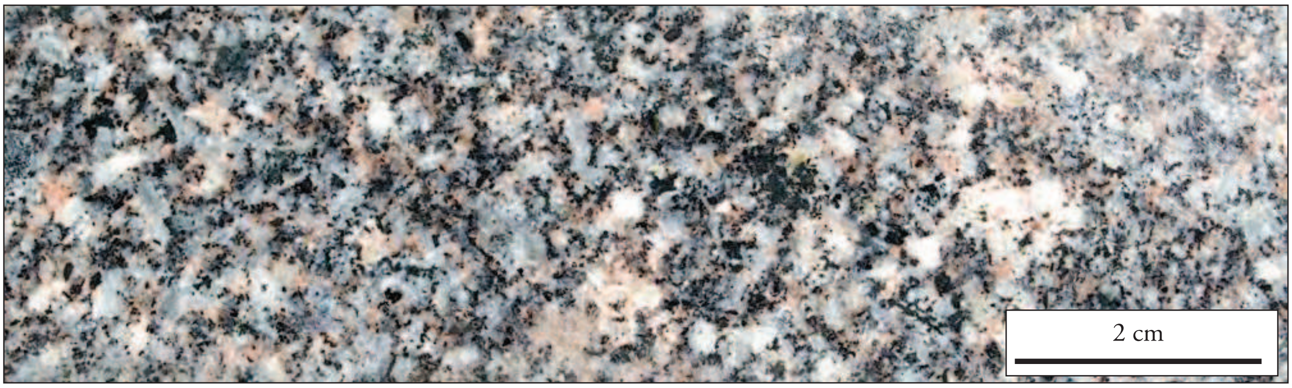


Figure 12: Example of host rock at Sao Chico. Leucocratic, medium-grained, equigranular granodiorite with feldspar phenocrysts. Hole 11-SC-021, 79 meters.

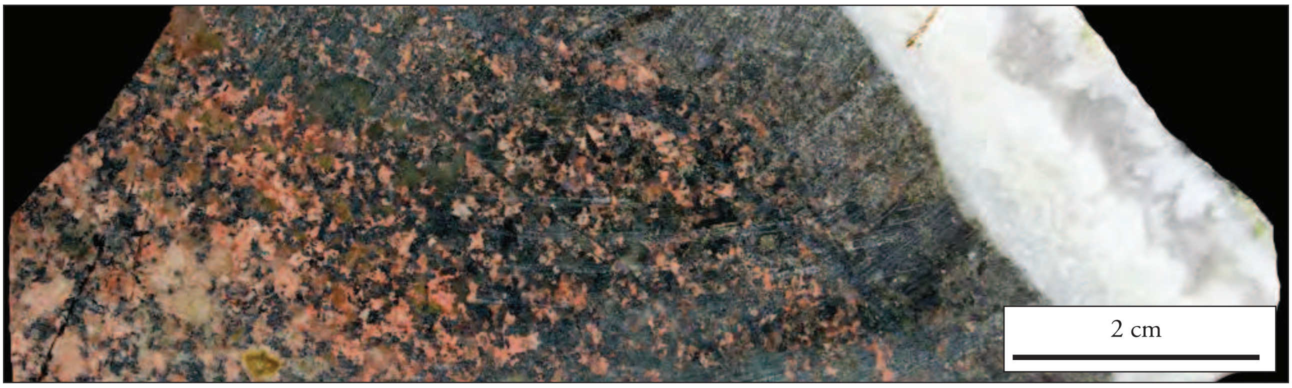


Figure 13: Typical alteration assemblage observed at Sao Chico. Outer K-feldspar alteration (red) is overprinted by a strong chlorite-sericite, texture destructive selvedge (green) to quartz veins. This alteration zoning is used as a vector to mineralization. Hole 11-SC-021, 83 meters.

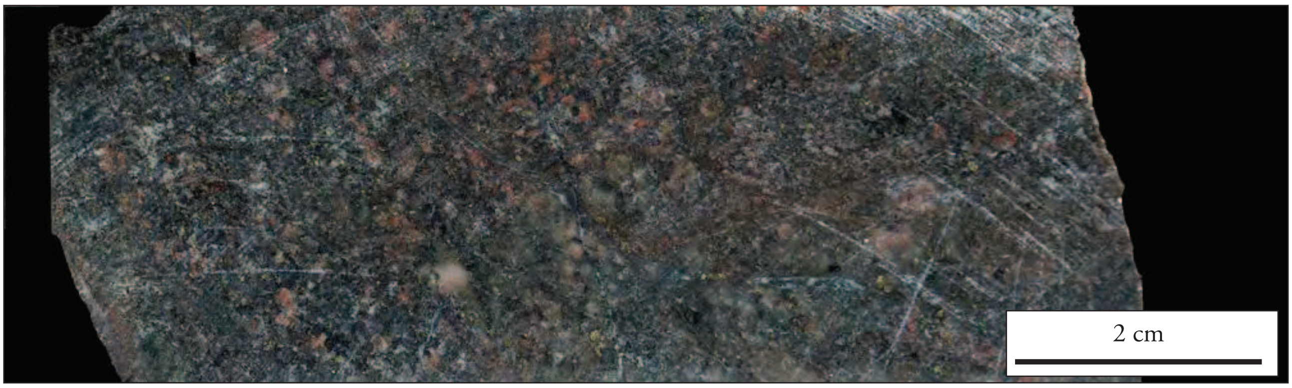


Figure 14: Texture destructive chlorite-sericite-pyrite alteration. Hole 11-SC-006, 114 metres.

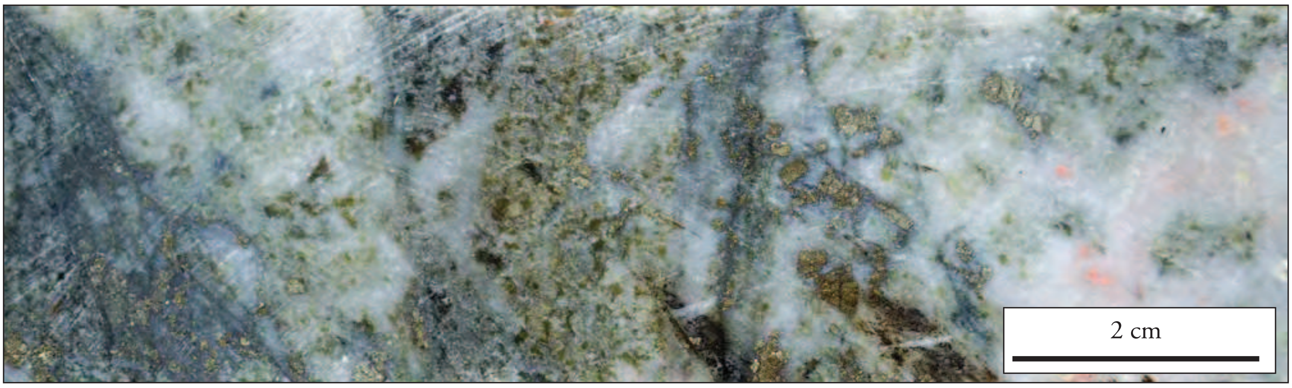


Figure 15: Silica flooding overprinting K-feldspar and chlorite-sericite alteration with disseminated and blebby pyrite. Hole 11-SC-019, 85 metres.

Figure 16: Weathered alteration zone composed of kaolin (after K-feldspar) with hematitic boxworks after pyrite. Sample from artisanal miners waste dump. Highway Vein Prospect.

6.3.1 Main Vein and Parallel Vein, Sao Chico Prospect

The Main Vein (Figure 17) comprises a quartz-sulphide lens formed at the low angle intersection of two faults, which are observed in a drive excavated by artisanal miners. The quartz-sulphide lens strikes east-west over 100 metres, dips steeply south over 140 meters and is between 1 and 2 meters wide. The lens is open for 80 meters along strike to the east and down dip to the west. The Parallel Vein (Figure 17) is a new discovery located 60 metres south of the Main Vein, has been defined over a strike length of approximately 80 metres to a depth of 75 metres, averages 90 cm wide (true width) and is open along strike and down dip.

The faults which intersect to form the Main Vein also host quartz veins and continue along strike to the west for at least 250 metres. The quartz veins display a similar alteration assemblage to the Main Vein albeit with a lesser amount of sulphide and narrower width than the Main Vein.

Mineralization comprises quartz-sulphide veins and breccias (Figures 18 and 19) which display narrow chlorite-sericite-pyrite-galena selvedges within a wider K-feldspar alteration halo. Although the mineralised zone may be 1 to 2 metres wide, individual veins are commonly less than 30 cm wide with multiple cross cutting veins within the mineralised interval. Individual veins are composed of white to grey, fine-grained, crystalline, massive to banded quartz with chlorite stylolites (Figures 20 to 28).

Sulphide mineralization is spatially related to chlorite-sericite alteration in the quartz vein selvedge and is very rarely observed hosted in quartz veins. The sulphide assemblage is dominated by pyrite with locally strong galena-sphalerite. Chalcopyrite is observed in one drill intercept at the Main Vein. Sulphides are typically medium-grained, euhedral and disseminated to blebby.

A sub-parallel vein has been discovered approximately 40 metres south of the Main Vein named the Parallel Vein. The Parallel Vein dips steeply to the south and has been defined over a strike length of 80 metres to a depth of 75 metres and is 1 to 1.5 metres wide.

Mineralization in the Parallel Vein structure is similar to the Main Vein, in that high grade gold is hosted in a shear structure exploited by quartz veins and breccias with silica-sulphide selvedges. Chlorite-sericite alteration is minor in this zone.

Mineralization at the Main Vein and Parallel Vein remains open at depth and has not been constrained to the east. To the west the veins are known to continue but high grades have not been intercepted in drilling to date. There are surface workings in the form of linear open pits 350 meters along strike from known mineralization at the Main Vein. Previous trenching has displayed high grades in this area but have not been thoroughly drill tested (Figure 8).

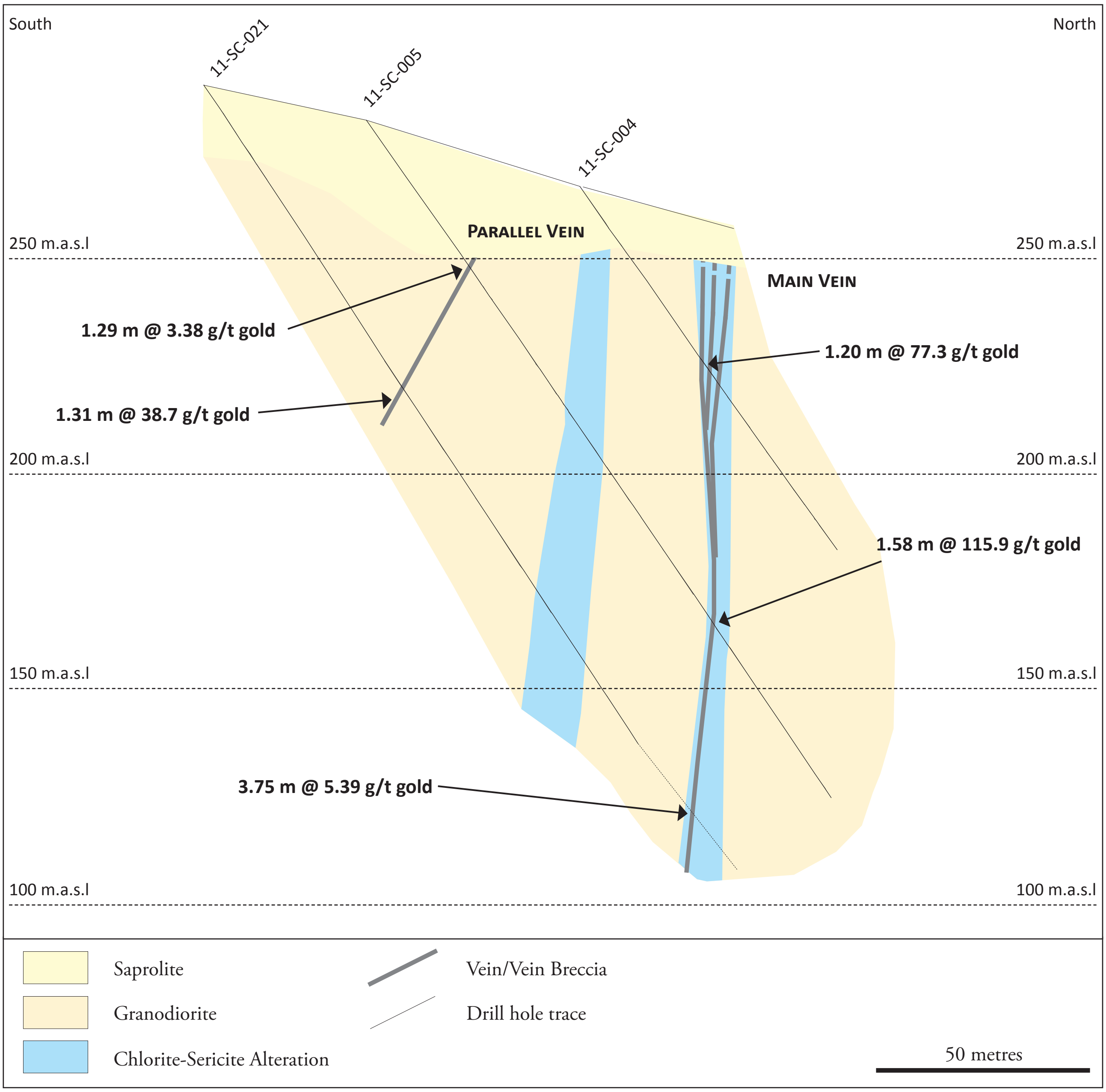


Figure 17: Typical cross section through the Main Vein and southern sub-parallel vein structure (Parallel Vein). The vein zones dip steeply south with locally variable dip giving an overall discrete sinuous morphology in section. Narrow high grade mineralization is spatially associated with strong chlorite-sericite alteration.

Figure 18: High grade quartz-sulphide bearing fault zone exposed in the eastern end of the drive exploiting the Main Vein. The mineralized zone is 2 meters wide, dips steeply to the south and displays a sharp contact with the footwall (left). View facing east.

Figure 19: Quartz vein breccia exposed in the drive exploiting the Main Vein. This structure strikes west and intercepts the main structure shown in Figure 18 (above). Vein is 30 to 60 cm wide. View facing west.

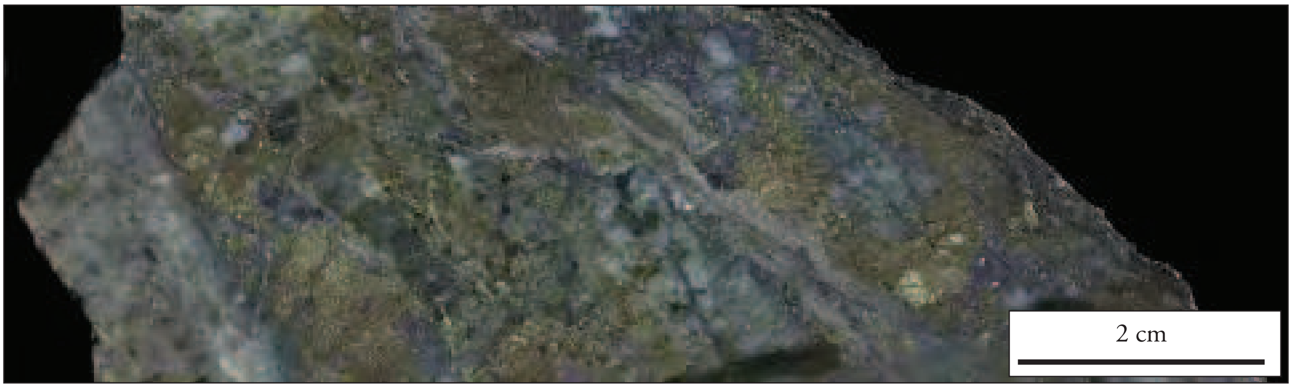


Figure 20: Silica flooding and blebby pyrite-chalcopyrite with fine-grained sphalerite-galena overprinting chlorite-sericite alteration. From a 1.58 m interval which assayed 115.9 g/t gold, 86 g/t silver, >1 % lead, >1 % zinc and 0.24 % copper. 142.13 m, Hole 11-SC-005.

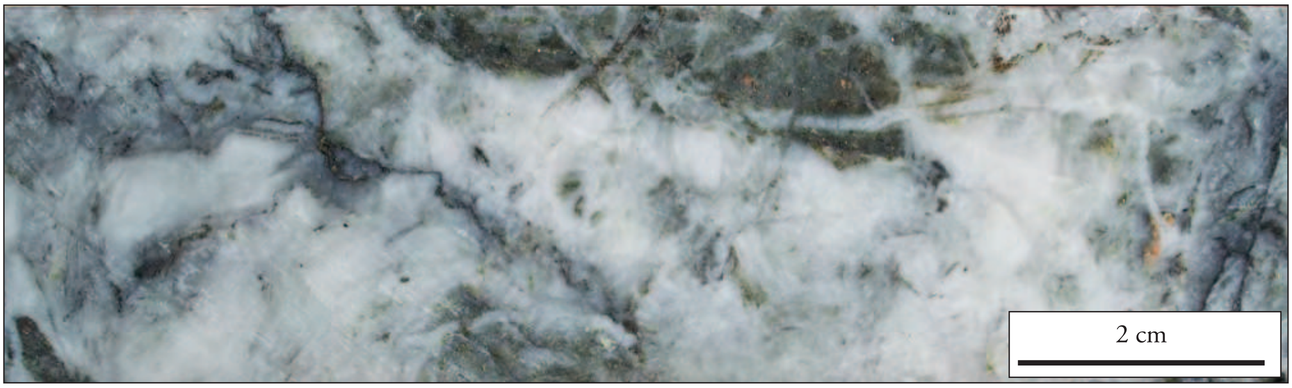


Figure 21: Milky white, fine-grained quartz vein with chlorite stylolites and sub-angular fragments of silica flooded wall rock with disseminated, fine-grained pyrite. From a 1.58 m interval which assayed 115.9 g/t gold, 86 g/t silver, >1 % lead, >1 % zinc and 0.24 % copper. 142.13 m, Hole 11-SC-005.

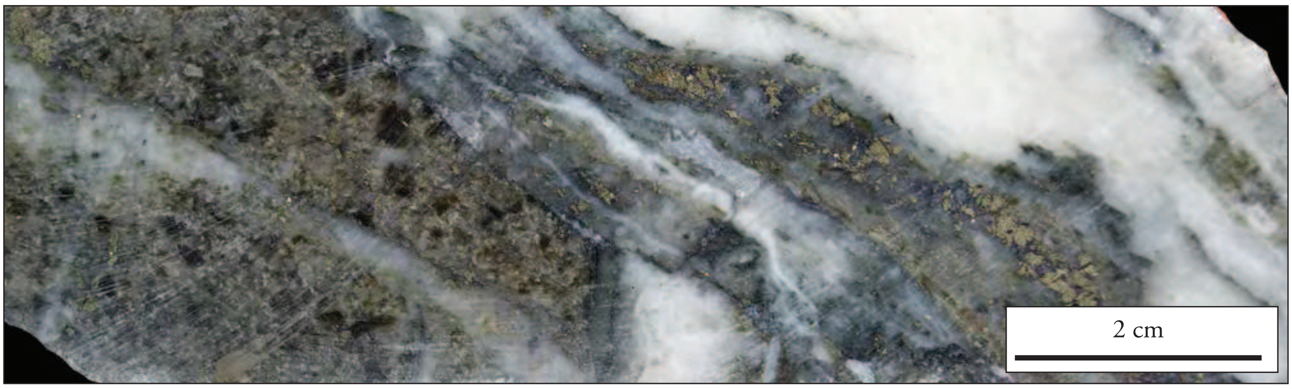


Figure 22: Crosscutting and subparallel quartz veins with pyrite-galena band and blebs on selvedges. Fine-grained pyrite is disseminated through the wall rock. From a 2.00 m interval which assayed 13.4 g/t gold, 7 g/t silver, 0.63 % lead, 0.60 % zinc and 0.02 % copper. 121.55 m, Hole 11-SC-006.

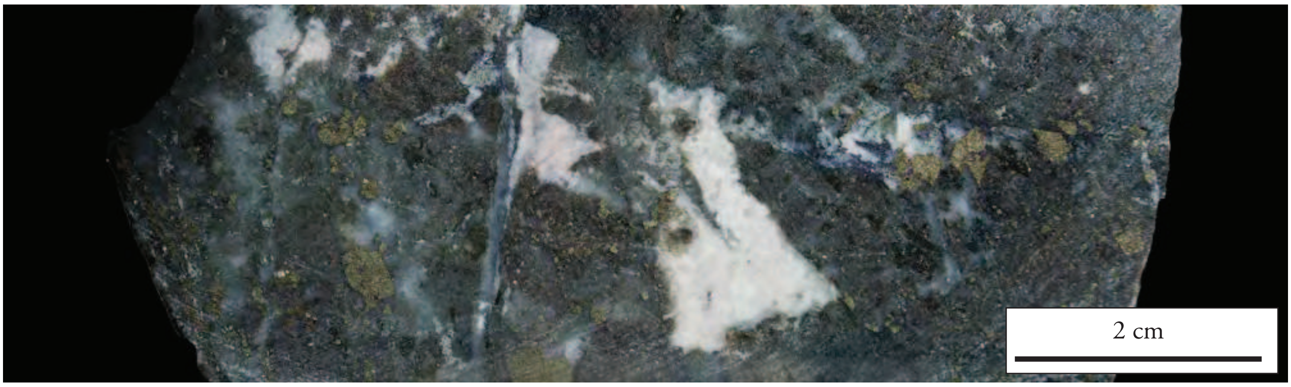


Figure 23: Breccia composed of angular quartz vein fragments supported in a sericite-chlorite-silica cement. Pyrite, sphalerite and galena form at the contact between quartz fragments and cement. The breccia is crosscut by a grey, fine-grained quartz veinlet. From a 1.69 m interval which assayed 1.58 g/t gold, 3 g/t silver, 0.12 % lead, 0.2 % zinc and 0.01 % copper. 113.85 m, Hole 11-SC-006.

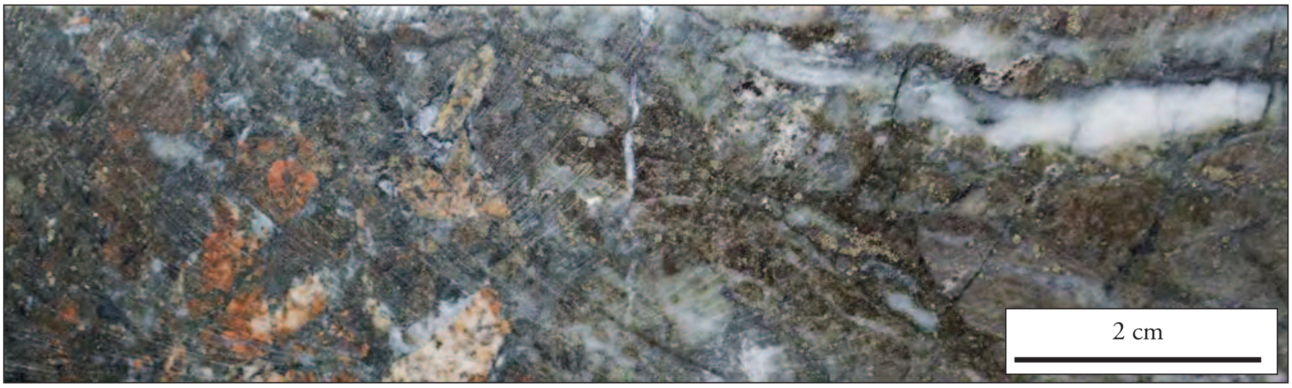


Figure 24: Breccia composed of sub-angular granodiorite and quartz vein fragments supported in a silica flooded, fine-grained matrix with disseminated, medium-grained pyrite-galena. Crosscut by minor quartz veinlet hosted in a tension gash. Hole 11-SC-006.

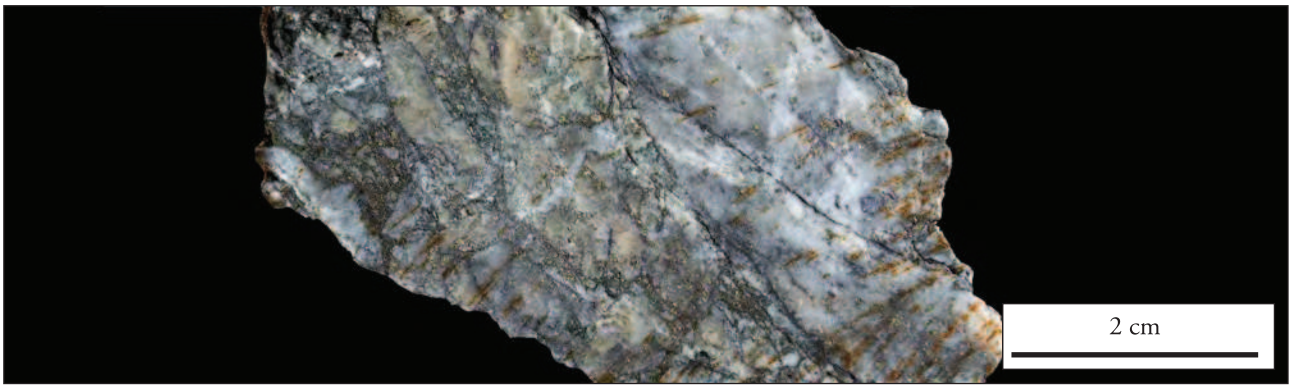


Figure 25: Brecciated quartz vein with disseminated pyrite-galena fracture fill which has been partially oxidised to hematite. From a 3.75 m interval which assayed 5.39 g/t gold, 199.75 m, Hole 11-SC-021.

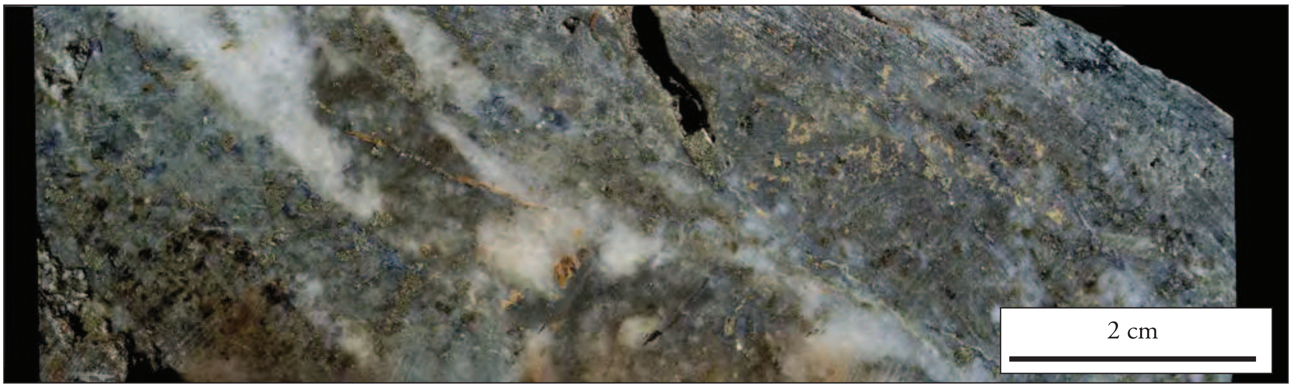


Figure 26: Silica flooding and blebby pyrite with fine-grained sphalerite-galena overprinting chlorite-sericite alteration. From a 1.25 m interval which assayed 1.07 g/t gold, 2 g/t silver, 0.13 % lead, 0.14 % zinc and 0.05 % copper. 65.15 m, Hole 11-SC-006.

Figure 27: Banded comb quartz vein silica overprinting chlorite-sericite and disseminated pyrite in the selvedge. From a 1.25 m interval which assayed 1.07 g/t gold, 2 g/t silver, 0.13 % lead, 0.14 % zinc and 0.05 % copper. 65.15 m, Hole 11-SC-006.

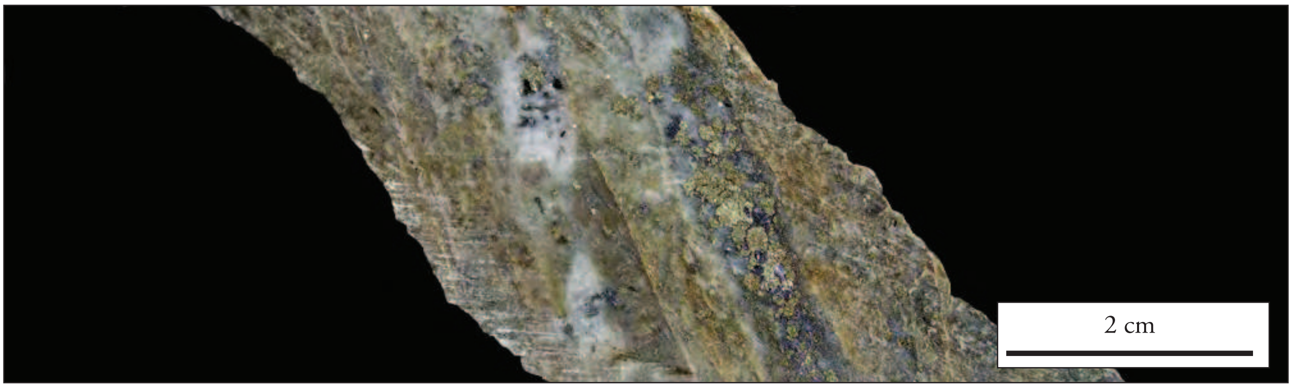


Figure 28: Silica flooding and blebby pyrite with fine-grained galena exploiting a strong shear fabric. From a 1.31 m interval which assayed 38.70 g/t gold, 2 g/t silver, 0.13 % lead, 0.14 % zinc and 0.05 % copper. 65.15 m, Hole 11-SC-006.

6.3.2 Highway Vein, Sao Chico Prospect

The Highway Vein is located 400 meters east along strike from the Main Vein. A number of artisanal workings in the form of shallow (<15 m deep) shafts and small open pits are clustered in the area of the Highway Vein (Figure 8) with weathered, altered wall rock and quartz vein fragments in waste piles adjacent to the workings.

One sub-vertical, west-northwest trending vein zone has been identified between 1.6 and 2.9 metres wide to a depth of 75 metres below surface (Figure 29). The vein is open along strike in both directions and down dip. Mineralization comprises brecciated, chlorite, silica, pyrite and galena cemented granodiorite. Chlorite-sericite alteration is spatially associated with the quartz-sulphide breccia (Figures 30 to 32).

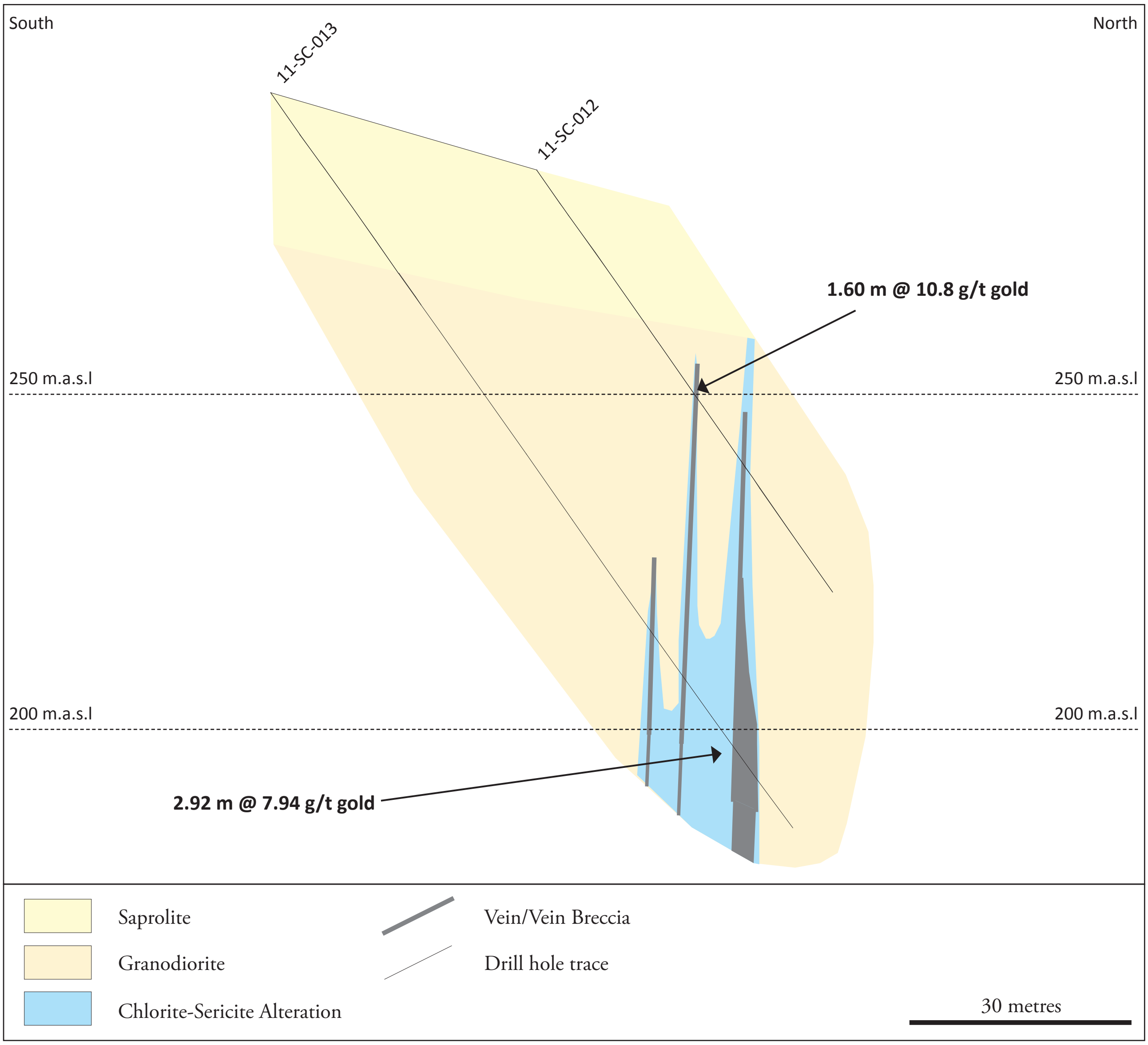


Figure 29: Typical cross section through the Highway Vein. The vein zone dips steeply south. Narrow high grade mineralization is spatially associated with strong chlorite-sericite alteration and pyrite-galena.

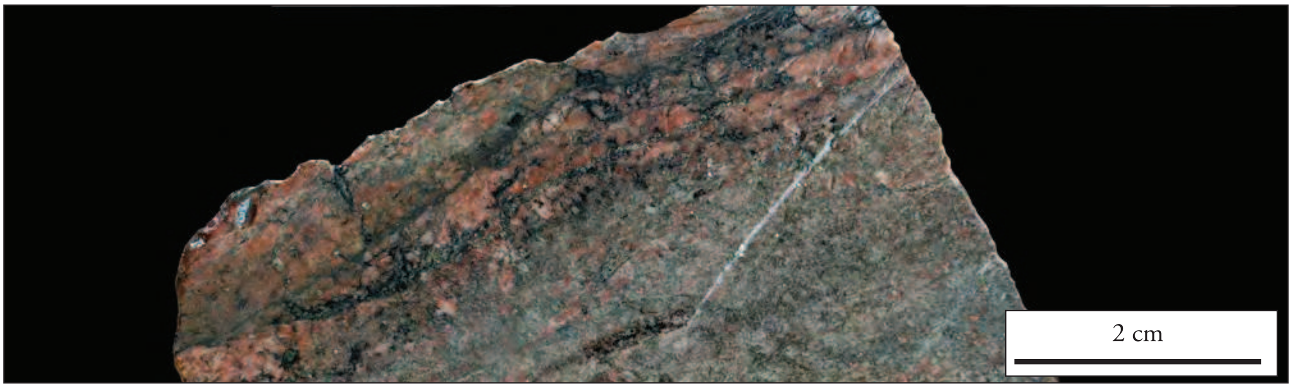


Figure 30: Brecciated and silica altered granodiorite with chlorite-pyrite-galena cement. From a 1.60 m interval which assayed 10.80 g/t gold, 3 g/t silver, 0.13 % lead, 0.01 % zinc. 40.0 m, Hole 11-SC-012.

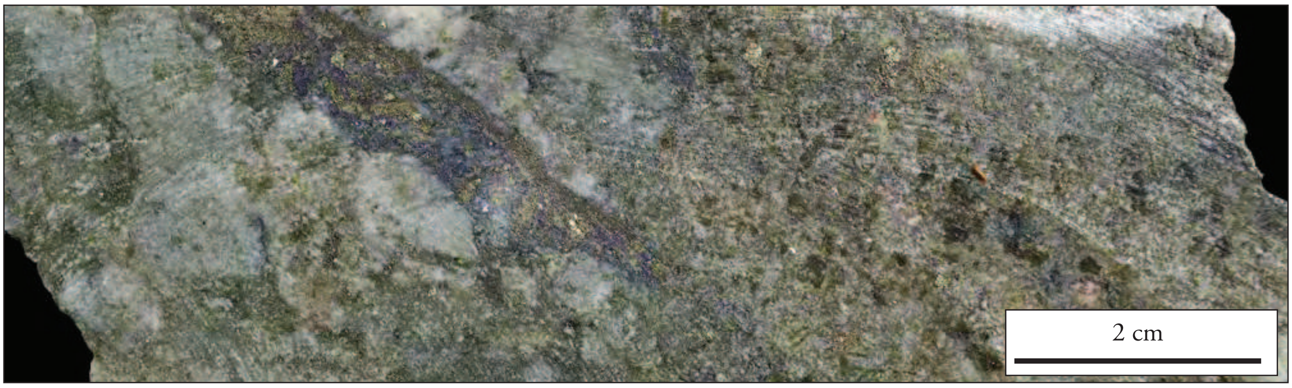


Figure 31: Brecciated and silica-pyrite altered granodiorite with chlorite-pyrite-galena cement. From a 2.92 m interval which assayed 7.94 g/t gold, 10 g/t silver, >1 % lead, 0.47 % zinc and 0.01 % copper. 118.15 m, Hole 11-SC-013.

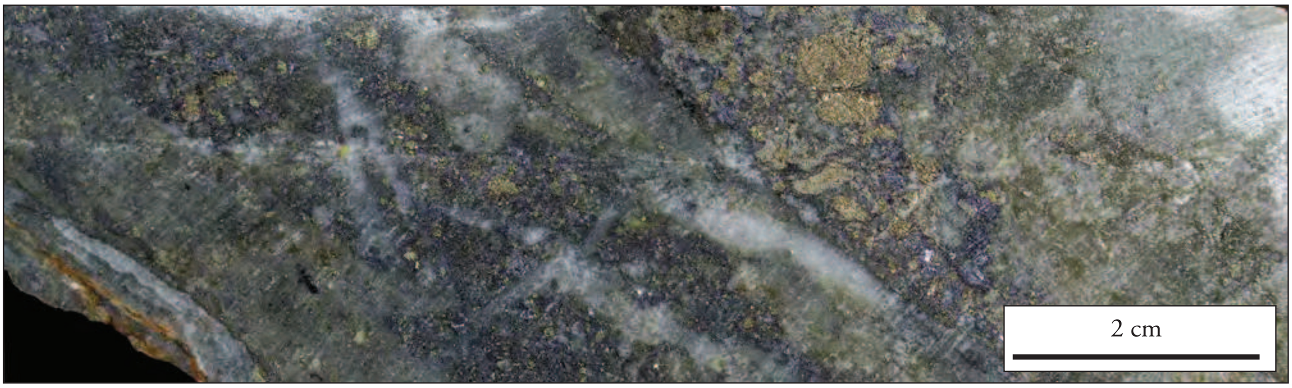


Figure 32: Brecciated quartz vein with disseminated pyrite-galena fracture fill which has been partially oxidised to hematite. From a 2.92 m interval which assayed 7.94 g/t gold, 10 g/t silver, >1 % lead, 0.47 % zinc and 0.01 % copper. 118.15 m, Hole 11-SC-013.

6.3.3 Pedro and Paulo Arara Prospects

The Pedro and Paulo Arara prospects are located 1.7 km and 1.1 km north of Sao Chico village respectively (Figure 2). Both prospects are accessible by dirt track from Sao Chico village.

Mineralization at the Pedro prospect comprises an east-west trending quartz vein up to one metre wide, with artisanal surface workings observed over a strike length of approximately 50 metres. An abandoned shaft of unknown depth is located on the western end of the exposed structure. Mineralization is open along strike and has not been drill tested. Quartz veins are composed of white, medium-grained, crystalline quartz with strong hematite as fracture fill and blebs after sulphide. Veins are hosted in saprolitic granodiorite. A separate zone of east-west trending artisanal workings is observed 750 metres west of Pedro prospect, and although outside of AP12836 these workings indicate that the structure at Pedro has exploration potential along strike.

The Paulo Arara prospect is recognised by a series of small artisanal workings over a northeast striking area covering 100 metres by 50 metres. A single, one metre wide, massive quartz vein has been exposed over a strike length of 10 metres at surface, with numerous small shafts of unknown depth observed along strike over 100 metres. Host rocks are saprolitic granodiorite.

7 Deposit Type

Deposit types in the Tapajós Gold District are largely recognised as mesothermal vein type and less commonly as stockwork vein, possibly porphyry related type. Mesozonal to epizonal transition zones are exposed and vein deposits display a strong structural control, with hydrothermal cells and metal source displaying a genetic association to intrusive centres. Due to the extensive erosional period, numerous alluvial gold deposits as well as the supergene enriched and oxidised upper parts of vein systems have been worked by artisanal workers. Workings are typically to within 20 meters below surface and represent the provenance of alluvial deposits.

Sao Chico is a polymetallic mesothermal vein system hosted in a fault zone, interpreted to have formed in a Riedel shear. Riedel shears are networks of shear bands developed in the early stages of faulting, comprising en-echelon lineaments with conjugate faults. The Riedel structures can be observed on regional through to micro scales and are observed in vein structures at Sao Chico.

Mesothermal vein deposits typically form in orogenic belts at depths of between 5 and 10 kilometres and are recognised to have formed within distinct temporal distributions, with two PreCambrian peaks (2.80 to 2.55 Ga and 2.10 to 1.80 Ga) (Groves et. al., 2003), the latter coinciding with the accepted formation dates for the Tapajós Gold District.

Such deposits can display relatively large vertical extent (1 to 2 kilometres) with little metal zonation and strong lateral wall rock alteration (Groves et. al., 2003). Highest metal grades are commonly observed at the vein-wall rock contacts. Alteration assemblages can vary from sericite-carbonate-pyrite, biotite-carbonate-pyrite to biotite-amphibole-pyrrhotite with increasing depth.

Although mineralization is commonly observed along the length of a mesothermal deposit, the highest grade and therefore most significant mineralization is located at flexures, fault jogs and vein intersections. Such factors create lenses or shoots which dip and plunge within the larger, continuous host fault structure. These lenses form important exploration targets as they host the majority of significant mineralization and often occur at semi-regular intervals along the strike length of a mineralised structure. Sub-parallel faults and veins are also common in mesothermal vein deposits (Figure 33).

The Palito Gold Mine and Tocantinzinho gold deposit are both hosted in the Pararauri intrusive suite and are situated proximal to Sao Chico. Serabi Mining Plc (Serabi) operates the Palito Gold Mine, located 20 kilometres northeast of the centre of the Sao Chico property (Figure 7). The Tocantinzinho gold deposit is located 54 kilometres northwest of Sao Chico (Figure 7) and is owned by Eldorado Gold Corp. (Eldorado).

Mineralization at Palito comprises fault-hosted, sub-vertical mesothermal quartz-chalcopyrite-pyrite veins crosscutting adamellite granite. Twenty seven sub-parallel veins have been identified to date. In March 2008 Serabi publicly announced an independent JORC compliant Mineral Resource Estimate at Palito for a Measured and Indicated Resource of 851,193 tons at 7.54 g/t gold and 0.23 % copper for 224,300 ounces of gold equivalent, and an Inferred Resource of 2.09 million tons at 5.85 g/t gold and 0.27 % copper for 443,956 ounces of gold equivalent (Mello and Guzman, 2008).

For the benefit of readers unfamiliar with the JORC code, the code is very similar to the CIM Definition Standards on Mineral Resources and Mineral Reserves, as adopted by the Council of CIM on 14^{th} November 2004. All the defined categories of mineral resources and reserves have the same meanings in both cases. The historical resource estimate as at March 2008 was considered reliable and relevant to the Palito project at the time.

The Palito mine operated an open pit in oxide material and currently has underground operations under care and maintenance. Primary ore is processed in a flotation circuit producing a gold-copper concentrate, with the tailings from the flotation circuit processed in a CIP circuit. Oxide ore is processed in the CIP circuit only.

The author of this Technical Report has been unable to verify the information regarding Palito and the information is not necessarily indicative of the mineralization at the Sao Chico property.

Mineralization at Tocantinzinho comprises a sheeted quartz vein stockwork hosted in granitic intrusive rocks. In July 2010 Eldorado publicly announced a NI 43-101 compliant Mineral Resource Estimate at Tocantinzinho (Wright, 2010) which is summarised in Table 1.

The author of this Technical Report has been unable to verify the information regarding Tocantinzinho and the information is not necessarily indicative of the mineralization at the Sao Chico property.

Table 1: Tocantinzinho Project Mineral Resources, as of 30th June 2010 (Wright, 2010)

Mineral Resource Classification	Tonnes (x1000)	Grade (Au g/t)	In-Situ Gold (Ounces x1000)
Measured	11,000	1.34	480
Indicated	47,560	1.04	1,590
Measured + Indicated	**58,560**	**1.10**	**2,070**
Inferred	18,920	0.67	410

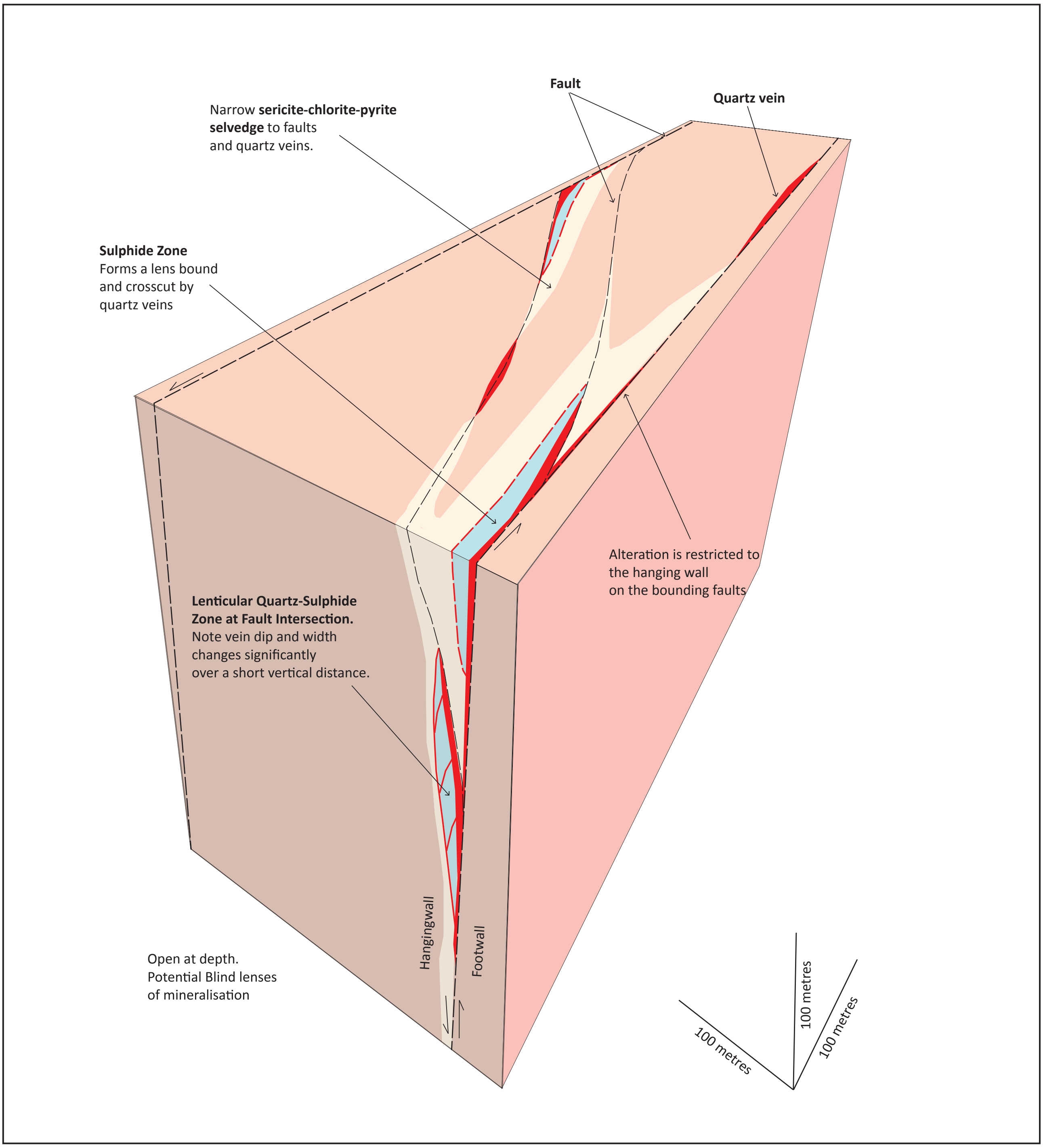


Figure 33: Conceptual model of sub-parallel, shear hosted veins with lenticular, strongly mineralized shoots and lenses hosted at the low angle intersection of structures.

8 Exploration

Exploration work by GOAB has concentrated on the area of artisanal workings at Sao Chico during 2010 and 2011. This has included surface trenching, channel sampling of the drive at the Main Vein and diamond drilling (Figures 3 and 8).

Mapping at Sao Chico in 2011 located over 200 artisanal workings, in the form of shallow open pits and narrow shafts (Figure 8). Shafts are collapsed. The location of such workings have been a useful tool in identifying vein structures in an area where outcrop is extremely limited.

First pass reconnaissance work has also been conducted on the Paulo Arara and Pedro prospects north of Sao Chico.

8.1 Trenching

GOAB mechanically excavated 22 trenches for a total of 567 metres in the area of artisanal workings within GUIA 02/2010 (Figure 8) between July-August 2010 (sixteen trenches) and February-March 2011 (six trenches). GOAB logged the trenches and sampled visually mineralised intervals. The results were used by GOAB to guide trial mining of oxidised quartz vein zones.

Sampling results of the first sixteen trenches were reported in the 2010 Technical Report (Tunningley and Atkinson, 2010). EAL have mapped the location of each trench using handheld GPS with an accuracy of +/- 4 metres. GOAB were not able to supply data with regards to lithology, sample location or assay results and the trenches have collapsed, making resampling and relogging impossible.

8.2 Underground Channel Sampling

EAL completed seventeen channel samples and mapping in the drive at Sao Chico (Figure 34). Channel samples were taken from the back (roof) of the drive at a spacing of 2 to 5 meters. Samples were collected by marking the line of the channel and using a hand held electric circular saw to cut a channel 5 cm wide and 2 cm deep. Two to six samples were collected per channel, with sample location dictated by lithological contacts. The drive was constructed by artisanal miners targeting bonanza grade, therefore EAL sampled both wall rock and vein material where possible in order to avoid any bias towards elevated gold grades. Results of the channel sampling are considered representative.

Results indicate that elevated gold grades between 10.79 and 254.50 g/t gold are consistently repeated over a strike length of 50 metres over intervals of up to 1.5 metres wide. High grade gold is spatially associated with the shallow angle intersection of two vein sets. At this intersection mineralization comprises brecciated quartz veins and strong chlorite-sericite alteration with semi-massive pyrite-galena-sphalerite in the breccia matrix. The breccia is crosscut by sheeted quartz veinlets and quartz lenses exploiting en-echelon tension gashes. The main mineralised zone is open to the east and a fault splay is open to the west.

8.3 Diamond Drilling

Twenty two diamond drill holes were completed at Sao Chico in 2011. Details and results are discussed in Section 9 (Drilling).

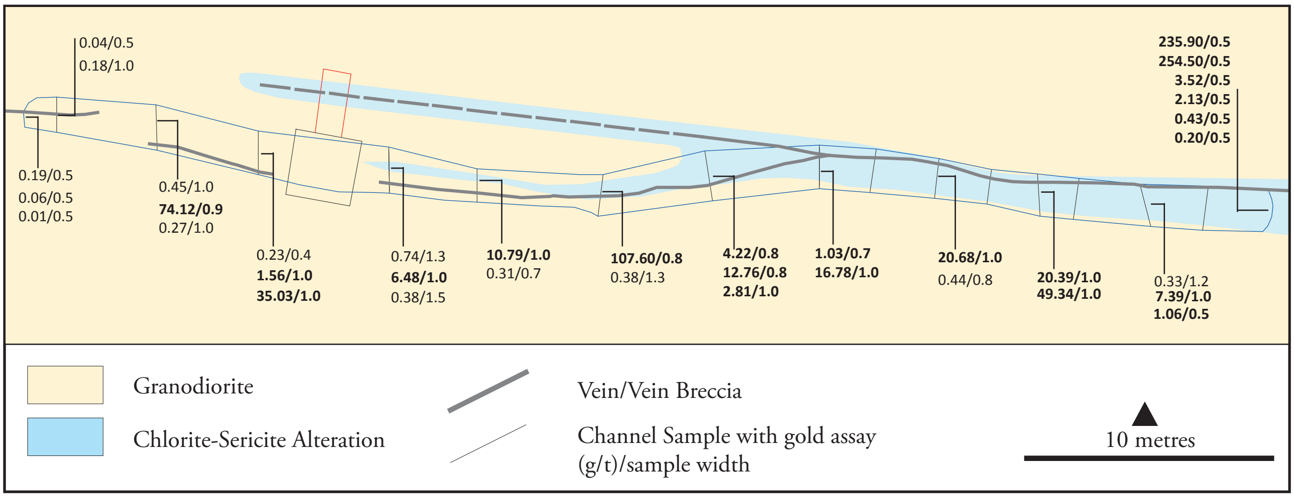


Figure 34: Plan view of the drive at the Main Vein showing EAL channel sample locations and assay results with geology.

8.4 Geochemical Sampling and Reconnaissance

Thirteen rockchip samples were collected by EAL in January 2011 during reconnaissance work over AP12836. This work followed up earlier observations that there were artisanal miners working at the Paulo Arara and Pedro prospects north of Sao Chico (Figure 2). Samples were collected from outcrop exposed by artisanal miners in shallow pits using a rock hammer, with a target sample weight of 2-3 kg. Samples were placed in a numbered cotton sample bag, described and given a coordinate with handheld GPS. Samples are considered representative with no factors that may have introduced bias.

Of these 13 samples, two assayed less than 0.2 g/t gold, nine assayed between 0.2 and 1.0 g/t gold and two assayed between 1.0 and 1.7 g/t gold. Elevated gold is related to one metre wide quartz veins hosted in saprolitic granodiorite. Outside of artisanal workings there is no outcrop and the vein structures are interpreted to be open along strike. Further exploration work is warranted.

8.5 Electromagnetic Survey

A ground-based electromagnetic (EM) survey was commissioned through a contractor by GOAB in 2010 in the area of GUIA 02/2010, with a line spacing of 50 metres and readings every 12.5 metres along each line for a total of approximately 2.7 line kilometres.

Results of the survey clearly define a zone of high chargeability immediately south of the area of historic workings and the area trenched by GOAB. A linear zone of low chargeability is interpreted to represent a fault zone which is host to mineralization and strikes east-southeast. A subparallel linear zone of low chargeability is located approximately 70 metres north of the area of historic workings and remains largely untested.

The results of the EM survey demonstrate that EM is an effective exploration tool at Sao Chico, especially considering the relative lack of outcrop across the property.

9 Drilling

Kenai completed 22 diamond drill holes at Sao Chico totalling 3235 metres (Table 2). Drill holes were planned to target known mineralisation at the Main Vein and Highway Vein, and to explore along strike and down dip extensions of these zones as well as the potential for buried, sub-parallel vein structures. Drilling was conducted with wire line core rigs with HQ core to a maximum of 100 meters and the remainder of the hole drilled in NQ. Drill collar data is presented in Table 2.

9.1 Drilling Procedures

Drill collars were located in the field prior to drilling with hand held GPS with an accuracy of +/- 4 meters and the rig was sited at each collar by an EAL geologist. At the end of each hole a concrete block with plastic casing was placed at each collar, which was surveyed by DGPS at the end of the drill program. All holes were surveyed down hole using an EZ Shot tool.

Drill core was washed clean of mud and fluids, reconstructed by the driller and stored in wooden core boxes marked with drill hole number, from and to meterage and box number. Drill core was stored at the rig until it was collected by GOAB staff and transported to the core logging facility at camp.

Drill core was subject to geotechnical logging and meter marked prior to geological logging. Geological logging was performed using log sheets and recorded lithology, alteration and visual mineralisation. Each core box was photographed prior to sampling.

The entire drill hole was sampled. Intervals were a nominal 2 metres unless the sample crossed a lithological boundary or a change in alteration or mineralisation, in which case the sample length was dictated by lithology or alteration. A minimum sample length of 50 centimetres was used in order to retain sufficient sample weight. Each sample interval was marked in the core box. Core was cut exactly in half using a circular rock saw and jig. One half of the core was used for sampling and one half of the core was retained in the core box.

9.2 Drilling Results and Interpretation

The results of the drill program indicate that vein hosted mineralisation at Sao Chico strikes west-northwest over a total strike length of 540 metres and remains open at depth and along strike. Relevant results are interpreted as those intervals which assayed greater than 0.5 g/t gold and are presented in Table 3. No sampling or recovery factors are believed to materially impact on the accuracy and reliability of results.

Two main zones have been identified from the drill program as the Main Vein and the Highway Vein, with a sub-parallel vein (the Parallel Vein) discovered approximately 60 metres south of the Main Vein. High grade mineralisation is related to chlorite-sericite altered granodiorite overprinted by pyrite-galena-sphalerite and silica alteration with quartz veining in subvertical fault zones.

At the Main Vein the high grade mineralisation forms a lenticular body dipping steeply south, striking west-northwest over <100m, <140m deep and varies from 1.0 to 3.9 metres apparent width. Mineralisation is open down dip and plunging to the west. To the east, mineralisation is open for at least 80 meters along strike. As well as high grade gold, anomalous silver, lead and zinc is observed and is associated with brecciated quartz veins.

At the Highway Vein brecciated granite supported by chlorite-sericite-quartz cement with blebby pyrite-galena was intercepted over an apparent width of 1.6 to 2.9 metres. The mineralised zone was drilled to 75 metres below surface and remains open along strike and down dip. The mineralised zone dips steeply to the south. The strike is interpreted as roughly west-northwest, with further drilling required to determine an accurate orientation as there is no outcrop in the area. High grade gold with anomalous lead and zinc is observed associated with breccias.

Table 2: Drill collar data, Sao Chico. Coordinates are presented in UTM WGS 84.

Hole ID	Easting	Northing	UTM Zone	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)
11-SC-001	614154	9290294	21	258	010	55	86.15
11-SC-002	613987	9290318	21	266	010	55	80.50
11-SC-003	613910	9290326	21	267	010	55	111.85
11-SC-004	613949	9290321	21	267	020	55	104.35
11-SC-005	613943	9290272	21	282	010	55	191.15
11-SC-006	613984	9290266	21	280	010	55	203.15
11-SC-007	613900	9290274	21	284	010	55	185.3
11-SC-008	614072	9290288	21	268	010	55	82.35
11-SC-009	614069	9290251	21	272	010	55	168.55
11-SC-010	614412	9290217	21	289	360	55	80.00
11-SC-011	614139	9290238	21	277	010	55	129.15
11-SC-012	614336	9290220	21	284	360	55	76.85
11-SC-013	614332	9290181	21	295	360	55	134.55
11-SC-014	614131	9290199	21	285	010	55	198.05
11-SC-015	614408	9290184	21	296	360	55	141.00
11-SC-016	614124	9290138	21	301	010	55	105.65
11-SC-017	614021	9290461	21	242	190	55	332.95
11-SC-018	614048	9290150	21	295	010	55	150.00
11-SC-019	613837	9290329	21	272	010	55	111.15
11-SC-020	613726	9290344	21	270	010	55	121.25
11-SC-021	613932	9290235	21	290	010	55	220.10
11-SC-022	613965	9290228	21	288	010	55	221.05

Table 3: Significant intercepts from the 2011 drill program. Intervals are shown over apparent width.

Prospect	Hole ID	From (m)	To (m)	Interval (m)	Gold (ppm)	Silver (ppm)	Lead (ppm)	Zinc (ppm)	Copper (ppm)
Main Vein	11-SC-002	27.87	29.6	1.73	0.59	1	339	443	68
		38.25	40.11	1.86	17.70	5	1316	1398	105
	11-SC-003	16.00	18.03	2.03	0.51	0	27	39	32
		94.30	95.35	1.05	1.03	2	564	377	139
	11-SC-004	49.10	50.30	1.2	77.30	53	5777	4296	345
		51.15	53.50	2.35	0.68	3	5604	3895	334
		79.95	81.45	1.5	0.47	2	829	1123	158
	11-SC-005	40.75	42.04	1.29	>10	5	2765	1861	108
		142.13	143.71	1.58	>10	86	over range	over range	2355
		147.56	149.45	1.89	0.94	3	2554	4498	313
	11-SC-006	65.15	66.40	1.25	1.07	2	1295	1438	52
		113.85	115.54	1.69	1.58	3	1243	1973	97
		121.55	123.55	2	13.40	7	6280	5954	247
		126.02	127.10	1.08	4.17	19	8712	7355	385
		132.78	134.93	2.15	73.09	over range	over range	5617	577
	11-SC-007	158.50	160.5	2	60.10	56	over range	8447	190
	11-SC-009	51.00	53.00	2	2.36	5	3253	2726	186
		106.65	110.60	3.95	0.93	3	939	800	65
	11-SC-011	68.5	69.95	1.45	0.71	1	175	57	162
	11-SC-019	75.08	76.95	1.87	0.78				
		81.62	83.13	1.51	1.06				
		105.75	107.69	1.94	0.91				
	11-SC-021	83.94	85.25	1.31	38.70				
		199.75	203.5	3.75	5.39				
	11-SC-022	201.72	203.51	1.79	0.54				
		100.85	101.85	1	0.85				
		191.94	193.9	1.96	1.06				
Highway Vein	11-SC-012	40.00	41.60	1.6	10.80	3	1286	890	46
	11-SC-013	118.85	121.77	2.92	7.94	10	over range	4732	130
		123.2	124.6	1.4	0.98	2	2010	2871	170

10 Sample Preparation, Analyses and Security

All samples reported were stored securely in the GOAB field office prior to sample dispatch. Samples were transported in locked company vehicles directly to the laboratory in order to maintain chain of custody.

Rockchip samples were placed in sample bags marked with a unique sample number and tied in the field. Rockchip samples were then placed in larger rice sacks prior to dispatch, with each sack holding ten consecutive samples.

Drill core samples were taken from half cut drill core, placed in sample bags with a unique sample number and tied. Samples were placed in larger rice sacks, with each sack holding ten consecutive samples.

Drill core samples were prepared at ACME, Itaituba, Pará, Brazil and shipped to ACME, Santiago, Chile for 50 gram gold fire assay. Samples were then shipped to ACME Vancouver, Canada, for aqua regia ICP-MS analysis. These laboratories are independent of Kenai and are ISO:9001 certified. Samples were prepared using ACME preparation code R200-1000, which comprises the whole sample being crushed to 80% passing 10 mesh (2 mm), riffle split to produce a 250 gram sub-sample, and pulverised to 85% passing 200 mesh (75 microns).

Rockchip and underground channel samples were prepared and assayed at SGS Geosol laboratory in Vespasiano, Belo Horizonte. Whole samples were dried and crushed to 75 % passing 2 mm. A 250 gram sub-sample was pulverised to 85 % passing 200 mesh (75 microns) using bowl and puck equipment. Samples were submitted for 50 gram gold fire assay with AAS finish (SGS Geosol code FAA505) and a 34 element ICP-OES analysis following an aqua regia digest (SGS Geosol Code (ICP12B). The SGS Geosol laboratory is ISO9001 certified and independent of Kenai.

Samples prepared at the Palito Mine laboratory, Para State, Brazil, were assayed for gold by aqua regia and atomic absorption.

The author is of the opinion that the sample preparation, security and analytical procedures are adequate for the style of mineralization and the stage of exploration at the property.

10.1 Quality Control and Quality Assurance

Throughout the drill program, drill core samples were submitted in batches of twenty, with each batch containing 16 drill core samples, one blank sample, one certified reference material (CRM) sample, one crush duplicate and one pulp duplicate.

Blank samples were taken from a granite outcrop from which ten samples were collected prior to the drill program. These samples were assayed at SGS Geosol and routinely assayed below detection limit (<0.005 ppm gold). The failure limit for blank samples was set at 0.05 ppm gold. No blank failures were recorded during the program (Figure 35).

Geostats Pty Ltd were originally chosen as the preferred choice of CRM supplier. However these CRM samples were held in customs and CRM samples were ultimately sourced from Rocklabs Pty who have a Brazilian based supplier. Rocklabs supply a certificate for each CRM stating a "recommended gold concentration" and a 95% confidence interval. Rocklabs also state that although a standard deviation (SD) is calculated for each CRM, that this standard deviation should not be used as a basis to set control limits when plotting results from an individual laboratory.

A range of Rocklabs CRM with variable gold values were selected to represent the anticipated grades and matrix of drill core samples: HiSilP1 (12.05 ppm gold); Oxi81 (1.81 ppm gold); SJ53 (2.64 ppm gold); SP49 (18.34 ppm gold) and SQ47 (39.88 ppm gold). Not all gold CRM assay results were reported as absolute values by ACME due to a change in ACME's assay protocol midway through the drill program. This change in assay protocol meant that CRMs, all of which weighed 50 grams, were initially subject to an AAS read and gravimetric finish, and an absolute gold value was given. Later in the drill program CRM with a value greater than 10 ppm gold was reported as insufficient sample due to only a gravimetric finish being applied by the laboratory. EAL was only informed that there would be no final gold value for CRM greater than 10 ppm gold at the end of the drill program.

Six batches containing high grade CRM (>10 ppm gold) were reported by ACME prior to the change in protocol. These results show ACME's overall performance to show an acceptable level of accuracy, with one CRM assaying greater than 3 SD (Figures 36 to 39 to X). CRM SJ53 performed poorly and regularly assayed outside of both 3 standard deviations and 2 consecutive batches assaying outside +/- 2 SD (Figure 39). There is no obvious bias with both high and low failures. Ordinarily when using Geostats CRM samples, EAL deems that where CRM in two consecutive batches exceed +/- 2 SD or a CRM in a single batch exceeds +/- 3 SD, the batch fails and is reassayed until the CRM is within 1 SD. However, given the Rocklabs statement that SD should not be used to set control limits EAL could not fail these batches. A larger data set would be required in order to plot a laboratory specific mean value for the CRM from which a laboratory specific standard deviation and performance gates can be set.

As a result of the non-reported CRM results and poor performance of CRM SJ53, 56 pulp samples were repeated at the Palito laboratory to test for accuracy of the gold values reported. The pulp samples included a mix of high and low grade samples (Figure 40). The results of this reassay show the assays to be repeatable and within 10 % of the ACME assay result with the exception of two high grade samples. This is likely due to gold scattering in the pulp and metallurgical screen tests have been performed on drill core samples as a result (see Section 12 Mineral Processing and Metallurgical Testwork). A slight negative bias in the Palito assays may also be the cause and further monitoring is required as the program progresses. A nugget effect is therefore considered negligible at this stage. Overall these reassay results show the results of the high grade samples to be accurate.

The author considers that the results reported are reliable. For future work a CRM with given performance gates (control limits) should be used in order that poor performance by a laboratory can be more readily identified and rectified. CRM should be submitted with at least 110 grams of material in order that repeat assays can be conducted and to ensure the laboratory receives sufficient sample. In addition, crush duplicates and field (drill core) duplicates should be inserted where batches contain visually mineralised samples in order to monitor precision.

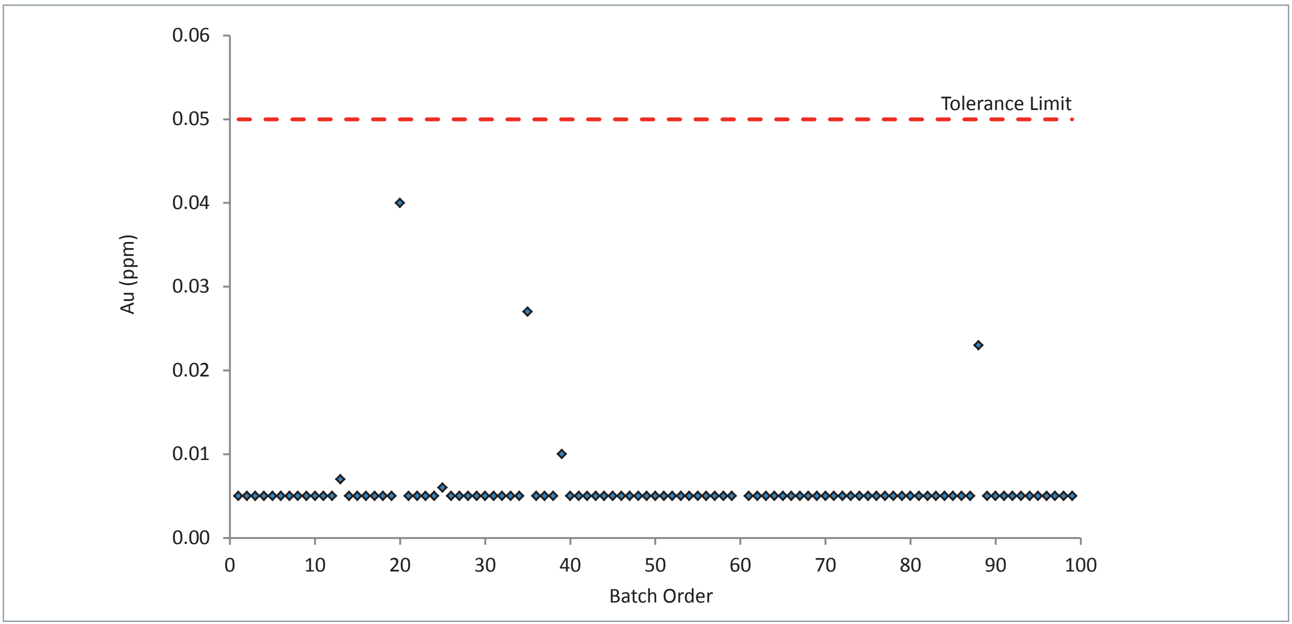


Figure 35: Blank sample assay results. No failures were detected.

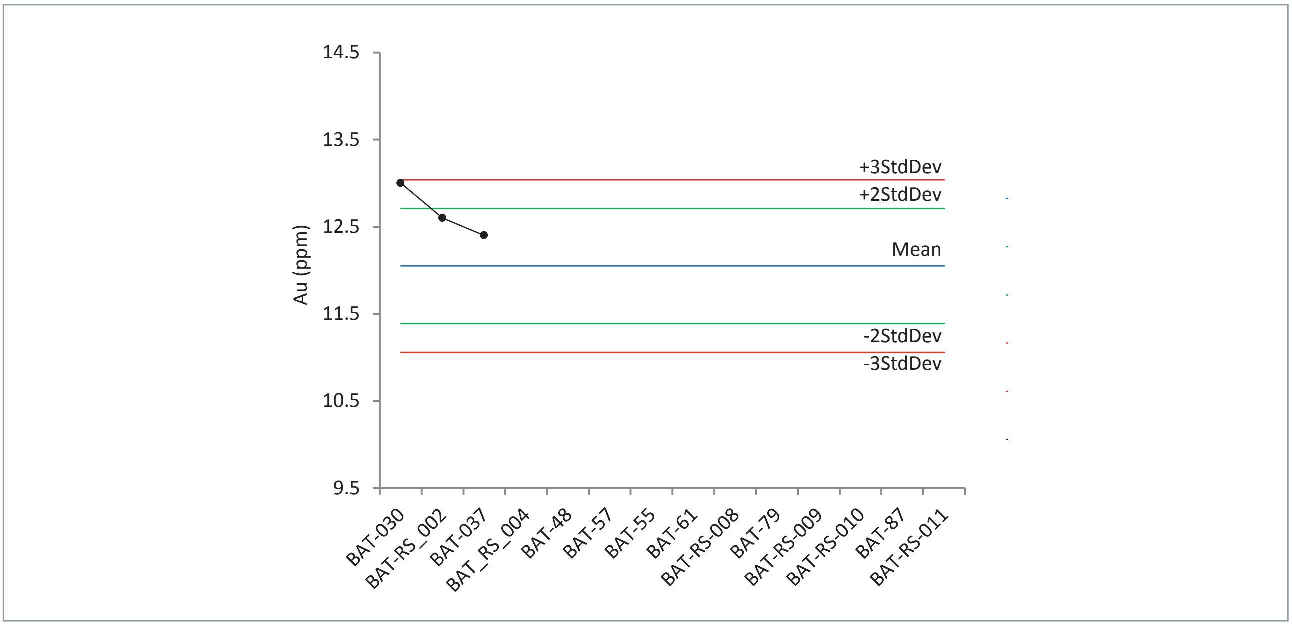


Figure 36: Performance of CRM HiSilP1. Results show a good degree of accuracy.

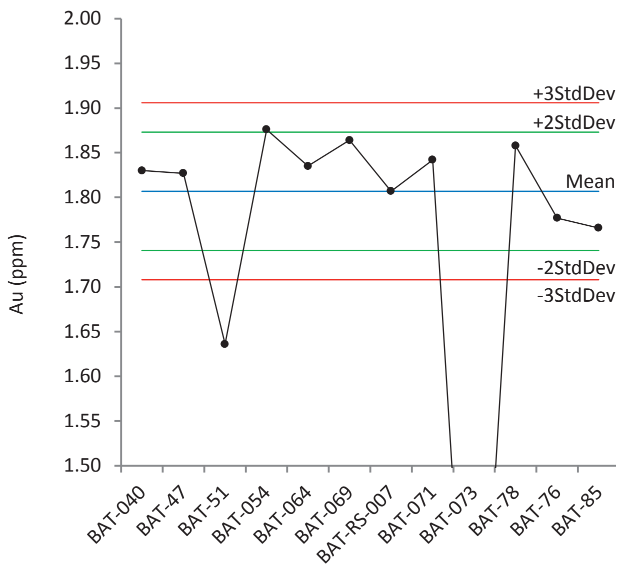


Figure 37: Performance of CRM Oxi81. Accuracy is generally acceptable.

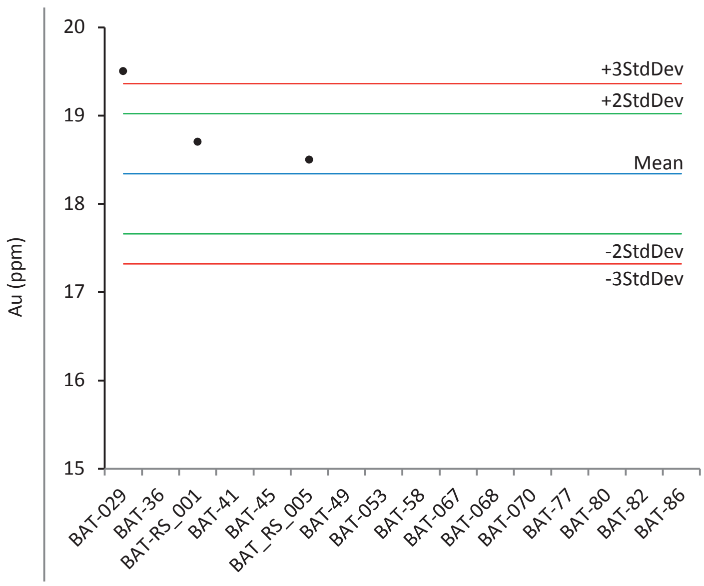


Figure 38: Performance of CRM SP49.

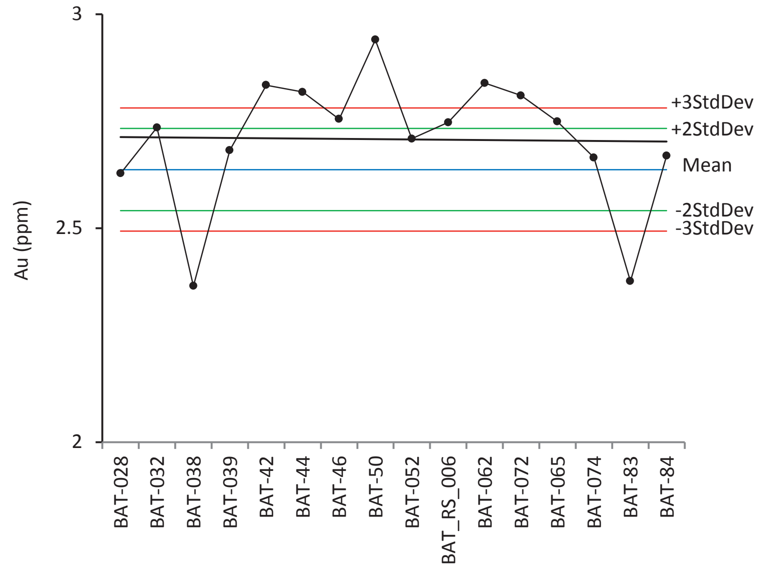


Figure 39: Performance of CRM SJ53.

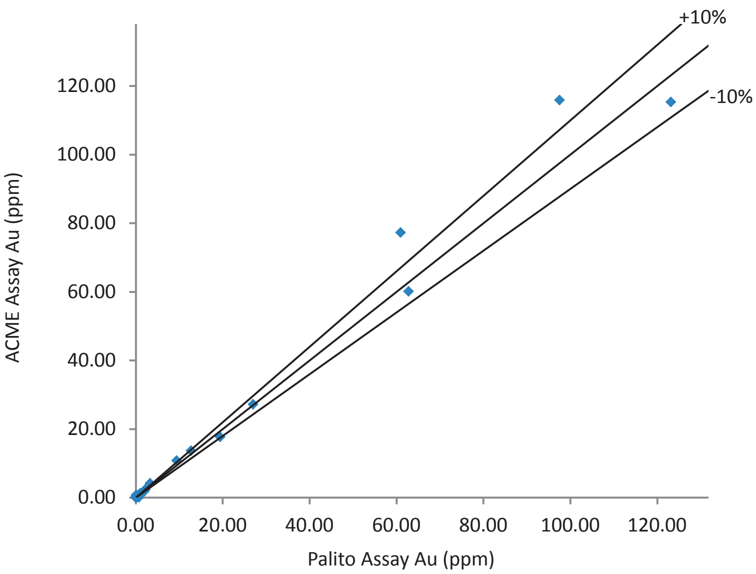


Figure 40: Scatter plot of ACME vs Palito pulp duplicate gold assays from 56 samples. Only two samples plot outside of the 10% performance gates which is possibly a result of gold scattering in the pulp.

11 Data Verification

The Sao Chico geology, drill hole and assay data set has been subject to detailed review by the author, including the use of data verification tools available in mapping software, personal inspection of drill core and drill collars. EAL geologists were responsible for the siting of drill rigs, logging of drill core and sampling, and this work was managed by the author.

It is the author's opinion that the data is adequate for the purposes of the Technical Report.

12 Mineral Processing and Metallurgical Testing

12.1 Mineral Processing

In 2011, Kenai trialled a bulk sampling program aimed at exploiting oxidised material along the strike length of the Main Vein, using a simple gravity recovery system to process the material. A crusher, Gekko Systems In-line pressure jig and shaking table was installed on the Sao Chico property (Figure 3) and approximately 9,300 tons of material was excavated, with 2,797 tons processed through the plant (Tavares, 2012). Excessive dilution and low gold grades meant the bulk sampling was abandoned in order to focus on diamond drilling the hypogene mineralization. Head grade and recovery from the bulk sampling program is not known.

12.2 Metallurgical Testing

In May 2007, two sulphide bearing samples from Sao Chico were submitted to HRL Testing Pty Ltd (HRL) by GOA. The results of this work are detailed in the 2010 Technical Report and are considered as historic work. In summary, the samples were subject to cyanide bottle roll leach and gravity separation testwork, resulting in gold recoveries of 90.62 % and 99.03 % using cyanide leach, and recoveries of 75.91 % and 72.14 % using gravity separation. The location of samples used in this testwork is not known therefore these results should not be relied upon.

In April 2012, SGS Mineral Services reported on three samples submitted by Kenai for Fire Assay, four-acid digest ICP analysis, whole rock analysis, bulk density tests, Bond ball mill work index (BWi) testing, screened metallics, gravity separation, whole rock and gravity tailing cyanidation tests and flotation of gravity tailing tests (Macdonald and Dymov, 2012). The three samples submitted (N-1, N-2 and N-3) were composite samples collected by EAL from the Main Vein drive and are therefore considered representative of the types and styles of mineralization observed on the property and the deposit as a whole.

In summary, results of the SGS Mineral Services testwork characterise the mineralization as having an average bulk density of 2.71 g/cm^3, with a BWi of 15.5 (metric) which is considered as being of intermediate grindability. Head grades of 114 g/t gold (N-1), 11.8 g/t gold (N-2) and 40.9 g/t gold (N-3) are reported.

Metallurgical testing indicates that the gold mineralization is highly amenable to cyanidation, with recoveries between 98.8 and 99.3 %. High gold recoveries were obtained using flotation and gold recovery by gravity separation and flotation (~99.5 %). Cyanidation of gravity separation tailings yielded high recoveries (~99.2%).

SGS Mineral Services recommend gravity separation followed by CIP cyanidation as the preferred processing flowpath, with further investigation into retention time and grind size requirements required. No processing factors or deleterious elements that could have a significant effect on potential economic extraction were identified within the scope of the SGS Minerals Services test program, although cyanide consumptions of 0.71 to 1.85 kg NaCN per tonne of leach feed were reported as being relatively high.

Sample preparation, test methodology and results of SGS Mineral Services testwork are detailed below.

SGS Mineral Services commenced a second more detailed stage of testwork on further underground samples in late September 2012, the results of which are pending at the time of writing.

12.2.1 Sample Preparation and Test Methodology

Ten pieces of rock from each composite were selected for In-situ bulk density testing, with the remainder of each sample crushed to pass 6 mesh. A 3 kg riffle split of each sample was taken for standard BWi testing and pulverised to 100 mesh. The remaining balance of each sample was crushed to pass 10 mesh.

From each -10 mesh sample, 20 kg was rotary split and combined as "Master MET Comp". The -10 mesh Master MET Comp sample and samples N-1, N-2 and N-3 were rotary split into 1kg and 2 kg charges. Randomly selected 1kg charges of each sample were submitted for screened metallics analysis for gold at +/- 150 mesh. +150 mesh and -150 mesh fractions were fire assayed for gold and silver. In addition each sample was submitted for whole rock analysis and four acid digest ICP analysis.

Gravity separation testwork was conducted using a Knelson MD-3 concentrator, followed by treatment of the Knelson concentrate on a Mozley laboratory mineral separator. Gravity concentrate was fire assayed for gold and silver. Tailings from the Knelson and Mozley (gravity separation tailings G-1, G-2 and G-3) were combined into 1kg (dry) charges for downstream flotation and cyanidation testwork, and were not assayed directly.

Gravity separation tailings and Master MET Comp were subject to rougher kinetics tests, followed by application of bulk sulphide collectors (flotation testwork) on 4kg charges.

Bottle roll cyanidation leach testwork was performed on the N-1, N-2 and N-3 samples as well as gravity separation tailings samples. Tests were performed on a range of grind sizes under standard conditions comprising a pulp density of 40 % solids with a pH of 10.5 to 11 maintained with lime, a cyanide concentration maintained at 0.5 g/L NaCN over a leach period of 48 hours. Filter cakes were dried and fire assayed for gold and silver.

12.2.2 Testwork Results

Bulk density testwork indicates an average density of 2.71 g/cm^3, which was applied to the mineral resource estimate given in Section 13. A BWi of 15.5 was produced, which is considered within the average range for the types of material encountered at Sao Chico and is a material of intermediate grindability.

Screened metallics testwork (Table 4) displays an even distribution of coarse (+150 Mesh) and fine (-150 Mesh) gold, albiet with a bias towards greater distribution of gold in the -150 mesh portion. A nugget effect is discounted based on these results.

Gravity separation testwork (Table 5) indicates that the majority of gold reports to tailings which are then amenable to cyanidation. Gravity separation alone is therefore not considered as a viable benefication method. Varying the feed size had negligible impact on the recovery using gravity separation.

Cyanidation testwork was completed on whole rock (Table 6) and tailings from gravity testwork (Table 7). Results show gold recoveries of 98.8 to 99.3 % with a feed size of 88 to 137 µm. Grind size has a negligible effect on recovery, but does show a positive correlation between finer grind size and increased cyanide consumption.

Flotation testwork of gravity tailings (Table 8) shows high gold recoveries (99.3 to 99.4%) and is another viable alternative to cyanidation of gravity tailings. The impact of grind size on recovery is negligible.

Table 4: Screened Metallics for Gold Analysis

Composite		Calc Head Grade Au (g/t)	+150 Mesh Mass (%)	+150 Mesh Au (g/t)	-150 Mesh Mass (%)	-150 Mesh Au (g/t) a	-150 Mesh Au (g/t) b	% Au Distribution +150 Mesh	% Au Distribution -150 Mesh
Master	Screened Metallics	57.5	2.64	862	97.4	37.3	34.0	39.6	60.4
	Metallurgical Testwork	65.0							
Comp N-1		114.0	3.15	1,424	96.8	70.5	72.6	39.3	60.7
Comp N-2		11.8	3.38	108	96.6	9.00	7.86	31.0	69.0
Comp N-3		40.9	3.07	640	96.9	21.0	22.8	48.0	52.0

Table 5: Gravity Separation Results.

Test No.	Tests Completed on Gravity Tailing	Feed Size P_{80}, µm	Product	Mass (%)	Assays (g/t) Au	Assays (g/t) Ag	% Distribution Au
G-1	CN-4 & F-1	150	Mozley Concentrate	0.069	23,622	13,555	24.8
			Knelson + Mozley Tailing	99.93	49.6 *		75.2
			Head (calculated)	100.0	65.9		100.0
G-2	CN-5 & F-2	106	Mozley Concentrate	0.062	23,010	13,258	21.6
			Knelson + Mozley Tailing	99.94	51.6 *		78.4
			Head (calculated)	100.0	65.8		100.0
G-3	CN-6 & F-3	75	Mozley Concentrate	0.065	27,515	15,911	28.4
			Knelson + Mozley Tailing	99.93	45.3 *		71.6
			Head (calculated)	100.0	63.3		100.0
			Head (Direct)		57.5		

Table 6: Results of Whole Rock Cyanidation Tests.

CN Test No.	Feed Size P_{80}, µm	Reagent Consumption kg/t of CN Feed NaCN	Reagent Consumption kg/t of CN Feed CaO	Au % Extraction / Recovery 6 h	Au % Extraction / Recovery 24 h	Au % Extraction / Recovery 48 h	Residue Au (g/t)	Head Au (g/t) Calc	Head Au (g/t) Direct
CN-1	137	0.94	0.29	60	87	98.8	0.68	55.7	57.5
CN-2	105	0.98	0.24	76	96	99.0	0.50	52.3	
CN-3	88	1.36	0.37	82	95	99.3	0.38	55.3	

Table 7: Results of Gravity Tailing Cyanidation Tests.

Feed from Test	CN Test No.	Feed Size P_{80}, µm	Reagent Consumption kg/t of CN Feed		Au % Extraction / Recovery CN (Unit)			Overall Recovery		Residue Au (g/t)	Head Au (g/t)		
			NaCN	CaO	6 h	24 h	48 h	Gravity	Gravity +CN		CN Calc	Grav + CN Calc	Direct
G-1	CN-4	150	0.71	0.43	73	90	98.2	24.8	98.7	0.89	49.6	65.9	57.5
G-2	CN-5	106	1.02	0.65	63	96	98.7	21.6	99.0	0.69	51.6	65.8	
G-3	CN-6	75	1.85	0.70	44	93	98.9	28.4	99.2	0.51	45.3	63.3	

Table 8: Rougher Flotation of Gravity Separation Tailing Tests.

Feed = Tailing from Test	Flot Test No.	Feed, P_{80}, µm	Product (cumulative)		Mass (%)	Assays Au (g/t)	% Distribution Au Flot (unit)	% Distribution Au Grav + Flot
G-1	F-1	150	Gravity Concentrate (G-1)					24.8
			Rougher Conc.	3 min.	12.5	321	93.8	95.3
			Rougher Conc.	8 min.	16.7	253	98.7	99.0
			Rougher Conc.	13 min.	19.8	215	99.0	99.3
			Rougher Conc.	18 min.	22.3	191	99.2	99.4
			Rougher Conc.	23 min.	24.3	176	99.3	99.5
			Rougher Tail.		75.7	0.38	0.7	0.5
			Calculated (Flot) Head		100.0	42.9	100.0	100.0
			Calc (Grav + Flot) Head					
G-2	F-2	100	Gravity Concentrate (G-2)					21.6
			Rougher Conc.	3 min.	13.2	286	96.5	97.3
			Rougher Conc.	8 min.	17.7	216	97.7	98.2
			Rougher Conc.	13 min.	21.5	180	99.0	99.2
			Rougher Conc.	18 min.	24.1	161	99.2	99.4
			Rougher Conc.	23 min.	26.7	145	99.4	99.5
			Rougher Tail.		73.3	0.34	0.6	0.5
			Calculated (Flot) Head		100.0	39.0	100.0	100.0
			Calc (Grav + Flot) Head					
G-3	F-3	75	Gravity Concentrate (G-2)					28.4
			Rougher Conc.	3 min.	13.3	211	87.2	90.8
			Rougher Conc.	8 min.	18.6	169	97.9	98.5
			Rougher Conc.	13 min.	22.7	140	99.1	99.4
			Rougher Conc.	18 min.	24.8	129	99.2	99.4
			Rougher Conc.	23 min.	26.8	119	99.3	99.5
			Rougher Tail.		73.2	0.32	0.7	0.5
			Calculated (Flot) Head		100.0	32.1	100.0	100.0
			Calc (Grav + Flot) Head					
			Head (direct)					

13 Mineral Resource Estimates

Andes Mining Services have estimated a mineral resource for the Sao Chico Gold Project utilising drilling data as of 13th May 2012. All grade estimation was completed via a two-dimensional (2D) metal accumulation model. Grades from the 2D modelling have been transposed to a three-dimensional (3D) block model which has been used to generate tonnes and grade.

This estimation approach was considered appropriate based on a review of a number of factors, including the quantity and spacing of available data, the interpreted controls on mineralization, as well as the style of mineralization under consideration. Two-dimensional accumulation modelling is a typical estimation method utilized for extremely narrow high-grade gold deposits which lack sample support and typically display erratic grade distributions.

The estimation was constrained entirely within the saprolite and fresh rock domains. Saprolite development is generally limited across the Sao Chico Project area (typically <20 metres in depth), with all 22 diamond drill holes noted to intersect the mineralized vein(s) wholly within fresh rock across the project area.

The Sao Chico Gold Project measured, indicated and inferred mineral resource estimate is based on 22 diamond holes (3,235 metres) drilled at a spacing of approximately 80 by 80 metres. Within the centre of the resource, drill spacing has been reduced to 40 by 40 metres in an effort to increase the resource category confidence, and provide suitable vectors from possible variography studies. In addition, a total of 55 metres of lateral underground development has been completed on the Main Vein, with underground sampling confirming the high grade continuity of mineralization across the Sao Chico Gold Project. Individual drilling included within each domain is listed in Table 9.

Table 9: Domain - Drilling Statistics Summary

Domain	Diamond Drilling
Main Vein	10 DDH Intercepts (1,597.15 m total)
Highway Vein	2 DDH Intercepts (211.14 m total)
Parallel Vein	2 DDH Intercepts (411.25 total)

13.1 Database

Data was supplied to Andes Mining Services in the form of a number of excel spreadsheets. The following spreadsheets were received from Kenai Resources:

- SC_DDH_Assays_2012-01-20(2).xls
- 2012-01-20_SC_Drilling_Sample Log.xls
- 20111217_SC_DDH Lithology.xls
- SC_DDH_RQD_Master.xls
- Hole XX.xls (Downhole Survey Data for Individual Drill Holes).

The following checks were performed:

- Holes that had no collar data.
- Overlaps in sample intervals.
- Gaps in sample intervals.
- Matching the geological logging length to the drill hole sample length.
- Survey inconsistencies within downhole survey data sheets.

Minor inconsistencies were noted within the data set, particularly with reference to the downhole survey data. In addition, two drill holes (11-SC-001 and 11-SC-016 are missing downhole survey data). AMS has assigned a low level of confidence to the downhole survey data given the number of anomalous values noted within the dataset. Efforts were made to remove erroneous survey data to provide a more robust downhole survey dataset for each drill hole.

Drill core recoveries are considered excellent across all holes included within the database.

There were no material errors noted within the database as a whole, however more care should be taken in future to remove overlapping geological and sample intervals within the database.

The drillholes were imported into Surpac and a topographic surface was generated based on the drillhole collar information available (DGPS survey pick-up). Topographic variations reflected in the drilling were validated on the site visit to the project area.

13.2 Geological Modelling

Andes Mining Services utilised DGPS survey data for the collar location of all 22 diamond drill holes across the Sao Chico Project area to create an approximate topographic surface which was utilized as an upper boundary surface for the Sao Chico wireframes.

All diamond drill holes clearly show a sharp boundary between saprolite and fresh rock material, and a digital terrane model (DTM) surface was created in Surpac to reflect this upper bounding surface. There is a significant density difference between saprolite and fresh rock material; therefore tonnages would be overestimated without this separation.

Mineralization was considered to be extremely narrow in nature at Sao Chico (average vein width of approximately 0.8 metres), following a review of downhole drilling intercepts across the project area. The generation of wireframes was driven by grade and width intercepts, which generally display a very good vertical and lateral continuity across sections. Intercept widths were tightly restricted by the author, as noted from an inspection of diamond drill core from a site visit to Sao Chico on 12th May 2012.

No cut-off grades have been assigned to the assay data given a lack of significant drilling intercepts on the mineralized domains with which to generate a meaningful statistical analysis.

Andes Mining Services have interpreted three separate mineralized vein domains (termed the Main, Highway and Parallel Veins) utilizing a 0.5 g/t gold cut-off grade (approximate) to guide the interpretation (Figures 41 and 42). A total of five east-west trending vertical sections have been created by snapping to drill holes for the Main Vein, with a further two sections generated for the Highway and Parallel Veins (one section for each vein).

All three wireframes have been clipped to the topographic surface illustrated in Figure 41. Wireframes have been extended / projected 20 metres beyond the last mineralized section for each wireframe. Where only one section has been generated for the wireframe (as is the case for the Highway and Parallel Veins), then the string file was projected 20 metres in either direction to generate a wireframe of substance.

13.3 Bulk Density Measurements

No bulk density test work has been completed by Kenai Resources as part of the 22 hole diamond drilling program recently completed.

Kenai Resources have made available to Andes Mining Services a report completed by SGS Lakefield (SGS) which reports the recovery of gold from the Sao Chico Gold Project. Under section 1.4 of the report, SGS have reported in-situ sample density determination test results based on the analysis of 3 samples (N-1, N-2 and N-3) (Table 10).

Table 10: Bulk Density Measurements completed for Sao Chico samples by SGS Lakefield (Macdonald and Dymov, 2012).

Sample	Composite (g/cm^3)		
	N-1	N-2	N-3
1	2.65	2.68	2.78
2	2.75	2.79	2.23
3	2.85	2.68	2.74
4	2.72	2.57	2.62
5	2.61	2.69	2.94
6	2.88	2.74	2.57
7	2.81	2.77	2.78
8	2.60	2.60	2.76
9	2.78	2.68	2.87
10	2.95	2.76	2.65
Minimum	2.60	2.57	2.23
Maximum	2.95	2.79	2.94
Average	**2.76**	**2.69**	**2.69**
Standard Deviation (%)	4.2	2.7	7.3

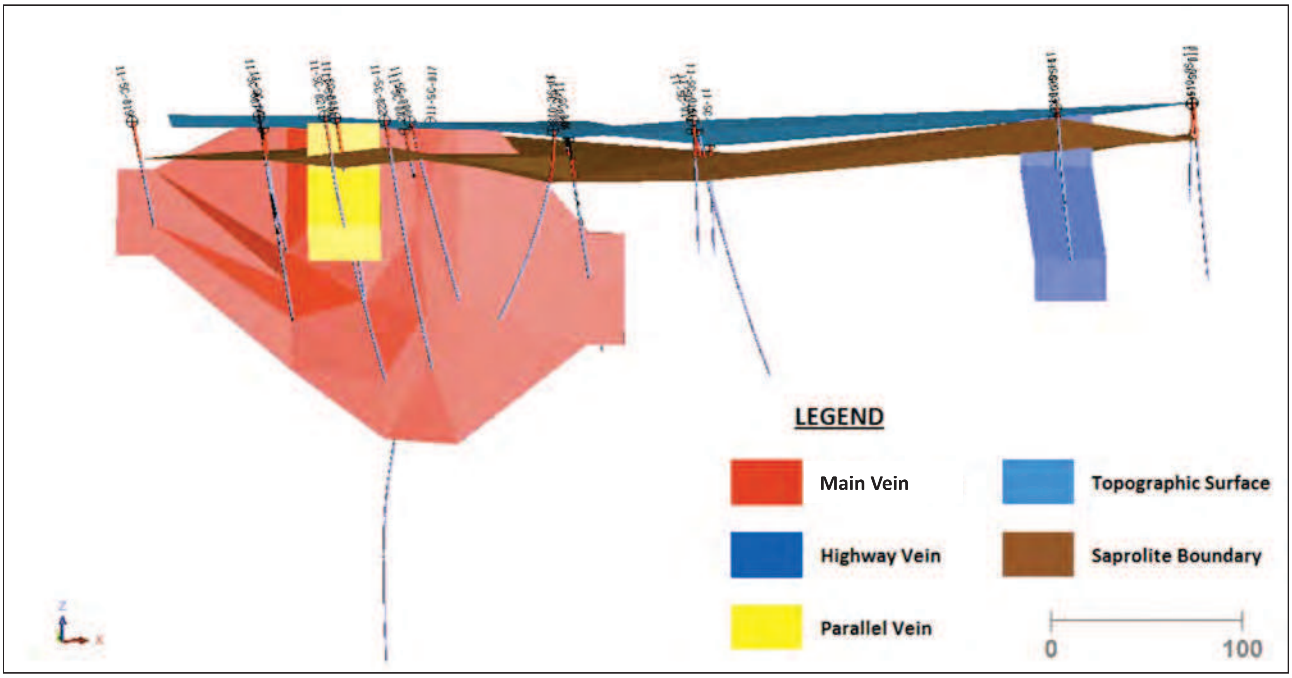


Figure 41: Long Section View of Wireframes and Bounding DTM Surfaces.

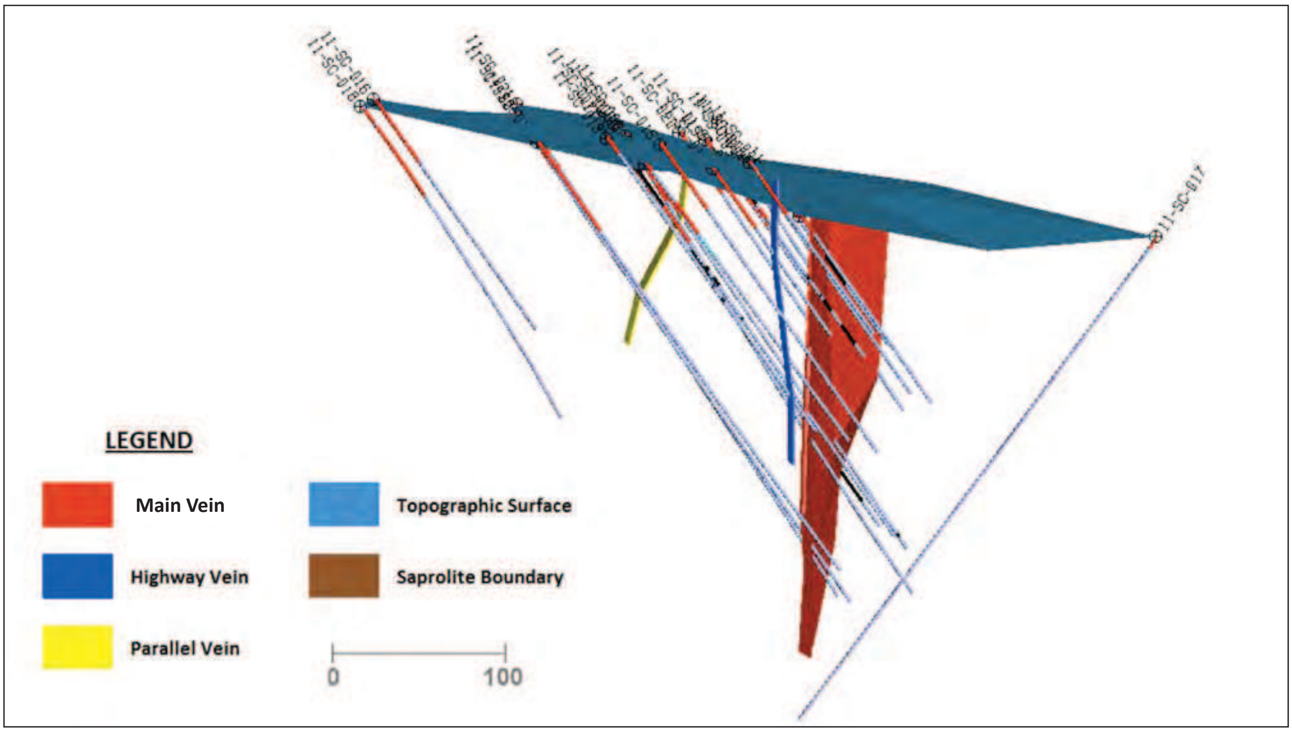


Figure 42: Cross Section View of Wireframes and Bounding DTM Topographic Surfaces.

All three samples were taken from fresh rock and considered to be material from within the resource estimate wireframe. Collectively they give an average density value of 2.71 g/cm³. Despite the limited density work completed, this value was considered reasonable for fresh rock material across the Sao Chico Gold Project. This density value was assigned to all blocks that fall within individual wireframes which lies beneath the saprolite / fresh rock transitional DTM boundary.

Given the lack of bulk density data within the saprolite zone (none collected), a typically representative value of 1.80 g/cm³ was applied to all saprolite material which lies within wireframes (Figure 43).

13.4 Sample Selection and Sample Compositing

Samples were selected for the mineral resource estimate from within the wireframes generated from geological and grade based domains. Samples intervals were assigned a zonecode which reflected the mineralized domain from which those intervals were derived.

Selected samples were visually compared back to the interpretations to ensure that the flagging was correct and appropriate.

Selected sample intervals were composited downhole for the full length of the intercept. The "zonecode" field within the database was used to control compositing, with a single intercept composite created at the centre of each coded interval.

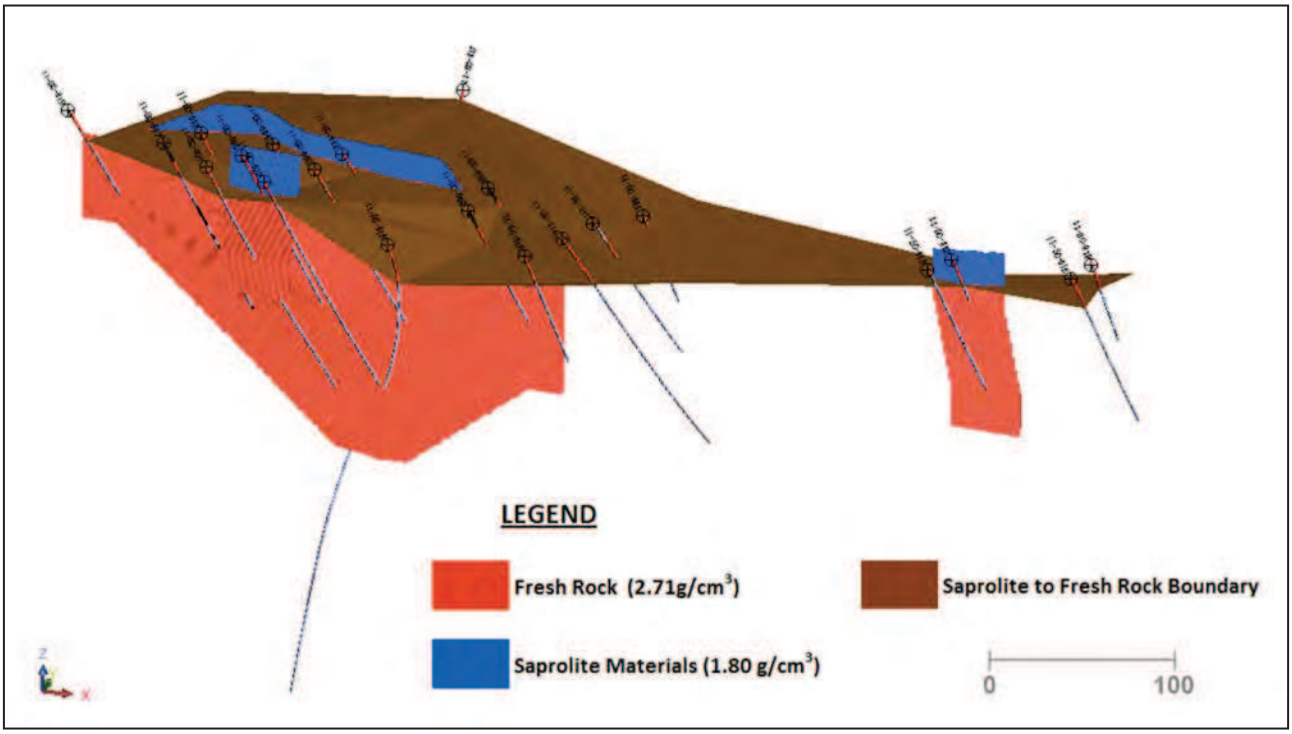


Figure 43: Oblique Long Section View of Wireframes and Bounding Saprolite Surface displaying Density.

Following the completion of compositing, a calculation was made of the true horizontal width for each intercept point, with this data imported back into the composite file which then gave a composite grade for a true vein width across each intercept. This composite file was used as the basis for 2D grade and width accumulation calculations and subsequent modelling.

13.5 Basic Statistics

The statistical analysis was undertaken based on the composites generated above, and separated into the various mineralized domains. Data was reviewed only for gold, with summary statistics presented in Table 11.

Given the limited sample data across the wireframes, meaningful statistics were limited in nature. Statistics were completed on the Main Vein, however with only 10 composite data points; it was difficult to generate any meaningful trends / top-cuts. Given further drilling and more intercepts on the main mineralized structure (Main Vein), Andes Mining Services would expect a need to apply top cuts to the gold assay data for future resource estimations. Basic statistics for the Main Vein are presented in Table 11 and Figure 44.

13.6 Variography

Variography was attempted but lack of data resulted in poor variograms.

13.7 Block Model Development

Using the horizontal width calculated composite intervals, a metal accumulation was completed for gold, which is simply a multiplication of the composite interval grade by the horizontal width. The final composite file (with a metal accumulation value and horizontal width calculation) is now ready for estimation into a two-dimensional Block Model.

A total of three, two-dimensional block models were created to encompass the three mineralized domains (Main, Highway and Parallel Veins). An ordinary kriged, single pass estimation was then completed for the 2D Block Model(s) which involved ordinary kriging of both the metal accumulation and horizontal width attributes to generate a 2D estimate for the gold values and horizontal width across the three domains. A generic set of variogram parameters were applied, which encompassed the mineralized domains and provided a suitable estimate of grade throughout the wireframes. The final block grade was then calculated by dividing the estimated gold accumulation value by the estimated horizontal width calculation.

The 2D grade estimation was then imported into a 3D Block Model by 'stamping' values from the 2D polygons into the 3D model.

A three-dimensional block model was defined for the Sao Chico Gold Project utilizing Surpac software. A parent block size of 10mE x 2mN x 10mRL has been used, with standard sub-blocking eight times smaller than the parent block to give a sub-block size of 0.25mE x 1.25mN x 1.25mRL. Table 12 shows the summary of the 3D block model created for the Sao Chico Gold Project.

The attributes coded into the 3D Block Model include gold grade, horizontal width, density, zonecode (for individual wireframes) as well as a number of kriging attributes and sample variance data. A full list of attributes coded to the model are listed below in Table 13.

Table 11: Basic Statistics Summary (Main Vein).

Class From	Class To	Count	Mean	Freq. (%)	Cum. Count	Cum. Mean	Cum. Freq. (%)	Dec. Count	Dec. Mean
1.03	5.04	4	1.10	0.4	4	1.10	40	10	25.20
9.06	13.07	2	9.70	0.2	6	3.97	60	6	41.27
17.09	21.10	1	17.70	0.1	7	5.93	70	4	57.05
57.23	61.24	1	60.10	0.1	8	12.70	80	3	70.16
69.27	73.29	1	73.09	0.1	9	19.41	90	2	75.20
73.29	77.30	0	0.00	0.0	9	19.41	90	1	77.30
77.30	81.31	1	77.30	0.1	10	25.20	100	1	77.30

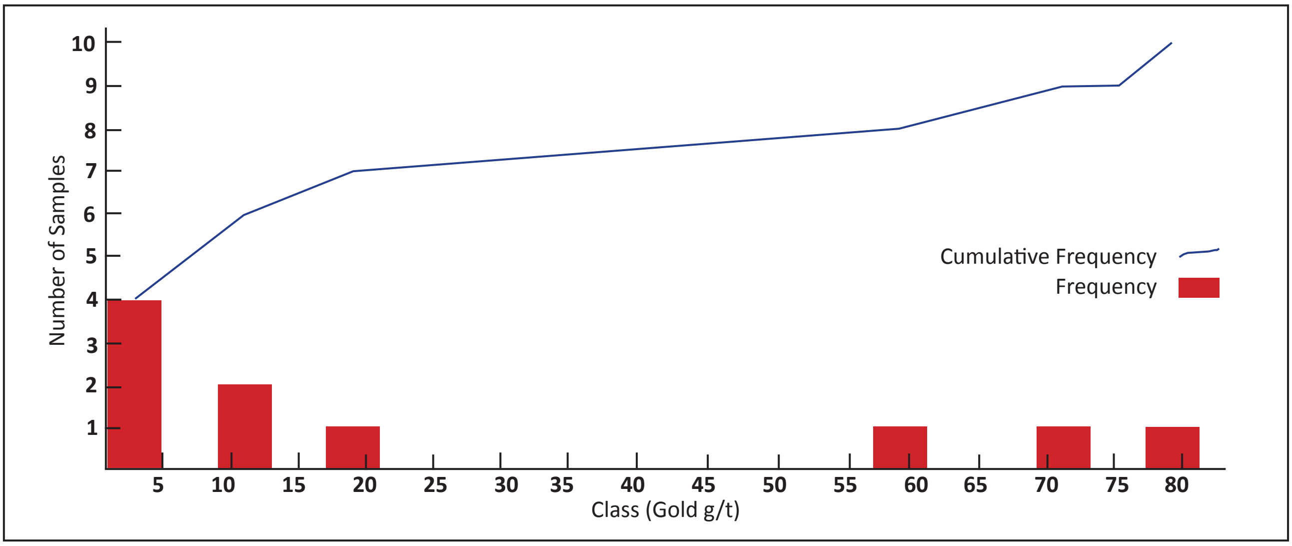


Figure 44: Histogram of composites and Basic Statistics within the Main Vein Domain.

Table 12: Block Model Summary - Sao Chico Project

	Y	X	Z
Minimum Coordinates	9290230	613800	40
Maximum Coordinates	9290400	614400	300
User Block Size	2	10	10
Sub-Block Size	0.25	1.25	1.25
Rotation	0	0	0
No. of Blocks	85	60	26

Table 13: Attributes Assigned to 3D Model, Sao Chico Project

Attribute Name	Type	Decimal	Background	Description
ads_auxhw	Float	2	-99	Average Distance to Sample
au	Float	2	-99	Gold Grade - Back-Calculated
density	Float	2	2.5	Density
dns_auxhw	Float	2	-99	Distance to Nearest Sample
hw	Float	2	-99	Calculated Horizontal Width
kv_auxhw	Float	2	-99	Kriging Variance
nds_auxhw	Float	2	-99	Number of Samples to Estimate Block
slp_auxhw	Float	2	-99	Kriging Slope of Regression
zonecode	Character	-	BKGR	Zone Code

A visual review of the wireframe solids and the block model (Figures 45 and 46) indicates robust flagging of the block model. Bulk density has been coded to the block model based on the information reported by SGS Lakefield and detailed in Section 13.3 above. A default background density value of 2.5 g/cm^3 has been applied to all material which lies outside of the resource shapes.

13.8 Grade Estimation

Grade estimation for the Sao Chico Gold Project was completed via a two-dimensional (2D) grade and width accumulation model which has been ordinary kriged (OK) into a 2D Block Model. Estimated grades from the 2D block model have then been transposed / 'stamped' into a three-dimensional (3D) block model, which has then been used to report tonnes and grade for the Sao Chico Gold Project (Figure 47).

The selection of samples used in the interpolation was made by an ellipsoidal search without octants. The search ellipse was configured as shown in Table 14. As selection criteria, samples used for the interpolation was limited on minimum 3 samples, with no constraints placed on the number of samples selected per drill hole.

The search ellipse was configured to match the main mineralization direction, which is sub-vertical and directed east-west. This direction was based on the geological understanding at the time of this estimate.

All boundaries used for estimation are hard boundaries. All domains were estimated using a single first pass strategy. The search strategy used in the model is as follows:

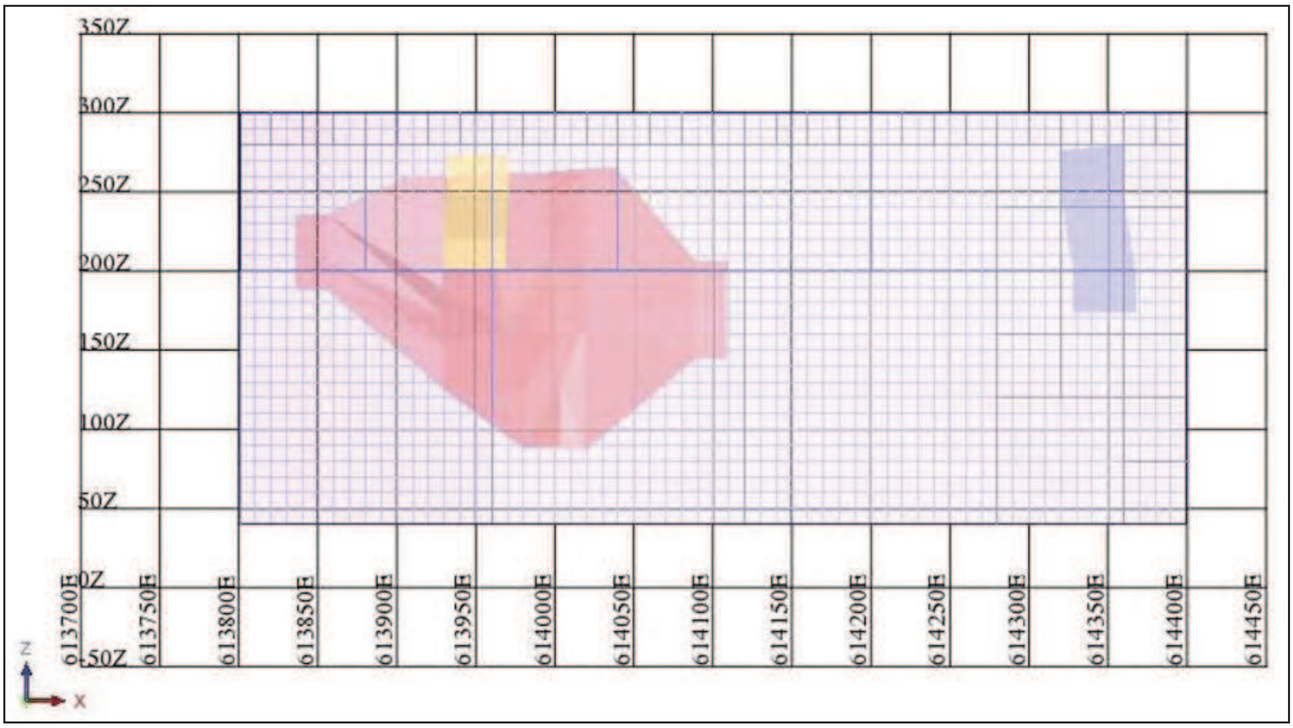


Figure 45: Long Section View of Block Model and Wireframes.

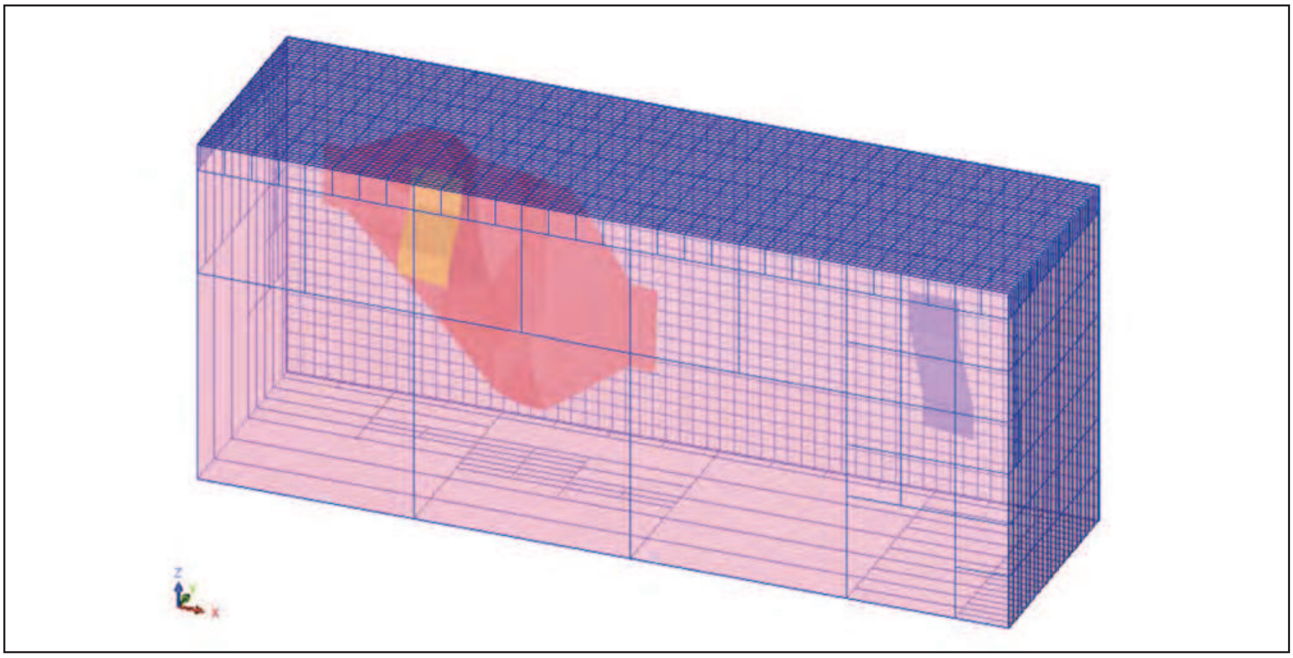


Figure 46: Oblique Long Section View of Block Model.

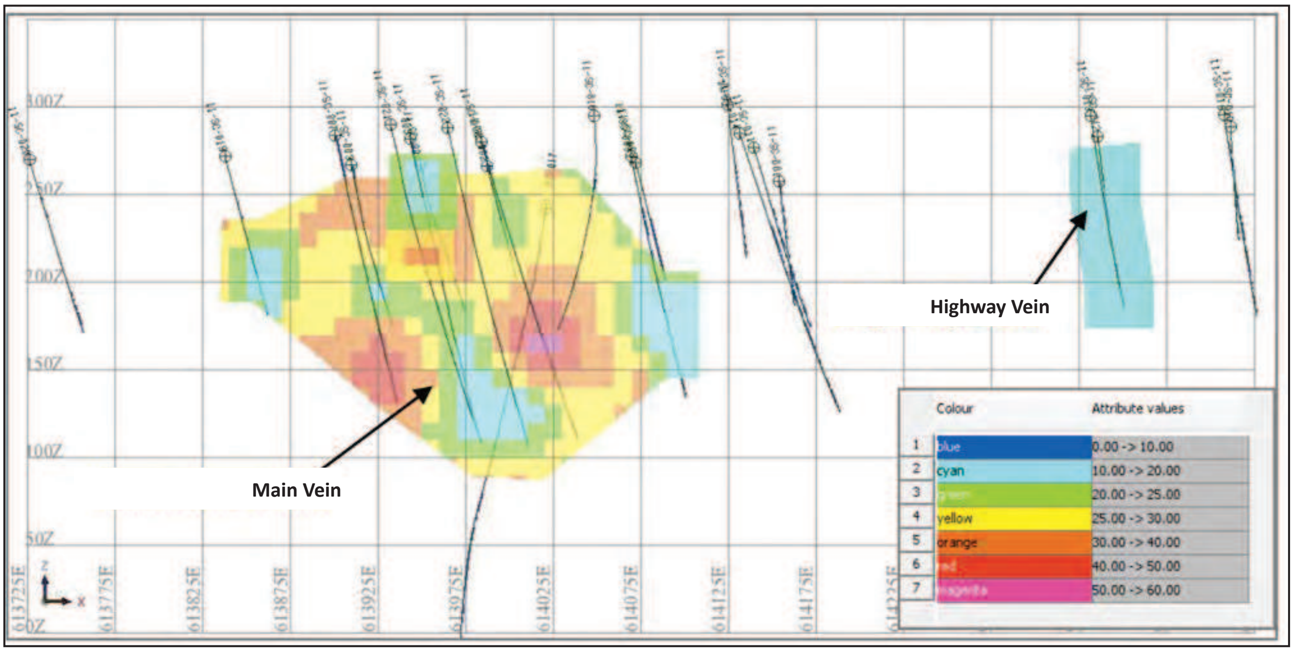


Figure 47: Long Section View of Block Model and Drill holes.

Table 14: OK Grade Estimation Parameters (2D Block Modelling).

Estimate	Pass 1
X	150
Y	150
Z	150
Min No. octants	-
Max per octant	-
Min N Comp.	3*
Max N Comp.	12
No. of discretizations	(3,3,1)

Search Ellipse Axis Direction**	
Azimuth	Dip
110	85

*Both the Highway and Parallel Veins only have two composites for the wireframe, hence, the minimum number of composites required to make an estimate was lowered from 3 to 2 for these two shapes.

**The search ellipse axis direction is inconsequential given the isotropic nature of the search ellipse used for the estimate.

- A single first pass search used a maximum isotropic range of 150m in all directions.
- The orientation of the search axes was sub-vertical and oriented E-W to match the overall orientation of mineralization observed in the field. This however is inconsequential given the isotropic nature of the search ellipse used for the estimate.
- The minimum number of composites used was three when estimating the Main Vein; however this was reduced to two composites for both the Highway and Parallel Veins given the limited nature of significant downhole intercepts for both of these domains.
- All estimates were into parent cells, and these estimates were discritized down to 1.25 metres (X) x 0.25 metres (Y) x 1.25 metres (Z).

Figure 48 shows a typical cross section through the Main Vein with block grade ranges as well as drill hole assay data on display. The base of this domain is limited to drilling in most cases.

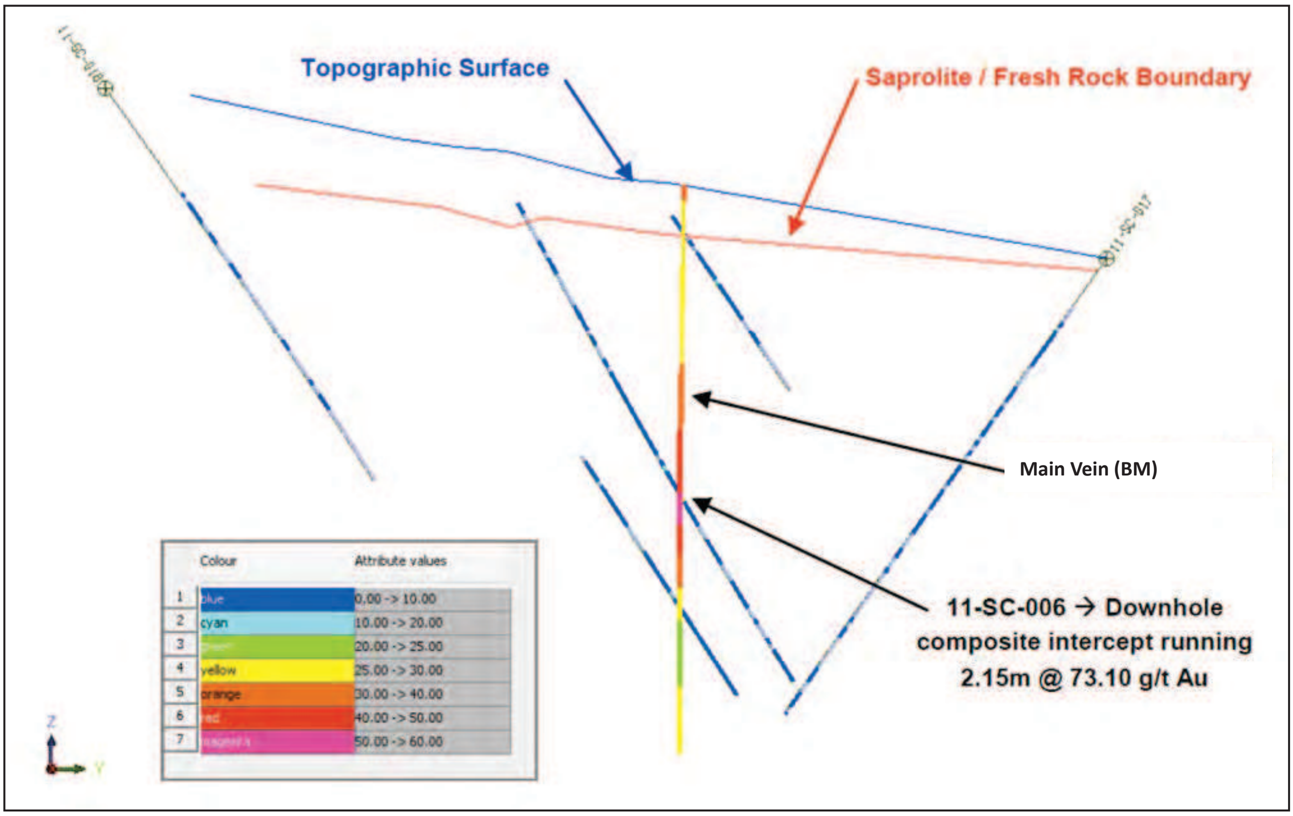


Figure 48: Section View at 614020E (+/-30 metres) of Block Model and Drill holes.

13.9 Model Validation

In order to check that the estimation has worked correctly, the model has been validated through a visual comparison through the generation of validation plots. An example of the visual validation is shown below with a cross section of the block model compared against the drillhole results. A full set of block model sections are included as Appendix 1 to this report.

In addition, the model has been validated by reviewing model plots compared to composited data. The checks performed were:

- Ensuring that the domain codes were honoured during estimation;
- Ensuring that the composites were honoured during estimation;
- Ensuring that individual composites did not have undue weight when only a few composites were used for an estimate.
- Ensuring that the kriged horizontal width calculation honours the wireframe throughout the block model during the estimation.

In general, the model honours the data well, as evidenced by Figure 49 which shows a typical cross-section through each reported domain. A full set of block models was included in the report by AMS provided to Kenai Resources.

13.10 Mineral Resource Reporting

The grade estimates for the Sao Chico Gold Deposit has been classified as a measured, indicated and inferred mineral resource in accordance with NI 43-101 guidelines based on the confidence levels of the key criteria that were considered during the mineral resource estimation. Key criteria are tabulated in Table 15.

A measured, indicated and inferred mineral resource estimate has been generated via a two-dimensional (2D) grade and width accumulation model, which has been ordinary kriged. Grades from the 2D model have been transposed into a three-dimensional (3D) block model which has been used to generate tonnes and grade across the Sao Chico Gold Project (Figure 50).

A measured resource category was assigned to blocks which fall within a 10m radius of the underground development and extended to surface (includes saprolite domain). An indicated resource category has been assigned to those blocks which show excellent grade continuity across sections, lie within a 40m radius of blocks which have reached measured status.

The statement has been classified by Qualified Person Bradley Ackroyd (MAIG (CP)) in accordance with the Guidelines of National Instrument 43-101 and accompanying documents 43-101.F1 and 43-101.CP. It has an effective date of 30th May 2012.

Mineral Resources that are not mineral reserves do not have demonstrated economic viability. AMS and Kenai Resources are not aware of any factors (environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors) that have materially affected the mineral resource estimate.

However, the Sao Chico Gold Deposit has seen extensive surface mining in the past which may impact on the saprolite resource numbers reported below. In addition, there has been approximately 55m of underground development completed on the Main Vein (approximately 20m depth from surface) which has been depleted from the current resource model to accurately reflect the existing resource estimate.

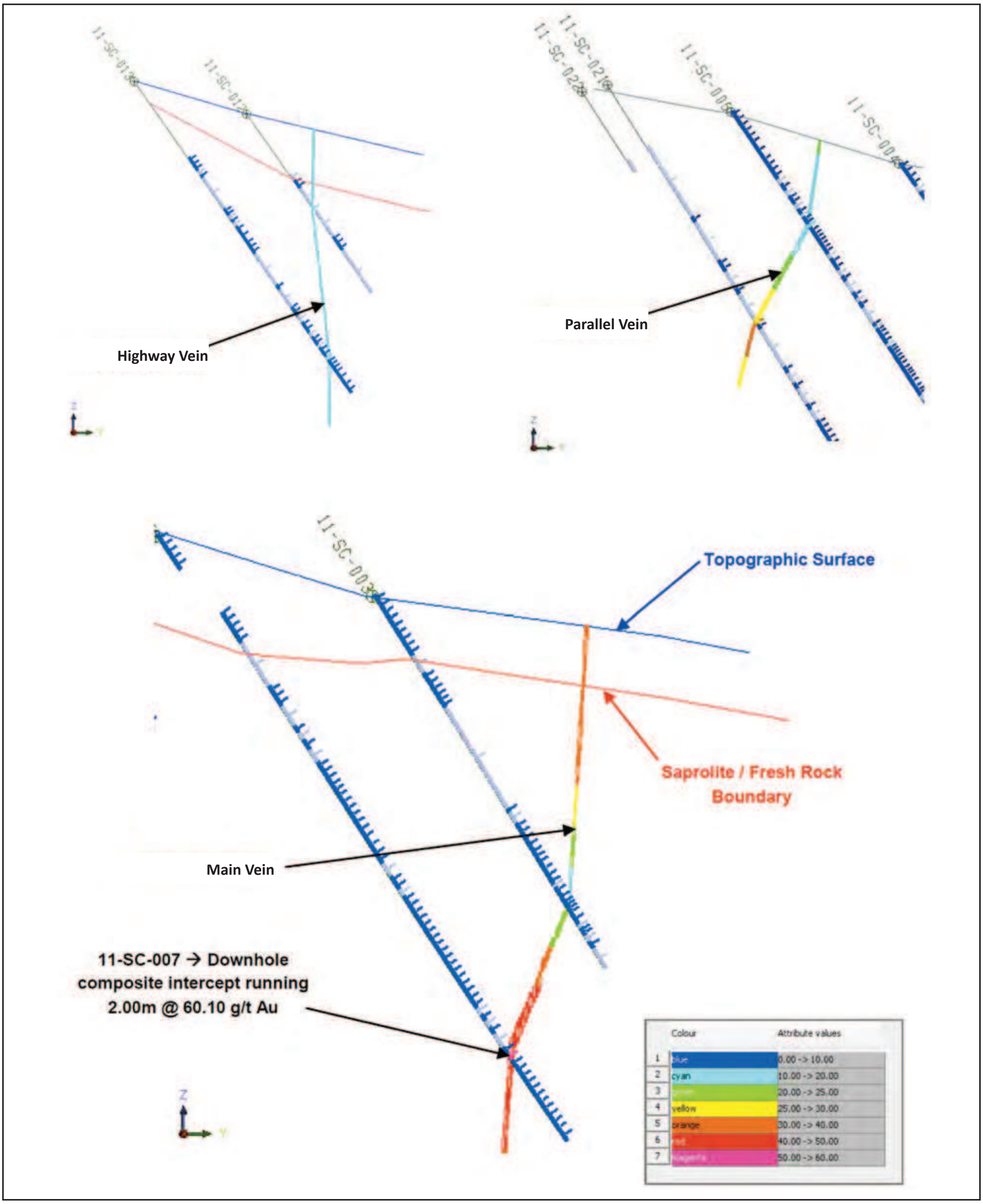


Figure 49: Block Model Visual Validation of the Highway, Parallel and Main Veins.

Kenai is planning trial mining at the Sao Chico Gold Project, following an internal review of the recent high-grade gold drill results in the central Main structure, underground mine planning and the results of metallurgical testwork recently completed.

A summary of the estimated mineral resources for the Sao Chico Gold Deposit is provided below in Tables 16 and 17. An independent mineral resource has been estimated for the Sao Chico Gold Project comprising a combined measured and indicated mineral resource of 26,487 tonnes at 29.77 g/t Au for a total of 25,275 ounces of gold.

An additional inferred mineral resource of 85,577 tonnes at 26.03 g/t Au for a total of 71,385 ounces of gold has been estimated.

Table 15: Confidence Levels of Key Categorisation Criteria.

Item	Discussion	Confidence
Drilling Techniques	Diamond drilling is Industry standard approach. Diamond drilling (NQ2) is of high quality with excellent recoveries noted. Drill spacing is adequate for first pass drilling.	High
Logging	Standard nomenclature and good quality.	High
Drill Sample Recovery	Excellent drilling recoveries noted from site visit and recorded in excel database.	High
Sub-Sampling Techniques & Sample Preparation	Sampling to industry standard for diamond drilling, however greater care needs to be taken to selective sample the higher grade portions of the vein network. Possibly too much dilution incorporated into the current sampling practice. Sample preparation is of high quality.	Moderate/ High
Quality of Assay Data	Blanks and Standard were not verified as part of the resource estimate undertaken. AMS have no reason to believe there were any material issues with the quality of assay data.	Moderate
Verification of Sampling and Assaying	No umpire samples taken to date.	Low
Location of Sampling Points	GPS and DGPS pick-up of collar locations. Requires a more detailed topographic survey.	Low/ Moderate
Data Density and Distribution	Approximately 40m spaced drilling is sufficient for indicated and inferred mineral resource. Proven underground development along the Main Vein adds support for a portion of Measured status Resource.	Moderate/ High
Audits or Reviews	AMS is unaware of external reviews.	N/A
Database Integrity	AMS have concerns regarding the integrity of downhole surveys completed. Many inconsistencies noted within the survey data, and a survey pick-up of the underground workings does not match the interpreted position of the ore position which has been wireframed from downhole drilling intercepts.	Moderate
Geological Interpretation	Geological interpretation is good for the level of drilling completed to-date.	Moderate/ High
Estimation and Modelling Techniques	Reliable and conservative. Two-dimensional grade accumulation modelling is a typical estimation method utilized for extremely narrow high-grade gold deposits which lack sample support and typically display erratic grade distributions	Moderate
Cut-off Grades	No cut-off grades have been determined given insufficient drilling data. Suspect cut-off grades will be required as further drilling is completed across the Sao Chico resource area.	Low
Mining Factors or Assumptions	10mE x 2mN x 10mRL SMU. Approximately 55m of underground development has been depleted from the current resource estimate.	Moderate

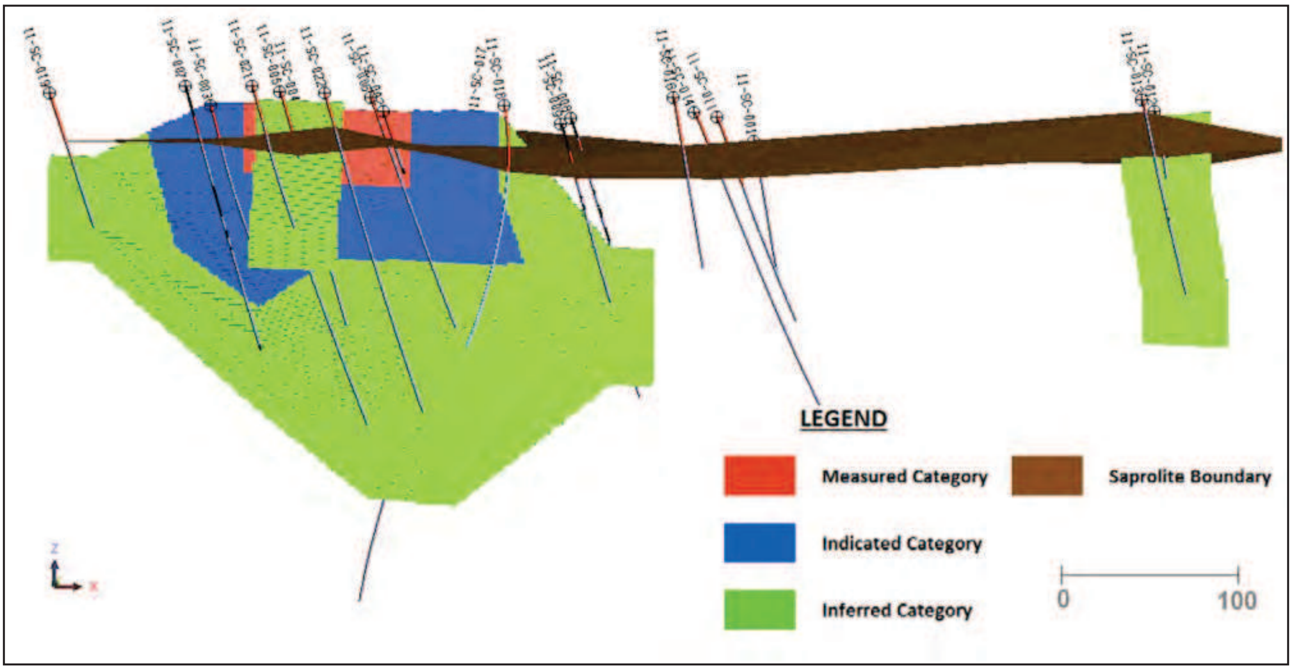


Figure 50: Resource Classification and Drilling (facing north). Sao Chico Project.

Table 16: Measured and Indicated Resource Estimate, Sao Chico Project

Domain	Resource Category	Tonnes	Gold (g/t)	Ounces
Main Vein	Measured*	5,064	32.46	5,269
Main Vein	Indicated	21,423	29.14	20,006
Total Measured and Indicated Resource**		**26,487**	**29.77**	**25,275**

Table 17: Inferred Resource Estimate, Sao Chico Project

Domain	Resource Category	Tonnes	Gold (g/t)	Ounces
Main Vein	Inferred	69,440	27.83	61,940
Highway Vein	Inferred	8,490	12.21	3,323
Parallel Vein	Inferred	7,647	24.98	6,123
	Total Inferred Resource**	**85,577**	**26.03**	**71,385**

*Mineral Resource has been depleted for Underground Development (Main Vein).

**Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. Appropriate rounding has been applied to Tables 16 and 17.

(1) The effective date of the Mineral Resource is 30th May 2012.

(2) No cut-off grades have been applied to the block model in deriving the Mineral Resource reported above given insufficient drilling data.

(3) The Mineral Resource Estimate for the Sao Chico Gold Project was constrained within lithological and grade based solids. No optimisation studies have been applied to this high-grade, steeply dipping mineralization.

(4) Mineral Resources for the Sao Chico Gold Project have been classified according to the "CIM Standards on MIneral Resources and Reserves: Definitions and Guidelines (Updated 2011) by Bradley Ackroyd (BSc (Geo) MAIG) an independant Qulaified Person as defined by National Instrument 43-101.

14 Adjacent Properties

There are no projects adjacent to the Sao Chico property.

15 Other Relevant Data and Information

No other data or information is considered relevant to the Sao Chico property.

16 Interpretation and Conclusions

Exploration to date at Sao Chico has defined measured, indicated and inferred resources on the Main Vein, and inferred resources on the Parallel and Highway Veins. Mineral resources are low tonnage but high grade. Further diamond drilling is warranted in order to increase the confidence in, and size of, current mineral resources at Sao Chico.

The Main, Parallel and Highway veins remain open along strike and down dip, where mineralization is hosted in narrow (average 80 cm wide), steeply south dipping, west-northwest striking quartz-sulphide veins hosted in granodiorite. The potential for discovery of blind, sub-parallel vein deposits has been demonstrated through the definition of inferred mineral resources on the Parallel Vein. Further exploration is also warranted in the immediate area around Sao Chico where some areas with artisanal workings at surface remain untested by drilling.

Metallurgical testwork has demonstrated that mineralization at Sao Chico is amenable to cyanidation leaching, gravity separation and cyanidation, and gravity separation and flotation, with gold recoveries of up to 99%. Cyanidation leaching is the preferred benefication process. Metallurgical testwork also demonstrates that mineralization has an average density of 2.71 g/cm^3.

Exploration of the wider licence area outside of the Sao Chico prospect has located the Pedro and Paulo Arara prospects, located 1.7 and 1.1 km north of Sao Chico respectively. These prospects are currently defined by artisanal surface workings and rare shafts exploiting similar styles of mineralization to that observed at Sao Chico. Further work is warranted to advance the Pedro and Paulo Arara prospects given the successful drilling program at Sao Chico. It is possible that given the proximity to each other that the Pedro and Paulo Arara prospects are related to the same mineralising event and/or structural control. The central and eastern parts of AP12836 remain largely unexplored.

Future drilling programs require the insertion of a CRM with given performance gates in order that poor performance by a laboratory can be more readily identified and rectified. CRM should be submitted with at least 110 grams of material in order that repeat assays can be conducted and to ensure that the laboratory receives sufficient sample. In addition, crush duplicates and field (drill core) duplicates should be inserted where batches contain visually mineralised samples in order to monitor precision.

17 Recommendations

Further work is recommended to advance the Sao Chico project given the encouraging results to date, including the definition of a low tonnage, high grade mineral resource at the Sao Chico prospect and recognition of the Pedro and Paulo Arara prospects.

As a priority, a mineral resource evaluation program is recommended in order to increase the size and confidence of the existing mineral resource estimate calculated as part of this Technical Report. Work required includes infill drilling on a 20 metre spacing in areas of known mineralization, and step out drilling at 40 metre spacing to define additional inferred mineral resources along strike from the Main, Parallel and Highway Veins.

In addition, an exploration work program to define new exploration drill targets is recommended. This includes a ground based geophysical program comprising magnetics and Induced Polarisation, where chargeability is expected to produce anomalies in areas of sulphide bearing veins and faults. Magnetics are a useful tool in defining and interpreting structural controls on mineralization. A 25 m line spacing is recommended over the area of the Use Permit application (i.e. the Sao Chico prospect area), and a 50 m line spacing is recommended over the Pedro and Paulo Arara prospects.

Follow up trenching of geophysical anomalies is recommended at the Pedro and Paulo Arara prospects if warranted from interpretation of geophysical data. Trenching is also recommended over anomalies delineated at the Sao Chico prospect, with diamond drilling of areas with historic workings.

A summary of the recommended work program with an estimate of costs is given in Table 18.

Table 18: Recommended Work Program

Project	Item		Cost CAD
Mineral Resource Evaluation	Drilling (3000 m @ CAD300/m) inc. Assays		900,000
	QAQC Sampling		9,000
	Travel and Accomodation		20,000
	Field Geologist and Support (90 days @ CAD500/day)		45,000
	Administration		50,000
		Sub Total	1,024,000
		Contingency (10 %)	102,400
		Sub Total (Mineral Resource Evaluation)	**1,126,400**
Licence Exploration	Ground Based Geophysics (Sao Chico, Pedro and Paulo Arara prospects)		200,000
	Geochemical Sampling of Anomalies		50,000
	Field Geologist (60 days @ CAD500/day)		30,000
	Travel and Accomodation		20,000
	Administration		50,000
		Sub Total	350,000
		Contingency (10 %)	35,000
		Sub Total (Licence Exploration)	**385,000**
		Total Work Program	**1,511,400**

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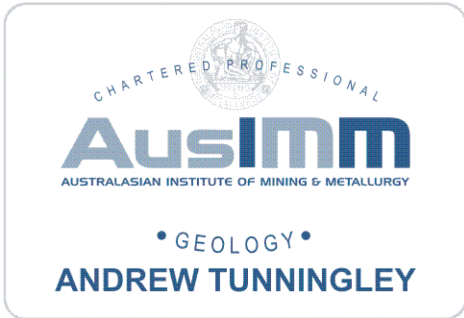
19 Date and Signature Page

For and on behalf of Exploration Alliance Ltd to accompany the report dated 15th October 2012 entitled ‘Mineral Resource Estimate on the Sao Chico Exploration Project, Brazil’.

Andrew James Tunningley
MGEOL (Hons), MAusIMM (CP), MSEG

Principal Exploration Geologist
Exploration Alliance Ltd.

15th October 2012



For and on behalf of Andes Mining Services Ltd to accompany the report dated 15th October 2012 entitled ‘Mineral Resource Estimate on the Sao Chico Exploration Project, Brazil’.

Bradley Ackroyd
BSc (Geo), MAIG

Geoservices Manager
Andes Mining Services Ltd.

15th October 2012

20 Certificate of Qualifications

To accompany the report dated 15th October 2012 entitled, 'Mineral Resource Estimate on the Sao Chico Exploration Project, Brazil'.

I, Andrew James Tunningley, MGEOL (Hons), MAusIMM (CP), MSEG, do hereby certify that:

1. I am a Principal Exploration Geologist of Exploration Alliance Ltd, a geological consultancy with the registered address 3rd Floor, Geneva Place, Water Front Drive, Tortola, British Virgin Islands;
2. I am a graduate from the University of Leicester with a MGEOL (Hons) degree in Applied Geology in 2003 and I have practised my profession continuously since that time. This has included 9 years of relevant experience in grass-roots exploration and advanced project management of gold and silver mineralized systems, including epithermal and mesothermal vein types;
3. I am a Chartered Professional Geologist and Member of the Australasian Institute of Mining and Metallurgy (No. 990553) and a Member of the Society of Economic Geologists;
4. I have worked, or carried out research, as a geologist for a total of 9 years since my graduation from university.
5. I have read the definition of 'qualified person' set out in National Instrument 43-101 (NI 43-101) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a 'qualified person' for the purposes of NI 43-101;
6. I am responsible for all items except for Item 14 (Section 13) "Mineral Resource Estimates" in the accompanying technical report titled 'Mineral Resource Estimate on the Sao Chico Exploration Project, Brazil' and dated 15th October 2012 (the Technical Report) relating to the Sao Chico Property. I visited the property between 2nd and 3rd February, 2012, for two days.
7. As of the date of this Certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
8. I am independent of the issuer, property and property vendor applying all of the tests in section 1.5 of National Instrument 43-101. Prior to being retained by Kenai in June 2010, I have not had prior involvement with the property that is the subject of the Technical Report.
9. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
10. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

15th October 2012
Andrew Tunningley, MGEOL (Hons), MAusIMM (CP), MSEG
Principal Exploration Geologist EAL

CHARTERED PROFESSIONAL
AusIMM
AUSTRALASIAN INSTITUTE OF MINING & METALLURGY
• GEOLOGY •
ANDREW TUNNINGLEY

To accompany the report dated 15th October 2012 entitled, 'Mineral Resource Estimate on the Sao Chico Exploration Project, Brazil'.

I, Bradley James Ackroyd, BSc (Hons), MAIG (CP), do hereby certify that:

1 I am a Principal Consulting Geologist with the firm Andes Mining Services Ltd of Avenue Diagonal 550, Departmento 203, Miraflores, Lima, Peru 18. My residential address is Jose Pardo 1040, Miraflores, Lima, Peru 27;

2 I am a graduate from the University of Western Australia (UWA) and hold a Bachelor of Science Degree in Geology (Hons) (2001). I have practised my profession continuously since that time. This has included 11 years of geological experience ranging from open pit and underground mine production, resource definition to grass roots exploration;

3 I am practising geologist with 11 years of Mining and Exploration geological experience. I have completed exploration and resource definition programs for gold and base metals in Australia, Papua New Guinea, Madagascar as well as numerous countries throughout West Africa and the Americas. I am a member of the Australian Institute of Geoscientists ("MAIG");

4 I have practised my profession continuously since 2001.

5 I have read the definition of 'qualified person' set out in National Instrument 43-101 (NI 43-101) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a 'qualified person' for the purposes of NI 43-101;

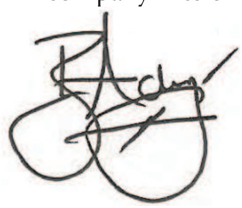
6 I am responsible for Item 14 (Section 13) "Mineral Resource Estimates" in the accompanying technical report titled 'Mineral Resource Estimate on the Sao Chico Exploration Project, Brazil' and dated 15th October 2012 (the Technical Report) relating to the Sao Chico Property. I visited the property on 12th May, 2012, for one (1) day.

7 As of the date of this Certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

8 I am independent of the issuer, property and property vendor applying all of the tests in section 1.5 of National Instrument 43-101. Prior to being retained by Kenai Resources Ltd in May 2012, I have not had prior involvement with the property that is the subject of the Technical Report.

9 I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

10 I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.



15th October 2012
Bradley Ackroyd, BSc (Hons), MAIG (CP)
Principal Consulting Geologist, Andes Mining Services