This Management Information Circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult a professional advisor.

NOTICE AND MANAGEMENT INFORMATION CIRCULAR

FOR

SPECIAL MEETING OF SHAREHOLDERS

OF

KENAI RESOURCES

TO BE HELD ON JULY 5, 2013

CONCERNING A TRANSACTION INVOLVING

SERABI GOLD PLC

AND

KENAI RESOURCES LTD.

JUNE 5, 2013

Suite 530-625 Howe Street
Vancouver, British Columbia, V6C 2T6
Telephone: (604) 669-5753
Facsimile: (604) 688-9895

June 5, 2013

Dear Shareholder:

The board of directors cordially invites you to attend the special meeting of shareholders of Kenai Resources Ltd. ("**Kenai**") to be held commencing at 10:00 a.m. (Vancouver time) on July 5, 2013 at the offices of Owen Bird Law Corporation, 29th Floor, 595 Burrard Street, Vancouver, British Columbia, V7X 1J5.

At the meeting, shareholders of Kenai will be asked to consider and, if deemed advisable, to pass a special resolution approving a statutory arrangement pursuant to Section 288 of the *Business Corporations Act* (British Columbia) (the "**Arrangement**") whereby Serabi Gold plc ("**Serabi**") will indirectly acquire all of the outstanding common shares of Kenai. Under the terms of the Arrangement, shareholders of Kenai will receive 0.85 of an ordinary share of Serabi (the "**Consideration Shares**") for each Kenai share held by such shareholders.

The board of directors of Kenai has unanimously determined that the consideration being offered pursuant to the Arrangement is fair to shareholders of Kenai and that the Arrangement is in the best interests of Kenai and recommends that shareholders vote in favour of the special resolution to approve the Arrangement.

To be effective, the Arrangement must be approved by two-thirds of the votes cast by shareholders present or represented by proxy at the special meeting. The Arrangement is also subject to certain conditions and the approval of the Supreme Court (British Columbia).

The accompanying Notice of Special Meeting and Management Information Circular provide a full description of the Arrangement and include certain additional information to assist you in considering how to vote on the Arrangement. You are encouraged to consider carefully all of the information in the accompanying circular including the documents incorporated by reference therein. If you require assistance, you should consult your financial, legal or other professional advisors.

Your vote is important regardless of the number of Kenai shares you own. If you are a registered holder of Kenai shares, we encourage you to take the time now to complete, sign, date and return the enclosed form of proxy (printed on white paper) by no later than 10:00 a.m. (Vancouver time) on July 3, 2013, to ensure that your shares will be voted at the meeting in accordance with your instructions, whether or not you are able to attend in person. If you hold your shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your shares.

Subject to obtaining approval of the Supreme Court (British Columbia) and satisfying all other conditions of closing, including obtaining the approval of Kenai's shareholders, it is anticipated that the Arrangement will be completed in July 2013.

Please also note that in order to receive the Consideration Shares to which you are entitled, you must submit the enclosed Letter of Transmittal, together with your share certificate(s), by the deadline provided. Please refer to the Management Information Circular and Letter of Transmittal for further information in this regard.

If you have any questions relating to the Arrangement, please contact Paul Larkin, a director of Kenai, at the address and telephone number indicated above.

On behalf of Kenai, we would like to thank all shareholders for their ongoing support.

Yours very truly,

(Signed) *"Greg Starr"*

Greg Starr
President and Chief Executive Officer

Suite 530-625 Howe Street
Vancouver, British Columbia, V6C 2T6
Telephone: (604) 669-5753
Facsimile: (604) 688-9895

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of the holders of common shares (the "**Kenai Shareholders**") of Kenai Resources Ltd. ("**Kenai**") will be held at the offices of Owen Bird Law Corporation, 29th floor, 595 Burrard Street, Vancouver, British Columbia, on July 5, 2013 at 10:00 a.m. (Vancouver time), for the following purposes:

in accordance with the interim order of the Supreme Court (British Columbia) dated June 3, 2013 (the "**Interim Order**"), to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix 1 to the accompanying management information circular dated June 5, 2013 (the "**Circular**"), approving an arrangement (the "**Arrangement**") under section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), the purpose of which is to effect, among other things, the acquisition of all of the common shares of Kenai (the "**Kenai Shares**") by a wholly owned subsidiary of Serabi Gold plc ("**Serabi**") through the exchange of the issued Kenai Shares for ordinary shares of Serabi ("**Serabi Shares**") on the basis of 0.85 of a Serabi Share for each Kenai Share, as well as certain related transactions, all as more fully set forth in the Circular; and

to transact such further or other business as may properly come before the Meeting and any adjournments or postponements thereof.

The board of directors of Kenai (the "**Kenai Board**") has fixed May 27, 2013 as the record date for determining Kenai Shareholders who are entitled to receive notice of and to vote at the Meeting. Only Kenai Shareholders of record at the close of business on May 27, 2013 are entitled to receive notice of the Meeting and to attend and vote at the Meeting. This Notice is accompanied by the Circular, a form of proxy and a Letter of Transmittal.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and deemed to form part of, this Notice.

Registered holders of Kenai Shares who are unable to attend the Meeting in person are requested to complete, date, sign and deposit the enclosed form of proxy with Kenai's transfer agent, Computershare Investor Services Inc., 100 University Ave., 9th Floor, Toronto, Ontario, M5J 2Y1, prior to 10:00 a.m. (Vancouver time) on July 3, 2013, or, if the Meeting is adjourned or postponed, not less than 48 hours prior to the start of such adjourned or postponed meeting. Non-registered holders of Kenai Shares should complete and return the voting instruction form or other authorization provided to them in accordance with the instructions provided therein. Failure to do so may result in your Kenai Shares not being voted at the Meeting. If you have any questions about the information contained in the Circular or require assistance in completing your form of proxy or Letter of Transmittal, please contact Paul Larkin, a director of Kenai, at (604) 669-5753.

To be effective, the Arrangement Resolution must be passed by at least 66⅔% of the votes cast by all Kenai Shareholders present in person or represented by proxy at the Meeting, which holders are entitled to one vote for each Kenai Share held. The Arrangement is also subject to the approval of the Supreme Court (British Columbia). The hearing in respect of the Final Order is scheduled for 9:45 a.m. on July 10, 2013 (Vancouver time) or as soon thereafter as counsel may be heard at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, Canada.

Copies of the Arrangement Resolution, the Plan of Arrangement, the Interim Order and the Notice of Hearing of Petition are attached to the Circular as Appendices 1, 2, 3 and 4, respectively. The foregoing documents, together with the Arrangement Agreement (as defined in the Circular), will also be available for inspection prior to the Meeting at the head office of Kenai at 625 Howe Street, Suite 530, Vancouver, British Columbia, during regular business hours.

Pursuant to the Interim Order, each registered Kenai Shareholder has been granted the right to dissent in respect of the Arrangement Resolution and the dissent rights are described in the accompanying Circular. To exercise such right, (a) a written notice of dissent to the Arrangement Resolution must be received by Kenai, c/o Owen Bird Law Corporation, 595 Burrard Street, Suite 2900, Three Bentall Centre, Vancouver, B.C., V7X 1J5, Attention: Jeffrey Lightfoot, by 5:00 p.m. (Vancouver time) on July 3, 2013, or two days prior to any adjournment of the Meeting, (b) the Kenai Shareholder must not have voted in favour of the Arrangement Resolution, and (c) the Kenai Shareholder must have otherwise complied with the provisions of sections 237 to 247 of the BCBCA, as modified and supplemented by the Interim Order. The right to dissent is described in the Circular and the texts of the Interim Order and sections 237 to 247 of the BCBCA are set forth in Appendices 3 and 6, respectively, to the Circular.

Persons who are beneficial owners of Kenai Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered holders of Kenai Shares are entitled to dissent. Accordingly, a beneficial owner of Kenai Shares desiring to exercise this right must make arrangements for the Kenai Shares beneficially owned by such person to be registered in his, her or its name prior to the time the written notice of dissent to the Arrangement Resolution is required to be received by Kenai or, alternatively, make arrangements for the registered holder of Kenai Shares to dissent on his, her or its behalf.

Failure to strictly comply with the requirements set forth in sections 237 to 247 of the BCBCA, as modified and supplemented by the Interim Order, may result in the loss of any right of dissent.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice.

DATED this 5th day of June, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) *"Greg Starr"*

Greg Starr
President and Chief Executive Officer

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GLOSSARY OF TERMS

In this Circular, the following capitalized words and terms shall have the following meanings:

"Acquisition Proposal" means, other than the Arrangement and the transaction provided for in the Arrangement Agreement: (i) any take-over bid, exchange offer, plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license in respect of Kenai or any Kenai Subsidiary; (ii) any sale or acquisition (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), directly or indirectly, in a single transaction or a series of related transactions, of 20% or more of the fair market value of the assets of Kenai and its Subsidiaries on a consolidated basis; (iii) any sale or acquisition of 20% or more of Kenai's shares of any class or rights or interests therein or thereto; (vi) any sale of any interest in any material mineral properties of Kenai; or (vii) any similar business combination or transaction, of or involving Kenai or any Kenai Subsidiary, other than with Serabi; (viii) any other transaction, the consummation of which could reasonably be expected to impede, interfere with, prevent or materially delay the transactions contemplated by the Arrangement Agreement, or which could reasonably be expected to materially reduce the benefits to Serabi under the Arrangement Agreement or the Plan of Arrangement; or (ix) any proposal or offer to, or public announcement of an intention to do, any of the foregoing from any person other than Serabi;

"**AIM Market**" means the AIM Market operated by the London Stock Exchange;

"**Amalco**" means the company to be formed pursuant to the Amalgamation;

"**Amalco Shares**" means the common shares in the authorized share capital of Amalco;

"**Amalgamation**" means the amalgamation of Kenai and Subco pursuant to the Plan of Arrangement and the BCBCA;

"Arrangement" means the proposed arrangement under the provisions of section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order;

"Arrangement Agreement" means the arrangement agreement dated as of May 3, 2013 among Serabi, Kenai and Subco, as the same may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, pertaining to the Arrangement;

"**Arrangement Filings**" means the filings required under the BCBCA to be made with the Registrar in order for the Arrangement to be effective, and includes the amalgamation application to give effect to the Amalgamation;

"Arrangement Resolution" means the proposed special resolution to be considered by Kenai Shareholders at the Meeting in the form set out in Appendix 1;

"BCBCA" means the *Business Corporations Act* (British Columbia) as amended from time to time;

"business day" means a day which is not a Saturday, Sunday or a civic or statutory holiday in the provinces of Ontario or British Columbia, on which banks are open for business in the cities of Toronto and Vancouver;

"Canadian Securities Laws" means: (a) the *Securities Act* (British Columbia) or the equivalent legislation in each Province and Territory of Canada; (b) the rules, regulations, instruments and policies adopted by the securities regulatory authority of any Province or Territory of Canada, as amended from time to time; and (c) the TSX

Company Manual, as it relates to Serabi and the TSXV Corporate Finance Manual as it relates to Kenai, each as amended from time to time;

"**Certificate of Amalgamation**" means the certificate of amalgamation issued by the Registrar in respect of the Amalgamation under the Arrangement pursuant to the BCBCA, giving effect to the Arrangement;

"Circular" means this management information circular, including the Notice of Meeting and all schedules hereto and all amendments hereto;

"**Combined Company**" means Serabi following completion of the Arrangement;

"Consideration Securities" means the Consideration Shares and the Replacement Options;

"**Consideration Shares**" means the Serabi Shares to be issued in exchange for Kenai Shares pursuant to the Plan of Arrangement;

"Court" means the Supreme Court (British Columbia);

"Depositary" means Computershare Investor Services Inc., as set out in the Letter of Transmittal;

"Depositary Agreement" means a depositary agreement to be dated on or prior to the Effective Date between Serabi, Kenai and the Depositary, pursuant to which the Depositary agrees to act in the capacity of the Depositary for the purposes of the Plan of Arrangement, and to undertake the actions of the Depositary provided for therein;

"Dissent Procedures" means the procedures to be taken by a Kenai Shareholder in exercising Dissent Rights;

"Dissent Rights" means the right to dissent in connection with the Plan of Arrangement as set out in Sections 237 and 247 of the BCBCA, and attached as Appendix 6 to this Circular, as modified by the Plan of Arrangement, the Interim Order and the Final Order;

"Dissenting Shareholder" means a registered Kenai Shareholder who has duly and validly exercised Dissent Rights in strict compliance with the Dissent Procedures;

"Dissenting Shares" means Kenai Shares held by Dissenting Shareholders;

"Effective Date" means the date agreed to by Serabi and Kenai as the effective date of the Arrangement after all of the conditions to the completion of the Arrangement have been satisfied or waived;

"Effective Time" means the time on the Effective Date when the Arrangement will be deemed to have been completed as may be agreed to by the Parties and as denoted on the Arrangement Filings, to the extent that such filings are required;

"Exchange Ratio" means 0.85 of a fully paid and non-assessable Serabi Share issued for each Kenai Share pursuant to the Plan of Arrangement;

"**Facility**" means the US$2,750,000 non-revolving credit facility made available to Kenai by Serabi pursuant to the Facility Agreement;

"Facility Agreement" means the facility agreement dated May 3, 2013 among Serabi, as lender, Kenai, as borrower, and Gold Aura, as guarantor;

"Final Order" means the final order of the Court, in a form acceptable to Serabi, Kenai and Subco, each acting reasonably, approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or amended on appeal;

"GAAP" means, in relation to any financial year beginning on or before December 31, 2010, Canadian generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants or any successor institute, applied on a consistent basis, and in relation to any financial year beginning after December 31, 2010, generally accepted accounting principles set out in the Canadian Institute for Chartered Accountants Handbook for an entity that prepares its financial statements in accordance with IFRS, applied on a consistent basis;

"**Gold Aura**" Gold Aura do Brasil Mineração Ltda., a limited liability company organized under the laws of Brazil;

"Governmental Authority" means any (a) multinational, federal, provincial, state, county, regional, municipal, local or other government, governmental or public department or ministry, central bank, court, tribunal, arbitral body, commission, commissioner, stock exchange, board, official, minister, bureau or agency, whether domestic or foreign; (b) subdivision, agent or representative of any of the foregoing; or (c) quasi-governmental or private body exercising any administrative, regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board, applied on a consistent basis;

"Independent Committee" means the independent committee of the Kenai Board;

"Interim Order" means the interim order of the Court dated June 3, 2013 in connection with the approval of the Arrangement, providing for, among other things, the calling and holding of the Meeting, a copy of which order is attached as Appendix 3 to this Circular, as such order may be amended, modified, supplemented or varied by the Court (provided that such amendment, modification, supplement or variation is acceptable to Serabi, Kenai and Subco, each acting reasonably);

"Intermediary" includes a broker, investment dealer, bank, trust company, nominee or other intermediary;

"Kenai" means Kenai Resources Ltd., a company incorporated under the laws of the Province of British Columbia;

"Kenai Board" means the board of directors of Kenai;

"Kenai Optionholders" means the holders from time to time of Kenai Options;

"Kenai Options" means outstanding options to acquire Kenai Shares issued pursuant to the Kenai Stock Option Plan;

"Kenai Securityholders" means collectively, the Kenai Shareholders and Kenai Optionholders;

"Kenai Shareholders" means, at the relevant time, the holders of Kenai Shares;

"Kenai Shares" means the common shares in the authorized share capital of Kenai;

"Kenai Stock Option Plan" means Kenai's stock option plan as approved by the Kenai Shareholders on July 24, 2008, as amended pursuant to Kenai Shareholder approval obtained on July 8, 2010;

"Kenai Subsidiaries" means Gold Aura, Gold Origin Limited and Gold Origin Mexico S.A. de C.V.;

"Laws" means all:

laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies or guidelines;

judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, decrees or awards, including general principles of common and civil law; and

terms and conditions of any grant of approval, permission, authority or licence of any Governmental Authority,

domestic or foreign, and the term "**Applicable**" with respect to such Laws and in a context that refers to one or more persons, means that such Laws apply to such person or persons or its or their business, undertaking, property, assets or securities and emanate from a Governmental Authority having jurisdiction over the person or persons or its or their business, undertaking, property, assets or securities;

"Letter of Transmittal" means the letter of transmittal delivered to Kenai Shareholders with the Circular which, when duly completed, executed and returned with a certificate or certificates for Kenai Shares, will enable a Kenai Shareholder to exchange such certificate or certificates for Serabi Share Certificates that such Kenai Shareholder has a right to receive pursuant to the Arrangement;

"Locked-up Shareholders" means all of the officers and directors of Kenai along with those Kenai Shareholders who have entered into Voting Agreements with Serabi;

"Material Adverse Change" means, in respect of any Party, any one or more changes, events or occurrences, and "**Material Adverse Effect**" means, in respect of any Party, any one or more changes, effects, events or occurrences, which, in either case, either individually or in the aggregate, is or would reasonably be expected to be material and adverse to the business, operations, results of operations or financial condition of that Party and its Subsidiaries, on a consolidated basis, or that would prevent or materially impede the completion of the Arrangement, except any change, effect, event or occurrence resulting from or relating to: (a) the public announcement of the execution of the Arrangement Agreement or the transactions contemplated thereby or the performance of any obligation thereunder or, in the case of Kenai, communication by Serabi of its plans or intentions with respect to Kenai and/or any of its Subsidiaries; (b) any change in applicable Laws or in the interpretation thereof by any Governmental Authority (other than orders, judgments or decrees against the Party and its Subsidiaries) or in GAAP or IFRS; (c) any natural disaster; (d) conditions affecting the mining industry generally or the price of gold, silver, lead or zinc; (e) general economic, financial, currency exchange, securities or commodity market conditions; (f) any act of terrorism or outbreak or escalation of hostilities or armed conflict; or (g) any change in the market price of the Kenai Shares or the Serabi Shares, as applicable, (it being understood, without limiting the applicability of paragraphs (a) to (g), that the cause or causes of any such change in the market price of the Kenai Shares or Serabi Shares may constitute, in and of itself, a Material Adverse Change or Material Adverse Effect and may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred), provided further that any change, effect, event or occurrence referred to in paragraphs (b) to (f) does not relate primarily only to (or have the effect of relating primarily only to) such Party or have a materially disproportionate effect on such Party and its Subsidiaries (on a consolidated basis) relative to comparable mining companies; and references in this Arrangement Agreement to dollar amounts are not intended to be and shall not be deemed to be illustrative or interpretative for purposes of determining whether a "Material Adverse Effect" or a "Material Adverse Change" has occurred;

"material fact" has the meaning attributed to such phrase in the *Securities Act* (British Columbia);

"Meeting" means the special meeting of the Kenai Shareholders, including any adjournment thereof, to be held to consider and, if deemed advisable, to pass, with or without variation, the Arrangement Resolution;

"Meeting Materials" means, collectively, the Notice of Meeting, this Circular, the form of proxy and the Letter of Transmittal;

"NI 43-101" means National Instrument 43-101 — *Standards of Disclosure for Mineral Projects*;

"Non-Registered Holder" means a Kenai Shareholder who beneficially owns shares that are registered in the name of an Intermediary that the Non-Registered Holder deals with in respect of the shares, or in the name of a depositary or clearing agency;

"Notice of Hearing of Petition" means the notice to be filed with the Court requesting court approval of the Arrangement, a copy of which notice is attached as Appendix **4** to this Circular, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"Outside Date" means August 31, 2013, being the latest date for the Effective Date;

"Parties" means Kenai, Serabi and Subco, and "**Party**" means any one of them;

"Person" is to be construed generally and includes any natural person, partnership, limited partnership, limited liability partnership, estate, body corporate, limited liability company, unlimited liability company, joint stock company, trust, estate, unincorporated association, joint venture or other entity or Governmental Authority, and pronouns have a similarly extended meaning;

"Plan of Arrangement" means the plan setting out the transactions giving effect to the Arrangement substantially in the form attached as Appendix 2 to this Circular, and any amendments or variation thereto made in accordance with the Plan of Arrangement or made at the direction of the Court in the Interim Order or the Final Order;

"Record Date" means May 27, 2013;

"Registered Shareholder" means a registered holder of Kenai Shares as recorded in the shareholder register of Kenai maintained by Kenai's transfer agent;

"Registrar" means the registrar of companies appointed under section 400 of the BCBCA;

"Regulation S" means Regulation S under the U.S. Securities Act;

"Replacement Options" means options to acquire Serabi Shares that will be granted by Serabi to Kenai Optionholders pursuant to the Arrangement;

"Representatives" means, collectively, the directors, officers, employees, counsel, accountants, financial advisors, consultants, agents and other authorized representatives of a Party or its Subsidiaries;

"SEC" means the United States Securities and Exchange Commission;

"**Securities Authorities**" means the applicable securities commissions and other securities regulatory authorities in each of the Provinces and Territories of Canada and the securities regulatory authorities in the United Kingdom;

"Serabi" means Serabi Gold plc, a company incorporated under the laws of England;

"Serabi AIF" means the annual information form of Serabi dated March 28, 2013 in respect of the financial year ended December 31, 2012, and which is incorporated by reference into this Circular;

"Serabi Board" means the board of directors of Serabi;

"Serabi Share Certificates" means certificates representing Serabi Shares;

"Serabi Shareholders" means at the relevant time, the holders of Serabi Shares;

"Serabi Shares" means the ordinary shares in the authorized share capital of Serabi;

"Share Pledge Agreement" means the share pledge agreement dated May 3, 2013 among Serabi, Kenai, Gold Aura and João Batista Alves relating to a pledge of the quotas of Gold Aura in favour of Serabi, as security under the Facility Agreement;

"**Subco**" means Serabi's wholly-owned subsidiary, 0968222 B.C. Ltd., a company existing under the laws of the Province of British Columbia;

"**Subco Share**" means a common share in the authorized share capital of Serabi Subco;

"Subsidiary" means, with respect to a specified body corporate, any body corporate, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such body corporate and, for the purpose of this definition, "control" means the direct or indirect possession of the power to direct or cause the direction of the management and policies of another, whether through the ownership of voting securities, by contract or otherwise;

"Superior Proposal" means an unsolicited bona fide Acquisition Proposal made by a third party to Kenai in writing that relates to all of the outstanding Kenai Shares or all or substantially all of the Kenai assets on a consolidated basis, that did not result from or involve a breach of the Arrangement Agreement and: (i) is reasonably capable of being completed within a reasonable period of time, taking into account all legal, financial, regulatory and other aspects of such proposal and the person making such proposal; (ii) is not subject to any financing condition and in respect of which adequate arrangements have been made to ensure that the required funds shall be available to effect payment in full for all of the Kenai Shares or assets, as the case may be; (iii) is not subject to a due diligence and/or access condition; (iv) in respect of which the Kenai Board determines in good faith, after receipt of advice from its outside legal and financial advisors, that (A) failure to recommend such Acquisition Proposal to the Kenai Shareholders would be inconsistent with its fiduciary duties and (B) the Acquisition Proposal would, if consummated in accordance with its terms, but without assuming away any risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to Kenai Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by Serabi pursuant to the Arrangement Agreement and taking into account the long-term value and synergies anticipated to be realized as a result of the combination of Kenai and Serabi);

"Tax Act" means the *Income Tax Act* (Canada), as amended and the regulations thereunder, as amended;

"Taxes" means all taxes, fees, imports, assessments or charges of any kind whatsoever and however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Governmental Authority, which Taxes include all income taxes (including any tax on or based upon net income, gross income, income that is specifically defined, earnings, profits or selected items of income), capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes, franchise taxes, license taxes, withholding taxes, payroll taxes, employment taxes, Canada Pension Plan premiums, excise, social security premiums, workers' compensation premiums, unemployment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property

taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties, pension or health plan assessments, mining taxes, mining or mineral royalties, governmental charges and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its Subsidiaries is required to pay, withhold or collect;

"Termination Fee" means $500,000;

"TSX" means the Toronto Stock Exchange;

"TSXV" means the TSX Venture Exchange Inc.;

"United States" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"U.S. Exchange Act" means the United States *Securities Exchange Act of 1934*, as amended;

"U.S. Person" means a "U.S. person" as defined in Regulation S under the U.S. Securities Act, and includes without limitation, any natural person resident in the United States and any partnership or corporation organized under the law of the United States;

"U.S. Securities Act" means the United States *Securities Act of 1933*, as amended; and

"**Voting Agreements**" means the voting agreements (including all amendments thereto) between Serabi and the Locked-up Shareholders dated May 3, 2013.

MANAGEMENT INFORMATION CIRCULAR

This Circular is furnished in connection with the solicitation of proxies by or on behalf of the management of Kenai for use at the special meeting of Kenai Shareholders to be held at the offices of Owen Bird Law Corporation, 29th Floor, 595 Burrard Street, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on July 5, 2013 and at any adjournment(s) or postponement(s) thereof for the purposes set forth in the Notice of Meeting.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, all dollar amounts referenced in this Circular are expressed in Canadian dollars.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

All statements, other than statements of historical fact, contained or incorporated by reference in this Circular, including any information as to the future financial or operating performance of Kenai, Serabi and the Combined Company, constitute "forward-looking statements" within the meaning of certain securities laws, including the "safe harbour" provisions of the *Securities Act* (British Columbia) and the United States Private Securities Litigation Reform Act of 1995 and are based on expectations, estimates and projections as of the date of this Circular.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Specifically, this Circular includes forward-looking statements regarding the intended business combination of Serabi and Kenai. These forward-looking statements reflect the current internal projections, expectations or beliefs of Serabi and Kenai, based on information currently available to them. Forward-looking statements are subject to a number of risks and uncertainties, including those detailed from time to time in filings made by Serabi and Kenai with securities regulatory authorities, which may cause actual outcomes to differ materially from those discussed in the forward-looking statements. The completion of the proposed Arrangement is subject to a number of risks, including, without limitation, the Kenai Shareholders not approving the transaction or required regulatory or court approvals not being obtained. Even if the Arrangement is completed, which cannot be guaranteed, anticipated synergies and efficiencies or other intended benefits of the transaction may not be realized, and the prospects of the Combined Company will remain subject to all the general risks associated with mineral exploration and public securities markets.

The estimates and assumptions of each of Kenai and Serabi include, but are not limited to, the various assumptions set forth in their respective most recent management's discussion and analysis incorporated by reference herein.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: actual results of exploration activities; estimation or realization of mineral reserves and resources; timing and amount of estimated future production; costs of production; capital expenditures; costs and timing of the development of new deposits; requirements for additional capital; future prices of metal; possible variations in grades of mineralization or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals, permits or financing or in the completion of development or construction activities; hedging practices; title disputes; claims limitations on insurance coverage; the timing and possible outcome of pending litigation and the possibility of new litigation; risks associated with international operations; risks related to the integration of acquisitions; fluctuations in the

currency markets; fluctuations in the spot and forward prices of gold, silver, lead, zinc or certain other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Brazil or other countries in which Kenai, Serabi or the Combined Company may carry on business in the future; operating or technical difficulties in connection with mining or development activities; the speculative nature of the exploration and development for gold, including the risks of obtaining necessary licences and permits; diminishing quantities of grades, resources or reserves, if any; and shortages of required personnel, supplies and materials. In addition, there are risks and hazards associated with the business of the exploration, development and mining of precious and base metals, including environmental hazards, industrial accidents, unusual or unexpected geologic formations, pressures, cave-ins and flooding (and the risk of inadequate insurance, or inability to obtain insurance, to cover these risks) as well as those factors discussed under "Risk Factors" in the Serabi AIF incorporated by reference herein. There are also certain risks related to the consummation of the Arrangement and the business and operations of the Combined Company including, but not limited to, the risk that the businesses of Serabi and Kenai may not be integrated successfully or that such integration may be more difficult, time-consuming or costly than expected; the risk that the expected combination benefits may not be fully realized or not realized within the expected time frame; risks associated with realizing the increased earnings and enhanced growth opportunities currently anticipated for the Combined Company; risks associated with realizing the benefits of the Combined Company's growth projects; risks associated with meeting key production and cost estimates by the Combined Company; construction and technological risks related to the Combined Company; capital requirements and operating risks associated with the expanded operations of the Combined Company; the market price of the shares of Serabi; and other risks discussed in this Circular, including those risks discussed under "Risk Factors – Risks Related to the Arrangement" and "Information Concerning Serabi – Risk Factors".

These risk factors are not intended to represent a complete list of the risk factors that could affect Serabi, Kenai or the Combined Company. Although Kenai has attempted to identify in this Circular important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements in this Circular, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that the forward-looking statements in this Circular will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements in this Circular. All of the forward-looking statements made in this Circular, including all documents incorporated by reference herein, are qualified by these cautionary statements.

Certain of the forward-looking statements and other information contained herein concerning the mining industry and Kenai and Serabi's general expectations concerning the mining industry, Kenai, Serabi and the Combined Company are based on estimates prepared by Kenai or Serabi using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which Kenai or Serabi believe to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, these data are inherently imprecise. While Kenai is not aware of any misstatement regarding any industry data presented herein, the mining industry involves risks and uncertainties that are subject to change based on various factors.

Each of Kenai and Serabi disclaims any intention or obligation to update or revise any of the forward-looking statements in this Circular, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

NOTICE REGARDING INFORMATION

The information contained in this Circular is given as at June 5, 2013, except where otherwise noted.

No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by Kenai.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and Kenai Shareholders are urged to consult their own professional advisors in connection therewith.

Certain information pertaining to Serabi, including forward-looking statements made by Serabi, included herein has been provided by Serabi or is based on publicly available documents and records on file on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"). Although Kenai does not have any knowledge that would indicate that any such information is untrue or incomplete, Kenai assumes no responsibility for the accuracy or completeness of such information, nor for the failure by such other persons to disclose events which may have occurred or which may affect the completeness or accuracy of such information.

NOTE TO UNITED STATES SECURITYHOLDERS

THE SECURITIES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Consideration Securities to be issued under the Arrangement have not been and will not be registered under the U.S. Securities Act. The Consideration Securities will be issued in reliance on an exemption from the registration requirements of the U.S. Securities Act as set forth in Section 3(a)(10) thereof, on the basis of the approval of the Court, which will consider, among other things, the fairness of the Arrangement to the Kenai Securityholders as further described under "The Arrangement – United States Securities Law Considerations".

This Circular has been prepared in accordance with applicable disclosure requirements in Canada. Holders of Kenai Securities in the United States should be aware that Canadian disclosure requirements are different than those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act.

Information concerning the properties and operations of Kenai and Serabi has been prepared in accordance with Canadian disclosure standards, and may not be comparable to similar information for United States companies. In particular, disclosure of scientific or technical information in this Information Circular has been made in accordance with NI 43-101. NI 43-101 is a rule implemented by the Canadian Securities Administrators. NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System establish standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

The terms "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" may be used in this Circular (or in the documents incorporated by reference) to comply with the reporting standards in Canada. While these terms are recognized and required by Canadian regulations, these terms are not defined terms under disclosure standards for mineral properties established by the SEC. Accordingly, information contained in this Circular containing descriptions of mineral properties may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder. For example, under United States standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made, and SEC disclosure standards normally do not permit the inclusion of estimates of "resources" that do not constitute "reserves" by United States standards in documents filed with the SEC. Kenai Shareholders are cautioned not to assume that all or any part of "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" will ever be converted into mineral reserves or upgraded to a higher resource category. Kenai Shareholders should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. Kenai Shareholders are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies, except in rare cases.

Financial statements and information included herein have been prepared in accordance with Canadian GAAP or IFRS, as indicated (each as defined herein), and are subject to auditing and auditor independence standards in Canada, and therefore may not be comparable to financial statements of United States companies.

Kenai Securityholders should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, citizens of, or otherwise subject to taxation in, the United States are not described fully herein. See "Certain Canadian Federal Income Tax Considerations".

SUMMARY

The following information is a summary of the contents of this Circular. This summary is provided for convenience only and the information contained in this summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and financial data and statements contained elsewhere in this Circular, including the appendices hereto and the documents incorporated by reference herein. Capitalized terms in this summary have the meanings set out in the Glossary of Terms or as set out in this summary. The terms of the Arrangement Agreement are summarized in this Circular and the full text of the Arrangement Agreement is available with Kenai's other public disclosure documents at www.sedar.com.

Date, Time and Place of Meeting

The Meeting will be held on July 5, 2013, at 10:00 a.m. (Vancouver time), at the offices of Owen Bird Law Corporation, 29th Floor, 595 Burrard Street, Vancouver, British Columbia.

The Record Date

The record date for determining the Kenai Shareholders entitled to receive notice of and to vote at the Meeting is May 27, 2013. Only Kenai Shareholders of record as of the close of business (Vancouver time) on the Record Date are entitled to receive notice and to vote at the Meeting.

Purpose of the Meeting

The principal purpose of the Meeting is to consider and, if deemed advisable, to pass, with or without variation, the Arrangement Resolution to approve the Arrangement. The approval of the Arrangement Resolution will require the affirmative vote of not less than two-thirds of the votes cast by Kenai Shareholders present in person or by proxy at the Meeting.

The Arrangement

The purpose of the Arrangement is to effect the acquisition by Serabi of all of the issued and outstanding Kenai Shares. If the Arrangement Resolution is approved and all other conditions to the closing of the Arrangement are satisfied or waived, the Arrangement will be implemented by way of a court-approved plan of arrangement under the BCBCA.

At the Effective Time, pursuant to the Plan of Arrangement, the following transactions, among others, will occur sequentially in the following order:

- each Kenai Share held by a Dissenting Shareholder will be deemed to be transferred by the holder thereof to Subco and Subco will thereupon be obligated to pay the amount therefore determined and payable in accordance with the Plan of Arrangement. See "The Arrangement – Dissenting Shareholder Rights";

- each issued and outstanding Kenai Share (other than Dissenting Shares) will be deemed to have been transferred to Subco and in consideration therefor Subco will deliver (or cause to be delivered) to the holder thereof 0.85 of a fully-paid and non-assessable Consideration Share;

- as consideration for the issuance of the Consideration Shares, Subco will issue to Serabi one Subco Share for each Consideration Share issued, and Subco will add to the stated capital account maintained for the Subco Shares the fair market value of such Consideration Shares;

- each outstanding Kenai Option will be exchanged for a Replacement Option issued by Serabi, with each such Replacement Option being exercisable to acquire the number (rounded down to the nearest whole number) of Serabi Shares equal to the product of (a) the number of Kenai Shares subject to such Kenai Option immediately prior to the Effective Time and (b) the Exchange Ratio; and

- Subco and Kenai will amalgamate to form Amalco, which will be a wholly-owned subsidiary of Serabi.

No certificates representing fractional Consideration Shares will be issued upon the surrender for exchange of certificates representing Kenai Shares, and the number of Consideration Shares to be received by a Kenai Shareholder will be rounded down to the nearest whole Consideration Share.

Kenai will file the Arrangement Filings as soon as practicable after the conditions set out in the Arrangement Agreement have been satisfied or waived by the Parties and upon obtaining the Final Order, at which time the Arrangement will become effective upon the Certificate of Amalgamation being issued.

On completion of the Arrangement, Kenai Shareholders will hold approximately 19.82% of the total issued and outstanding Serabi Shares on a fully diluted basis (assuming (i) no Kenai Shareholder exercises Dissent Rights and (ii) the exercise of all outstanding Kenai Options).

See "The Arrangement" in this Circular.

Recommendation of the Kenai Board

The Kenai Board, after careful consideration, unanimously determined that the Arrangement is fair to the Kenai Securityholders and is in the best interests of Kenai. **Accordingly, the Kenai Board unanimously recommends that Kenai Shareholders vote IN FAVOUR of the Arrangement Resolution for the reasons set out under the heading "The Arrangement – Reasons for Recommendations".**

Reasons for Recommendation

In the course of its evaluation of the Arrangement, the Kenai Board consulted with Kenai's senior management and legal counsel and reviewed an extensive amount of information. The conclusions and recommendations of the Kenai Board are based on a number of factors, including:

- the consideration under the Arrangement represents a premium of 87% and 152% to the closing share price and 30 day volume-weighted average price of the Kenai Shares, respectively, as at May 3, 2013, the business day before the Arrangement was publicly announced;

- the Arrangement obviates Kenai's need to complete new financing in a relatively adverse market environment for junior mining exploration companies;

- Serabi has agreed to advance up to US$2,750,000 to Kenai pursuant to the Facility during the interim period between the date of the Arrangement Agreement and the Effective Date, which funds will be used by Kenai to maintain its Sao Chico Gold Project in good standing through undertaking work thereon, for general working capital purposes, and toward the costs of completing the Arrangement;

- each director and senior officer of Kenai, as well as Gold Anomaly Limited ("**Gold Anomaly**"), the holder of 13.4% of the outstanding Kenai Shares, has entered into a Voting Agreement with Serabi pursuant to which, and subject to the terms thereof, they have agreed to vote their Kenai Securities in favour of the Arrangement Resolution. The Locked-Up Shareholders hold, collectively, approximately 27% of the outstanding Kenai Shares;

- completion of the Arrangement should result in increased liquidity for the Kenai Shareholders, based upon the greater market capitalization of Serabi on completion of the Arrangement;

- Kenai Shareholders will continue to participate in any increase in value in Kenai's Sao Chico Gold Project, and will be able to participate in Serabi's Jardim do Ouro Project, as the Kenai Shareholders will hold approximately 19.82% ownership of Serabi's fully diluted shares outstanding on a pro forma basis after completion of the Arrangement;

- the effective business combination of Serabi and Kenai will provide savings in the administrative, auditing, legal and maintenance costs for the security holders of the companies as these expenses will be lower for one entity rather than if the companies continued as separate entities, which savings could be expended on the exploration of the companies' respective properties;

- a gold processing plant will be available at Serabi's Jardin do Ouro Project which will be designed to have capacity and capability to process ore mined from the Sao Chico Gold Project. This shared plant should reduce the capital cost for the future development of the Sao Chico Gold Project and could therefore be expected to improve the economic returns of the Sao Chico Gold Project;

- upon completion of the Arrangement, Kenai Shareholders will continue to have access to management with significant depth of executive experience in exploration, finance, resource conversion, project development and mining. Further, Serabi has the expertise to significantly increase the potential for further discoveries on the Sao Chico Gold Project, advance the existing resource potential and complete the necessary feasibility studies, financing and construction to progress the Sao Chico Gold Project to production, if deemed advisable;

- under the Arrangement Agreement, the Kenai Board remains able to respond, in accordance with its fiduciary duties, to unsolicited, bona fide written Acquisition Proposals that are more favourable to Kenai Shareholders than the Arrangement and the Kenai Board may withdraw its recommendation of the Arrangement in certain circumstances subject to payment of the Termination Fee;

- the Arrangement Resolution must be approved by at least 66⅔% of the votes cast by all Kenai Shareholders present in person or represented by proxy at the Kenai Meeting;

- the Arrangement must be approved by the Court, which will consider, among other things, the fairness and reasonableness of the Arrangement. In addition, registered Kenai Shareholders will have the opportunity to exercise Dissent Rights;

- the Kenai Board concluded that none of the possible alternatives to the Arrangement, including the possibility of continuing as an independent entity to continue to develop its assets, were superior to the Arrangement, considering the perceived risks, timing and uncertainty of each such alternative after taking into account Kenai's imminent financing requirements and current market conditions; and

- the likelihood that the Arrangement would be consummated, in light of the absence of significant closing conditions, other than approval of the Arrangement by Kenai Shareholders and other customary closing conditions.

The Kenai Board also identified and considered a variety of issues regarding and risks resulting from the Arrangement, including, but not limited to:

- as Kenai Shareholders will receive Serabi Shares on a fixed exchange ratio, Serabi Shares received by Kenai Shareholders under the Arrangement may have a market value lower than expected;

- the risks to Kenai if the Arrangement is not completed, including (i) the costs to Kenai in pursuing the Arrangement and the further diversion of Kenai's management from the conduct of Kenai's business in the ordinary course, and (ii) the potential loss of the Sao Chico Gold Project in the event Kenai is unable to repay the Facility when due;

- the conditions to Serabi's obligations to complete the Arrangement, including that holders of no more than 5% of the issued and outstanding Kenai Shares shall have exercised Dissent Rights (or, if Dissent Rights are exercised by Eldorado Gold Corp. ("**Eldorado**"), that holders of no more than 3% of the outstanding Kenai Shares have exercised Dissent Rights, other than Kenai Shares in respect of which Eldorado has exercised Dissent Rights);

- the Termination Fee payable to Serabi in certain circumstances, including if Kenai enters into an agreement in respect of a Superior Proposal to acquire Kenai; and

- the business, operations, assets, financial performance and condition, operating results and prospects of Serabi, including the long-term expectations regarding Serabi's operating performance.

See "The Arrangement – Reasons for Recommendation" in this Circular.

The foregoing summary of the information and factors considered by the Kenai Board is not, and is not intended to be, exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Arrangement, the Kenai Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion and recommendation. The Kenai Board's recommendations were made after consideration of all of the above-noted factors and in light of the Kenai Board's collective knowledge of the business, financial condition and prospects of Kenai, and were also based upon the advice of legal advisors to the Kenai Board. In addition, individual members of the Kenai Board may have assigned different weights to different factors.

Voting Agreements

All of the directors and senior officers of Kenai, as well as Gold Anomaly (collectively, the "**Locked-Up Shareholders**"), holding, in aggregate, approximately 27.0% of the Kenai Shares and 70.8% of the Kenai Options (as of June 5, 2013), have entered into Voting Agreements with Serabi pursuant to which they have agreed, subject to the terms and conditions of the Voting Agreements, among other things:

(a) to vote any Kenai Shares held by them, or over which they have control or direction, as at the date of the Meeting, in favour of the Arrangement Resolution;

(b) to vote at any meeting of Kenai Shareholders, any Kenai Shares held by them, or over which they have control or direction, as at the date of such meeting, against any Acquisition Proposal and/or any other action that is intended or would reasonably be expected to impede, interfere with, delay, postpone or discourage the successful completion of the Arrangement and each of the transactions contemplated by the Arrangement Agreement; and

(c) not to directly or indirectly; (i) sell, transfer, gift, assign, pledge, hypothecate, encumber, convert or otherwise dispose of any of the Kenai Shares or Kenai Options held by such Locked-Up Shareholder, other than as contemplated in the Lock-Up Agreement; (ii) grant any proxies or power of attorney or attorney in fact or deposit any of its Kenai Shares or Kenai Options into a voting trust or enter into a voting agreement, understanding or arrangement with respect to its Kenai Shares and Kenai Options; or (iii) solicit or arrange, or provide assistance to any other person to arrange for the solicitation of, proxies relating to or purchases of or offers to sell Kenai Shares or Kenai Options or act in concert or

jointly with any other person for the purpose of acquiring Kenai Shares or Kenai Options for the purpose of influencing the voting of Kenai Shares or affecting the control of Kenai, other than, in the case of proxy solicitation, in support of the Arrangement.

Their respective obligations under the Voting Agreements may be terminated at any time upon the written agreement of Serabi and the Locked-Up Shareholder, and will be terminated if the Arrangement Agreement is terminated in accordance with its terms.

See "The Arrangement – Voting Agreements".

The Arrangement Agreement

The Arrangement Agreement is described under "The Arrangement Agreement" of this Circular and a complete copy is available on Kenai's profile on SEDAR at www.sedar.com. You should read the Arrangement Agreement in its entirety as it contains important provisions governing the terms and conditions of the Arrangement. Capitalized terms not otherwise defined in this section are defined in the Arrangement Agreement, Plan of Arrangement and the Glossary of Terms included in this Circular.

Conditions to Completion of the Arrangement

The implementation of the Arrangement is subject to a number of conditions being satisfied or waived by one or both of Kenai and Serabi at or prior to the Effective Time, including the following:

- the approval of the Arrangement Resolution by the affirmative vote of at least two-thirds of the votes cast by Kenai Shareholders present in person or by proxy at the Meeting;
- the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement and shall not have been set aside or modified in a manner unacceptable to Serabi and Kenai, acting reasonably, on appeal;
- no applicable Laws shall be in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins Kenai or Serabi from consummating the Arrangement;
- the allotment and issuance of Serabi Shares to be issued pursuant to the Arrangement and upon the exercise of Replacement Options;
- the TSX having conditionally approved the listing of the Serabi Shares to be issued pursuant to the Arrangement and upon the exercise of Replacement Options, subject to the satisfaction of the customary listing requirements of the TSX;
- performance in all material respects by Kenai and Serabi of all covenants required to be performed under the Arrangement Agreement;
- that the representations and warranties of Kenai and Serabi contained in the Arrangement Agreement are true and correct as of the Effective Date;
- Dissent Rights not having been exercised in respect of, in the aggregate, more than 5% of the Kenai Shares; or, if Dissent Rights are exercised by Eldorado, that holders of no more than 3% of the Kenai Shares have exercised Dissent Rights, other than Kenai shares in respect of which Eldorado has exercised Dissent Rights;
- the Voting Agreements between certain Kenai Shareholders and Serabi not being terminated, and no event having occurred that would give Serabi the right to terminate any of such Voting Agreements;

- no Material Adverse Change with respect to Kenai or Serabi having occurred; and
- the receipt of all required approvals, consents, permits, waivers, exemptions and orders.

See "The Arrangement Agreement – Conditions Precedent to the Arrangement" in this Circular.

No Solicitation / Superior Proposal

In the Arrangement Agreement, Kenai has agreed not to, directly or indirectly, solicit or participate in any discussions or negotiations with any person regarding an Acquisition Proposal. Nonetheless, the Kenai Board is permitted to consider and accept a Superior Proposal under certain conditions. Serabi is entitled to a five (5) business day period within which to exercise a right to match any Superior Proposal. Kenai will be required to pay to Serabi the Termination Fee if Kenai enters into an agreement regarding a Superior Proposal.

See "The Arrangement Agreement — Non Solicitation" and "The Arrangement Agreement – Termination Fee" in this Circular.

Termination

Kenai and Serabi may agree to terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Effective Time. In addition, either Kenai or Serabi may terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Effective Time if certain specified events occur.

The Arrangement Agreement states that Kenai will pay Serabi the Termination Fee equal to $500,000 in certain circumstances.

See "The Arrangement Agreement — Termination" in this Circular.

Exchange of Kenai Share Certificates

A Letter of Transmittal is enclosed with this Circular for use by Kenai Shareholders for the purpose of surrendering share certificates representing Kenai Shares to the Depositary at an address of the Depositary set out in the Letter of Transmittal. Provided that a Registered Shareholder has delivered and surrendered to the Depositary all share certificates, together with a Letter of Transmittal properly completed and executed in accordance with the instructions of such Letter of Transmittal, and any additional documents as the Depositary may reasonably require, the Kenai Shareholder will be entitled to receive, and Serabi will cause the Depositary to deliver, a certificate representing the number of Consideration Shares issuable or deliverable pursuant to the Arrangement in respect of the exchange of Kenai Shares, and the Kenai Shares so surrendered shall be cancelled. Non-Registered Shareholders should contact their Intermediary to determine how to obtain their Consideration Shares.

See "The Arrangement – Arrangement Mechanics" in this Circular.

Court Approval of the Arrangement

The Arrangement requires approval by the Court under section 288 of the BCBCA. On June 3, 2013, Kenai obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters and filed a Notice of Hearing of Petition for the Final Order to approve the Arrangement. Copies of the Interim Order and the Notice of Hearing of Petition are attached as Appendices 3 and 4, respectively, to this Circular.

The Court hearing in respect of the Final Order is expected to take place at 9:45 a.m. (Vancouver time), on July 10, 2013, or as soon thereafter as counsel may be heard, at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, subject to the approval of the Arrangement Resolution at the Meeting. At the hearing, the

Court will consider, among other things, the fairness of the terms and conditions of the Arrangement and the rights and interests of every person affected. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. The Court will be advised prior to the hearing of the application for the Final Order that if the terms and conditions of the Arrangement are approved by the Court, the Serabi Shares issued pursuant to the Arrangement will not be registered under the U.S. Securities Act pursuant to an exemption from registration under Section 3(a)(10) thereof and that the Final Order will constitute the basis for such exemption.

Under the terms of the Interim Order, each Kenai Securityholder, as well as creditors of Kenai, will have the right to appear and make submissions at the application for the Final Order. Any person desiring to appear at the hearing of the application for the Final Order is required to indicate his, her or its intention to appear by filing with the Court and serving Kenai at the address set out below, on or before 4:00 p.m. (Vancouver time) on July 3, 2013, a Response to Petition ("**Response**"), including his, her or its address for service, together with all materials on which he, she or it intends to rely at the application. The Response and supporting materials must be delivered within the time specified to Kenai at the following address:

Owen Bird Law Corporation
29th Floor, Three Bentall Centre
595 Burrard Street, P.O. Box 49130
Vancouver, B.C. V7X 1J5
Attention: Zachary J. Ansley

Kenai Securityholders who wish to participate in or be represented at the Court hearing for the Final Order should consult their legal advisors as to the necessary requirements.

See "The Arrangement – Court Approvals of the Arrangement".

Cancellation of Rights after Six Years

To the extent that a former Kenai Shareholder has not complied with the provisions of the Plan of Arrangement on or before the sixth anniversary of the Effective Date, any Kenai Shares held by such former Kenai Shareholder shall cease to represent a claim by, or interest of any kind or nature, against or in Serabi and the Consideration Shares that such former Kenai Shareholder was otherwise entitled to receive shall be deemed to have been surrendered to Serabi, together with all entitlements to dividends, distributions and cash thereon held for such former Kenai Shareholder, for no consideration.

Rights of Dissent

Registered Shareholders are entitled to exercise Dissent Rights by providing written notice to Kenai at or before 5:00 p.m. (Vancouver time) on July 3, 2013 (or on the day that is two business days immediately preceding any adjourned or postponed Meeting) in the manner described under the heading "The Arrangement - Dissenting Shareholders Rights". If a Registered Shareholder dissents and the Arrangement is completed, Subco will acquire the shares of the Dissenting Shareholder for a debt claim against Subco entitling the Dissenting Shareholder to be paid the "fair value" of its dissenting Kenai Shares as of the close of business on the day before the day the Arrangement Resolution is adopted. This amount may be the same as, more than or less than the value of the Consideration Shares offered under the Arrangement. Only Registered Shareholders are entitled to dissent. A beneficial shareholder who wishes to exercise its rights of dissent must arrange for the Registered Shareholder holding its Kenai Shares to deliver the dissent. Shareholders should carefully read the section in this Circular entitled "Dissenting Holders' Rights" if they wish to exercise Dissent Rights. It is a condition of the Arrangement that Dissent Rights not be exercised in respect of, in the aggregate, more than 5% of the outstanding Kenai Shares, or if Dissent Rights are exercised by Eldorado, that Dissent Rights are not

exercised in respect of 3% of the outstanding Kenai Shares, other than Kenai Shares in respect of which Eldorado has exercised Dissent Rights.

See "The Arrangement - Dissenting Shareholder Rights" in this Circular.

Interests of Certain Persons in the Arrangement

In considering the recommendation of the Kenai Board, Kenai Shareholders should be aware that members of the Kenai Board and the executive officers of Kenai have interests in the Arrangement or may receive benefits that may differ from, or be in addition to, the interests of Kenai Shareholders generally.

All benefits received, or to be received, by directors or executive officers of Kenai as a result of the Arrangement are, and will be, solely in connection with their services as directors or employees of Kenai or Amalco. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person for Kenai Shares, nor is it, or will it be, conditional on the person supporting the Arrangement.

See "The Arrangement – Interests of Senior Management and Others in the Arrangement".

Certain Canadian Federal Income Tax Considerations

Kenai Shareholders

Kenai Securityholders should consult their own tax advisors about the applicable Canadian federal, provincial and local or foreign tax consequences of the Arrangement.

A Kenai Shareholder who is resident in Canada for purposes of the ITA and who holds Kenai Shares as capital property will be deemed to have disposed of such Kenai Shares for proceeds of disposition equal to the Kenai Shareholder's adjusted cost base of such Kenai Shares immediately before the exchange and to have acquired the Consideration Shares received in exchange therefor at a cost equal to such proceeds of disposition.

A Kenai Shareholder that is not resident in Canada for purposes of the ITA will not be subject to tax under the ITA in respect of the exchange of Kenai Shares for Serabi Shares pursuant to the Arrangement and will not be liable for Canadian income tax in respect of the Arrangement.

Holders of Kenai Options

The cancellation of the Kenai Options in exchange for Replacement Options will not result in the deemed disposition by the holder of its Kenai Options, as long as the amount by which the total value of Serabi Shares exceeds the total amount payable to exercise the Replacement Option does not exceed the amount by which the total value of the Kenai Shares exceeds the total amount payable to exercise the Kenai Option.

See "Certain Canadian Federal Income Tax Considerations" in this Circular.

Other Tax Considerations

This circular does not address any tax considerations of the Arrangement other than Canadian tax considerations. Kenai Securityholders who are resident in or subject to taxation in jurisdictions outside Canada should consult their tax advisors with respect to the relevant tax implications of the Arrangement, including any associated filing requirements in such jurisdiction.

Securities Law Matters

The distribution of the Consideration Securities pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian Securities Laws. The Consideration Shares will be freely tradable and may be resold in each of the provinces of Canada provided the trade is not a "control distribution" as defined in National Instrument 45-102 — *Resale of Securities* of the Canadian Securities Administrators, no unusual effort is made to prepare the market or create a demand for those securities, no extraordinary commission or consideration is paid in respect of that sale and, if the selling security holder is an insider or officer of Serabi, the insider or officer has no reasonable grounds to believe that Serabi is in default of securities legislation.

The Consideration Shares issuable to Kenai Shareholders under the Arrangement will be freely tradable under the U.S. Securities Act, except by persons who are "affiliates" of Serabi after the completion of the Arrangement or within 90 days prior to the completion of the Arrangement. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer, as well as principal shareholders of the issuer. Kenai Securityholders are urged to consult their legal advisers to determine the extent of all applicable resale provisions.

See "The Arrangement – Canadian Securities Law Considerations" and "The Arrangement – United States Securities Law Considerations".

Risk Factors

There are risks associated with the completion of the Arrangement. These risks include:

(a) that market reaction to the Arrangement and the future trading price of the Serabi Shares cannot be predicted;

(b) as Kenai Shareholders will receive Serabi Shares based on a fixed exchange ratio, Serabi Shares received by Kenai Shareholders under the Arrangement may have a market value lower than expected;

(c) the Arrangement may give rise to adverse tax consequences to Kenai Shareholders, and each Kenai Shareholder is urged to consult their own tax advisor;

(d) uncertainty as to whether the Arrangement will have a positive effect on the business, financial condition and share price of Serabi; and

(e) there is no assurance that the required approvals will be received.

Kenai Shareholder should review carefully the risk factors set forth under "Risk Factors" and "Information Concerning Serabi – Risk Factors" in the Circular.

Pro Forma Financial Information

Certain selected pro forma consolidated financial information is set forth in the following table. Such information is extracted from and should be read in conjunction with the unaudited pro forma financial statements of Serabi after giving effect to the Arrangement and the accompanying notes thereto attached as Appendix 5 to this Circular. Certain adjustments have been made to prepare the unaudited pro forma consolidated financial statements of Serabi, which adjustments are based on certain assumptions. Both the

adjustments and the assumptions made in respect thereof are described in the notes to the unaudited pro forma consolidated financial statements.

The unaudited pro forma financial statements are presented for illustrative purposes only and are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the Arrangement actually occurred at the times indicated. Actual amounts recorded upon consummation of the Arrangement will differ from the pro forma information presented below. No attempt has been made to calculate or estimate potential synergies between Serabi and Kenai.

Pro Forma Consolidated Statement of Financial Position

	Serabi (unaudited) as at March 31, 2013 (US$)	Kenai (unaudited) as at March 31, 2013 (US$)	Pro Forma Adjustments (unaudited) (US$)	Pro Forma Consolidated (unaudited) as at March 31, 2013 (US$)
Current assets	21,881,077	192,482	-	22,073,559
Non-current assets	46,883,845	8,279,535	5,635,959	60,799,339
Total assets	**68,764,922**	**8,472,017**	**5,635,959**	**82,872,898**
Current liabilities	2,703,692	208,223	-	2,911,915
Non-current liabilities	2,153,832	-	1,430,000	3,583,832
Total liabilities	**4,857,524**	**208,223**	**1,430,000**	**6,495,747**
Shareholder's equity	**63,907,398**	**8,263,794**	**4,205,959**	**76,377,151**

Pro Forma Consolidated Income Statement

For the three months ended March 31, 2013 (unaudited)

	Serabi (US$)	Kenai (US$)	Pro Forma Adjustments (US$)	Pro Forma Consolidated (US$)
Revenue from ordinary activities	-	-	-	-
Operating expenses	-	-	-	-
Loss from operations	-	-	-	-
Administration expenses	908,753	149,736	-	1,058,489
Share based payments	47,846		-	47,846
Write-off of past exploration costs	-	-	-	-
Depreciation of plant & equipment	107,667	-	-	107,667
Gain on asset disposals	-	-	-	-
Depreciation of mine asset	-	-	-	-
Loss on ordinary activities before interest and other income	**1,064,266**	**149,736**	-	**1,214,002**
Foreign exchange (gain) / loss	255,218	-	-	255,218
Interest payable	42,499	-	-	42,499
Interest receivable	(2,757)	(797)	-	(3,554)
Loss on ordinary activities before taxation	**1,359,226**	**148,939**	-	**1,508,165**
Income tax expense	-	-	-	-
Loss for the period from continuing activities	**1,359,226**	**148,939**	-	**1,508,165**
Other comprehensive income (net of tax)				
Exchange differences on translating foreign operations	(609,475)	-	-	(609,475)
Total comprehensive loss for the period	**749,751**	**148,939**	-	**898,690**
Loss per share (basic and diluted)	**(0.43c)**	**(0.14c)**	-	**(0.37c)**

For the financial year ended December 31, 2012 (unaudited)

	Serabi (US$)	Kenai (US$)	Pro Forma Adjustments (US$)	Pro Forma Consolidated (US$)
Revenue from ordinary activities	-	-	-	-
Operating expenses	477,961	-	-	477,961
Loss from operations	**477,961**	-	-	**477,961**
Administration expenses	2,513,272	692,428	-	3,205,700
Share based payments	128,882	92,093	-	220,975
Deferred asset write-off	267,703	790,054	-	1,057,757
Depreciation of plant & equipment	891,101	-	-	891,101
(Gain) / Loss on Asset Disposals	(18,456)	-	-	(18,456)
Depreciation of mine asset	-	-	-	-
Loss on ordinary activities before interest and other income	**4,260,463**	**1,574,575**	-	**5,835,038**
Foreign exchange (gain) / loss	(73,141)	2,528	-	(70,613)
Interest payable	555,835	3,344	-	559,179
Interest receivable	(6,171)	-	-	(6,171)
Loss on ordinary activities before taxation	**4,736,986**	**1,580,447**	-	**6,317,433**
Income tax expense	-	-	-	-
Loss for the period from continuing activities	**4,736,986**	**1,580,447**	-	**6,317,433**
Other comprehensive income (net of tax)				
Exchange differences on translating foreign operations	3,531,144	-	-	3,531,144
Total comprehensive loss for the period	**8,268,130**	**1,580,447**	-	**9,848,577**
Loss per share (basic and diluted)	**(5.29c)**	**(1.77c)**	-	**(3.42c)**

Fully Diluted Share Capital

The following table sets out the fully-diluted share capital of the Combined Company after giving effect to the Arrangement:

	Number of Serabi Shares	Percentage of Total
Pre-Arrangement Serabi Shares	361,268,529	73.33%
Serabi Shares issued to Kenai Shareholders pursuant to the Arrangement	95,120,723[(1)(2)]	19.31%
Serabi Shares reserved for issuance upon exercise of existing stock options of Serabi	20,863,285	4.24%
Serabi Shares reserved for issuance upon exercise of Replacement Options issued to Kenai Optionholders pursuant to the Arrangement	2,533,000	0.51%
Serabi Shares reserved for issuance upon exercise of ordinary share purchase warrants of Serabi	12,840,033	2.61%
	492,625,570	**100.00%**

(1) Assumes no exercise of Dissent Rights.

(2) Includes 90,020,723 Serabi Shares to be issued to Kenai Shareholders in exchange for existing Kenai Shares pursuant to the Arrangement and 5,100,000 Serabi Shares to be issued to Gold Anomaly pursuant to the share purchase agreement between Kenai and Gold Anomaly with respect to the Sao Chico Gold Project.

INFORMATION CONCERNING THE MEETING

Purpose of the Meeting

The principal purpose of the Meeting is to consider and, if deemed advisable, to pass, with or without variation, the Arrangement Resolution. The approval of the Arrangement Resolution will require the affirmative vote of two-thirds of the votes cast by Kenai Shareholders present in person or by proxy at the Meeting.

Date, Time and Place of the Meeting

The Meeting will be held on July 5, 2013 at 10:00 a.m. (Vancouver time) at the offices of Owen Bird Law Corporation, 29th Floor, 595 Burrard Street, Vancouver, British Columbia.

Record Date

The Record Date for determining persons entitled to receive notice of and vote at the Meeting is May 27, 2013. Shareholders of record as at the close of business (Vancouver time) on May 27, 2013 will be entitled to attend and vote at the Meeting, or any adjournment or postponement thereof, in the manner and subject to the procedures described in this Circular.

Solicitation of Proxies

This Circular is being furnished in connection with the solicitation of proxies by or on behalf of management of Kenai for use at the Meeting (or any adjournment or postponement thereof) to be held at the time and place and for the purposes set out in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally, by telephone or other electronic means by officers and employees of Kenai (for no additional compensation). All costs incurred in connection with the preparation and mailing of this Circular and the accompanying form of proxy and Letter of Transmittal, as well as the costs of solicitation of proxies, will be borne by Kenai.

Appointment of Proxyholders

The persons named in the accompanying form of proxy are directors or officers of Kenai. Each Kenai Shareholder has the right to appoint a person or company, other than the persons named in the enclosed form of proxy, who need not be a shareholder of Kenai, to attend and act for and on behalf of the Kenai Shareholder at the Meeting. This right may be exercised by inserting such person's name in the blank space provided in the accompanying form of proxy or by completing another proper form of proxy. A proxy that is in writing must be dated the date on which it is executed, must be executed by the Kenai Shareholder or his or her attorney authorized in writing or, if the Kenai Shareholder is a corporation, by a duly authorized officer or attorney of that corporation and, if the proxy is to apply to less than all the Kenai Shares registered in the name of the Kenai Shareholder, must specify the number of Kenai Shares to which it is to apply.

Voting by Proxyholder

The Kenai Shares represented by a properly executed proxy will be voted or withheld from voting with respect to all matters to be voted on at the Meeting in accordance with the instructions of the Registered Shareholder on any vote that may be called for.

In the absence of any instructions to the contrary, the Kenai Shares represented by proxies received by management will be voted FOR the approval of each of the matters proposed by management at the Meeting and as described in the Notice of Meeting.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of Kenai knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. If any other matters do properly come before the Meeting, it is intended that the person appointed as proxyholder shall vote on such other business in such manner as that person then considers to be proper.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they attend the Meeting in person. In order to be effective, a proxy must be deposited at the offices of Kenai's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), no later than 10:00 a.m. (Vancouver time) on July 3, 2013, or not less than 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment or postponement of the Meeting.

Registered Shareholders electing to submit a proxy may do so by choosing one of the following methods:

(a) complete, date and sign the proxy and return it to Computershare, by fax within North America at 1-866-249-7775, outside North America at 1-416-263-9524, or by mail to Computershare Investor Services Inc., Proxy Dept., 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; or

(b) use a touch-tone phone to transmit voting choices to the toll free number given in the proxy. Registered Shareholders who choose this option must follow the instructions of the voice response system and refer to the proxy for the toll free number and control number; or

(c) log on to the internet at Computershare's website, www.investorvote.com. Registered Shareholders must follow the instructions given on the website and must refer to the proxy for the control number.

Beneficial Shareholders

Only Registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Kenai Shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either (a) in the name of an Intermediary that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans), or (b) in the name of a clearing agency (such as CDS Clearing and Depositary Services Inc.) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, Kenai has distributed copies of the Notice of Meeting, this Circular, the form of proxy and the Letter of Transmittal (collectively, the ("**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive the Meeting Materials will either:

(a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deliver it to the Transfer Agent as set out above; or

(b) more typically, be given a form which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "voting information form") which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Kenai Shares which they beneficially own. Should a Non-Registered Holder who receives either form of proxy wish to vote at the Meeting in person, the Non-Registered Holder should strike out the persons named in the form of proxy and insert the Non-Registered Holder's name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the form of proxy or voting information form is to be delivered.

Revocation of Proxies

A Registered Shareholder executing a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast:

(a) by depositing an instrument in writing executed by such Kenai Shareholder or by such Kenai Shareholder's attorney authorized in writing, or, if the Kenai Shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing, (i) with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof or (ii) at the registered office of Kenai by fax at 604-688-9895, or by mail or by hand delivery at 625 Howe Street, Suite 530, Vancouver, British Columbia, V6C 2T6, Attention: Paul Larkin, at any time up to and including the last business day preceding the day of the Meeting, or any adjournments or postponements thereof, or

(b) in any other matter permitted by law.

A Non-Registered Holder should contact his or her Intermediary and carefully follow the instructions provided by the Intermediary in order to revoke a voting information form (or a proxy).

Quorum

A quorum for the Meeting is one or more Kenai Shareholders present or represented by proxy holding, in the aggregate, at least 5% of the issued and outstanding Kenai Shares entitled to vote at the Meeting.

Voting Securities and Principal Holders Thereof

At the close of business on the Record Date of May 27, 2013, a total of 105,906,734 Kenai Shares were issued and outstanding. Each Kenai Shareholder is entitled to one vote per Kenai Share held on all matters to come before the Meeting, including the Arrangement Resolution. Holders of Kenai Shares are the only Kenai Securityholders that will have voting rights at the Meeting.

To the knowledge of the directors and executive officers of Kenai, no person or company presently beneficially owns, or controls or directs, directly or indirectly, Kenai Shares carrying 10% or more of the voting rights attached to the Kenai Shares as of May 27, 2013 except as set forth below:

Name of Shareholder	Number of Kenai Shares Beneficially Owned, Controlled or Directed (Directly or Indirectly)	Percentage of Issued and Outstanding Kenai Shares as of May 27, 2013
Eldorado Gold Corp.	15,000,000	14.16%
Gold Anomaly Limited	14,158,190	13.37%

THE ARRANGEMENT

The Arrangement will be carried out under the BCBCA pursuant to the Arrangement Agreement, the Plan of Arrangement and related documents. A summary of the principal terms of the Arrangement is provided in this section. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement and the Plan of Arrangement. The Arrangement Agreement, together with the annexed Plan of Arrangement, are available on SEDAR at www.sedar.com and the Plan of Arrangement is attached hereto at Appendix 2. Capitalized terms have the meanings set out in the Glossary of Terms, or are otherwise defined herein.

Background to the Arrangement

The terms of the Arrangement are the result of extensive negotiations conducted between Kenai and Serabi and their respective legal advisors. The following is a summary of the principal events leading up to the public announcement of the Arrangement, the negotiation of the Arrangement, the Facility Agreement and other ancillary agreements.

Serabi has for a number of years been attracted by the Sao Chico Gold Project and had preliminary discussions back in 2010 with Gold Anomaly, the previous owner of Gold Aura, relating to the potential use of the Palito plant to process ore produced from Sao Chico as well as discussions for the potential to re-treat old tailings from historic garimpeiro activity.

Meanwhile, in September 2010, Kenai entered into an option agreement with Gold Anomaly to acquire up to a 75% interest in the Sao Chico Gold Project, and in March 2012 the parties entered into a share purchase agreement pursuant to which Kenai consolidated a 100% interest in the Sao Chico Gold Project.

Following the successful drilling program undertaken by Kenai at the Sao Chico Gold Project in 2011, in August and September 2011 Serabi and Kenai held initial discussions setting out their desires and plans and seeking areas of potential co-operation. The companies entered into a confidentiality agreement in December 2011 to allow then to explore potential business relationships which may be beneficial for both parties.

Initial discussions between the parties focussed on some form of joint venture which could be independently funded and into which the parties would contribute their joint assets, but over the following months the parties also explored the option of pursuing a potential toll milling and processing arrangement.

Both companies continued, however, to have limited funding available, making it difficult for either party to make any firm commitments. Kenai advised Serabi in May 2012 that it was pursuing its own financing route for developing the underground mining operations at Sao Chico, but still required a plan for processing the ores, including costs and timing. An informal joint technical committee was established in June 2012 to consider some of the logistical and processing issues.

Meetings and conversations continued to take place at which both parties continued to express their desire to establish some mutually beneficial business arrangement. Following the completion of Serabi's equity financing in January 2013, the companies re-established a joint technical committee in order that detailed engineering designs for the Palito plant could incorporate flexibility to accommodate Sao Chico ore at some time in the future.

On March 8, 2013, the Board of Serabi wrote to Kenai setting out an initial proposal to acquire all of the outstanding securities of Kenai through a plan of arrangement or similar business combination. Over the following weeks and after due consideration of additional technical and financial information, the ensuing discussions culminated in a letter of April 8, 2013 outlining the terms of the proposed transaction.

Over the following weeks, Kenai, Serabi and their respective advisors continued to negotiate the terms and conditions for the proposed transaction and exchanged numerous drafts of the Arrangement Agreement and the Facility Agreement, as well as ancillary documents, including the Lock-Up Agreements. During this time, representatives of Kenai's and Serabi's management and advisors were also in frequent contact. Also during this period, Serabi completed its due diligence investigations in respect of Kenai.

On May 3, 2013, the Kenai Board met with members of senior management and Owen Bird Law Corporation and was advised as to the status of the Arrangement Agreement. After consultation with its legal advisors, the Kenai Board resolved unanimously that the Arrangement is fair to the Kenai Securityholders and is in the best interests of Kenai and to recommend that Kenai Shareholders vote their Kenai Shares in favour of the Arrangement Resolution.

The Arrangement Agreement, Facility Agreement and related ancillary agreements were finalized and executed and delivered by the parties thereto, and the transaction was announced by concurrent press releases of Kenai and Serabi on May 6, 2013.

Recommendation of the Kenai Board

After careful consideration of various factors, the Kenai Board unanimously concluded that the Arrangement is in the best interests of Kenai and that the consideration to be received by Kenai Securityholders pursuant to the Arrangement is fair to the Kenai Securityholders. Accordingly, the Kenai Board unanimously approved the Arrangement and unanimously recommends that Kenai Shareholders vote FOR the Arrangement Resolution.

Reasons for the Recommendation

In the course of their evaluation of the Arrangement, the Kenai Board consulted with Kenai's senior management and legal counsel, reviewed a significant amount of information, including information derived from Kenai's due diligence review of Serabi, and considered a number of factors including, among others, the following:

- Significant Premium: The consideration under the Arrangement represents a premium of 87% and 152% to the closing share price and 30-day volume-weighted average price of the Kenai Shares, respectively, as at May 3, 2013, the business day before the Arrangement was publicly announced.

- Eliminates Financing Risk: The Arrangement obviates Kenai's need to complete new financing in a relatively adverse market environment for junior mining exploration companies.

- Credit Facility: Serabi has agreed to advance up to US$2,750,000 to Kenai pursuant to the Facility during the interim period between the date of the Arrangement Agreement and the Effective Date, which funds will be used by Kenai to maintain its Sao Chico Gold Project in good standing through undertaking work thereon, for general working capital purposes, and toward the costs of completing the Arrangement.

- Voting Agreements: Each director and senior officer of Kenai, and also Gold Anomaly, the holder of 13.4% of the outstanding Kenai Shares, has entered into a Voting Agreement with Serabi pursuant to which, and subject to the terms thereof, they have agreed to vote their Kenai Shares in favour of the Arrangement Resolution. The Locked-Up Shareholders hold, collectively, approximately 27% of the outstanding Kenai Shares.

- Increased Liquidity for Kenai Shareholders: Completion of the Arrangement should result in increased liquidity for the Kenai Shareholders, based upon the greater market capitalization of Serabi on completion of the Arrangement and that the Serabi Shares are listed on both the TSX and the AIM Market.

- Continued Equity Participation in Mineral Projects: Kenai Shareholders will continue to participate in any increase in value in Kenai's Sao Chico Gold Project, and will participate in Serabi's Jardim do Ouro Project, as the Kenai Shareholders will hold approximately 19.82% ownership of Serabi's fully diluted shares outstanding on a pro forma basis after completion of the Arrangement.

- Anticipated Synergies Following Business Combination: The effective business combination of Serabi and Kenai will provide savings in the administrative, auditing, and legal and maintenance costs for the security holders of the companies as these expenses will be lower for one entity rather than if the companies continued as separate entities, which savings could be expended on the exploration of the companies' respective properties. In addition, a gold processing plant will be available at Serabi's Jardin do Ouro Project which will be designed to have capacity and capability to process ore mined from the Sao Chico Gold Project. This shared plant should reduce the capital cost for the future development of the Sao Chico Gold Project and could therefore be expected to improve the economic returns of the Sao Chico Gold Project.

- Experienced Management Team: Upon completion of the Arrangement, Kenai Shareholders will continue to have access to management with significant depth of executive experience in exploration, finance, resource conversion, project development and mining. Further, Serabi has the expertise to significantly increase the potential for further discoveries on the Sao Chico Gold Project, advance the existing resource potential and complete the necessary feasibility studies, financing and construction to progress the Sao Chico Gold Project to production, if deemed advisable.

- Ability to Respond to Superior Proposals: Under the Arrangement Agreement, the Kenai Board remains able to respond, in accordance with its fiduciary duties, to unsolicited, bona fide written Acquisition Proposals that are more favourable to Kenai Shareholders than the Arrangement and the Kenai Board may withdraw its recommendation of the Arrangement in certain circumstances subject to payment of the Termination Fee.

- Shareholder Approval: The Arrangement Resolution must be passed by at least 66⅔% of the votes cast by all Kenai Shareholders present in person or represented by proxy at the Kenai Meeting.

- Court Approval: The Arrangement must be approved by the Court, which will consider, among other things, the fairness and reasonableness of the Arrangement. In addition, registered Kenai Shareholders will have the opportunity to exercise Dissent Rights.

- No Preferable Alternative Transaction: The Kenai Board concluded that none of the possible alternatives to the Arrangement, including the possibility of continuing as an independent entity to continue to develop its assets, were superior to the Arrangement, considering the perceived risks, timing and uncertainty of each such alternative after taking into account Kenai's imminent financing requirements and current market conditions.

- Substantial Likelihood of Completion: The likelihood that the Arrangement would be consummated, in light of the absence of significant closing conditions, other than approval by Kenai Shareholders of the Arrangement and other customary closing conditions.

The Kenai Board also considered a number of potential issues regarding and risks resulting from the Arrangement, including:

- Fixed Exchange Ratio: As Kenai Shareholders will receive Serabi Shares on a fixed exchange ratio, Serabi Shares received by Kenai Shareholders under the Arrangement may have a market value lower than expected.

- Opportunity Costs if Arrangement Not Completed: The risks to Kenai if the Arrangement is not completed, including (i) the costs to Kenai in pursuing the Arrangement and the further diversion of Kenai's management from the conduct of Kenai's business in the ordinary course, and (ii) the potential loss of the Sao Chico Gold Project in the event Kenai is unable to repay the Facility when due.

- Conditions to Serabi's Obligations: The conditions to Serabi's obligations to complete the Arrangement, including that holders of no more than 5% of the issued and outstanding Kenai Shares shall have exercised Dissent Rights (or, if Dissent Rights are exercised by Eldorado, that holders of no more than 3% of the outstanding Kenai Shares have exercise Dissent Rights, other than Kenai Shares in respect of which Eldorado has exercised Dissent Rights).

- Termination Fee: The Termination Fee payable to Serabi in certain circumstances, including if Kenai enters into an agreement in respect of a Superior Proposal to acquire Kenai.

- Business Prospects and Financial Condition of Serabi: The business, operations, assets, financial performance and condition, operating results and prospects of Serabi, including the long-term expectations regarding Serabi's operating performance.

The foregoing summary of the information and factors considered by the Kenai Board is not, and is not intended to be, exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Arrangement, the Kenai Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion and recommendation. The Kenai Board's recommendations were made after consideration of all of the above-noted factors and in light of the Kenai Board's collective knowledge of the business, financial condition and prospects of Kenai, and were also based upon the advice of legal advisors to the Kenai Board. In addition, individual members of the Kenai Board may have assigned different weights to different factors.

Voting Agreements

All of the Locked-Up Shareholders, who in aggregate hold approximately 27.0% of the Kenai Shares and 70.8% of the Kenai Options (as of June 5, 2013), have entered into Voting Agreements with Serabi pursuant to which they have agreed, subject to the terms and conditions of the Voting Agreements, among other things:

(a) to vote any Kenai Shares held by them, or over which they have control or direction, as at the date of the Meeting, in favour of the Arrangement Resolution;

(b) to vote at any meeting of Kenai Shareholders, any Kenai Shares held by them, or over which they have control or direction, as at the date of such meeting, against any Acquisition Proposal and/or any other action that is intended or would reasonably be expected to impede, interfere with, delay, postpone or discourage the successful completion of the Arrangement and each of the transactions contemplated by the Arrangement Agreement; and

(c) not to directly or indirectly, (i) sell, transfer, gift, assign, pledge, hypothecate, encumber, convert or otherwise dispose of any of the Serabi Shares or Serabi Options held by such Locked-Up Shareholder, other than as contemplated in the Lock-Up Agreement; (ii) grant any proxies or power of attorney or attorney in fact or deposit any of its Serabi Shares or Serabi Options into a voting trust or enter into a voting agreement, understanding or arrangement with respect to its Serabi Shares and Serabi Options; or (iii) solicit or arrange, or provide assistance to any other person to arrange for the solicitation of, proxies relating to or purchases of or offers to sell Kenai Shares or Kenai Options or act in concert or jointly with any other person for the purpose of acquiring Kenai Shares or Kenai Options for the purpose of influencing the voting of Kenai Shares or affecting the control of Kenai, other than, in the case of proxy solicitation, in support of the Arrangement.

The obligations under the Voting Agreements may be terminated at any time upon the written agreement of Serabi and the Locked-Up Shareholder, and will be terminated if the Arrangement Agreement is terminated in accordance with its terms.

Description of the Arrangement

The following description is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of the form of which is attached as Appendix 2 to this Circular.

The purpose of the Plan of Arrangement is to effect the acquisition of all of the issued and outstanding Kenai Shares by Serabi. Pursuant to the Arrangement Agreement, Kenai and Serabi have agreed to complete the Arrangement whereby, among other things, (i) Subco will acquire all of the issued and outstanding Kenai Shares in exchange for Serabi Shares to be issued to the Kenai Shareholders, and (ii) Kenai will amalgamate with Subco to form Amalco. Upon completion of the Arrangement, Amalco will be a wholly-owned subsidiary of Serabi.

If approved, the Arrangement will become effective at the Effective Time on the Effective Date, which is expected to be in early July 2013. At the Effective Time, the following will be deemed to occur sequentially in the following order:

(a) each Kenai Share held by a Dissenting Shareholder will be deemed to have been transferred by the holder thereof to Subco, and Subco will thereupon be obligated to pay the amount therefor determined and payable in accordance with the Plan of Arrangement;

(b) each issued and outstanding Kenai Share (other than any Dissenting Shares) will be deemed to have been transferred to Subco, and in consideration therefor Subco will deliver (or cause to be delivered) to the holder thereof 0.85 of a fully paid and non-assessable Consideration Share for each Kenai Share;

(c) as consideration for the issuance of Consideration Shares pursuant to the Plan of Arrangement, Subco will issue to Serabi one Subco Share for each Consideration Share so issued, and Subco will add to the stated capital account maintained for the Subco Shares the fair market value of such Consideration Shares;

(d) each Kenai Option outstanding immediately prior to the Effective Time, whether or not vested, will be exchanged for a Replacement Option. Each such Replacement Option will be exercisable to acquire, on the same terms and conditions as were applicable to such Kenai Option immediately before the Effective Time under the Kenai Stock Option Plan and the agreement evidencing the grant, the number (rounded down to the nearest whole number) of Serabi Shares equal to the product of: (A) the number of Kenai Shares subject to such Kenai Option immediately prior to the Effective Time and (B) 0.85 (the "**Exchange Ratio**"). The exercise price per Serabi Share subject to any such Replacement Option will be the amount (rounded up to the nearest one-hundredth of a cent) equal to the quotient of (A) the exercise price per Kenai Share subject to such Kenai Option immediately before the Effective Time divided by (B) the Exchange Ratio. Replacement Options held by Directors, Employees, Management Company Employees and Consultants (as such terms are defined in the Kenai Stock Option Plan) of Kenai (collectively, "**Eligible Persons**") shall be fully vested (notwithstanding any vesting conditions currently attached to such Kenai Options) and, notwithstanding any terms of the Kenai Stock Option Plan or agreement evidencing a grant of Kenai Options, shall expire on the earlier of (A) the original expiry date of the applicable Kenai Option and (B) one (1) year from the date upon which the Kenai Optionholder ceases to be an Eligible Person; and

(e) Subco and Kenai will amalgamate and continue as one corporation, Amalco, which will be a wholly-owned subsidiary of Serabi.

Effect of the Arrangement

On completion of the Arrangement:

(a) Kenai Shareholders will hold approximately 19.8% of the total issued and outstanding Serabi Shares (assuming exercise of all outstanding Replacement Options); and

(b) assuming there are 105,906,734 Kenai Shares and 361,268,529 Serabi Shares issued and outstanding prior to the Effective Time (using issued share capital as of the Record Date) and outstanding Kenai Options in respect of 2,980,000 Kenai Shares as at June 5, 2013, Serabi will issue approximately 90,020,723 Serabi Shares to acquire the Kenai Shares and reserve approximately 2,533,000 Replacement Options exercisable for Serabi Shares after the Effective Time. In addition, pursuant to a share purchase agreement between Kenai and Gold Anomaly whereby Kenai acquired the Sao Chico Project, Serabi will issue an aggregate of 5,100,000 Serabi shares to Gold Anomaly in satisfaction of additional consideration commitments made by Kenai to Gold Anomaly. On completion of the Arrangement there will be, using Serabi's issued share capital as at June 5, 2013, approximately 456,389,252 Serabi Shares issued and outstanding.

Shareholder and Court Approvals

Shareholder Approval of the Arrangement

The approval of the Arrangement Resolution will require the affirmative vote of two-thirds of the votes cast by Kenai Shareholders present in person or by proxy at the Meeting.

The complete text of the Arrangement Resolution to be presented to the Meeting is set forth in Appendix 1 to this Circular.

Court Approval of the Arrangement

An arrangement pursuant to section 288 of the BCBCA requires Court approval. On June 3, 2013, Kenai obtained the Interim Order, providing for the calling and holding of the Meeting and other procedural matters and filed a Notice of Hearing of Petition for the Final Order to approve the Arrangement. Copies of the Interim Order and the Notice of Hearing of Petition are attached as Appendices 3 and 4, respectively, to this Circular.

Subject to approval of the Arrangement Resolution by Kenai Shareholders at the Meeting, the hearing in respect of the Final Order is expected to take place on July 10, 2013 at 9:45 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, at the Courthouse at 800 Smithe Street, Vancouver, British Columbia. At the hearing, the Court will consider, among other things, the fairness and reasonableness of the Arrangement and the rights and interests of every person affected. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with any terms and conditions, if any, as the Court deems fit. The Court's approval is required for the Arrangement to become effective and the Court has been informed that the final approval, if obtained, will constitute the basis for the exemption from registration provided in Section 3(a)(10) of the U.S. Securities Act with respect to, among other things, Serabi Shares and Replacement Options to be issued pursuant to the Arrangement as described under "The Arrangement - United States Securities Laws Considerations".

Under the terms of the Interim Order, each Kenai Securityholder, as well as creditors of Kenai, will have the right to appear and make submissions at the application for the Final Order. Any person desiring to appear at the hearing of the application for the Final Order is required to indicate his, her or its intention to appear by filing with the Court and serving Kenai at the address set out below, on or before 4:00 p.m. (Vancouver time) on July 3, 2013, a Response, including his, her or its address for service, together with all materials on which he, she or it intends to rely at the application. The Response and supporting materials must be delivered within the time specified to Kenai at the following address:

Owen Bird Law Corporation
29th Floor, Three Bentall Centre
595 Burrard Street, P.O. Box 49130
Vancouver, B.C. V7X 1J5
Attention: Zachary J. Ansley

In the event that the hearing is postponed, adjourned or rescheduled then, subject to further order of the Court, only those persons having previously served a Response will be given notice of the postponement, adjournment or rescheduled date. Kenai Securityholders who wish to participate in or be represented at the Court hearing for the Final Order should consult their legal advisors as to the necessary requirements.

Assuming the Final Order is granted and the other conditions to closing contained in the Arrangement Agreement are satisfied or waived to the extent legally permissible, then Kenai will send to the Registrar under

the BCBCA the Arrangement Filings and such other instruments as required in order for the Arrangement to become effective.

Arrangement Mechanics

Letter of Transmittal

A Letter of Transmittal is enclosed with this Circular for use by Kenai Shareholders who are Registered Shareholders for the purpose of the surrender of share certificates representing Kenai Shares. The details for the surrender of such share certificates to the Depositary and the addresses of the Depositary are set out in the Letter of Transmittal. It is recommended that Registered Shareholders complete, sign and return the Letter of Transmittal with accompanying Kenai Share certificate(s), if applicable, to the Depositary as soon as possible. Additional copies of the Letter of Transmittal may be obtained by contacting the Depositary. The Letter of Transmittal will also be available under Kenai's profile on SEDAR at www.sedar.com.

If the Arrangement becomes effective, upon delivery to the Depositary of a duly completed and validly executed Letter of Transmittal, together with the Kenai Share certificate(s), (i) a former Kenai Shareholder (other than Dissenting Shareholders) will be entitled to receive in exchange for each Kenai Share the Consideration Shares that such former Kenai Shareholder has the right to receive therefor in accordance with the Plan of Arrangement; and (ii) the Kenai Share certificate(s) so surrendered shall forthwith be cancelled. Promptly after the receipt of a properly submitted Letter of Transmittal, the Depositary shall send the Consideration Shares to the former Kenai Shareholder at the mailing address designated by such holder in the Letter of Transmittal. Until so surrendered, each outstanding Kenai Share shall be deemed from and after the Effective Time, for all purposes, to represent only the right to receive, upon such surrender, Consideration Shares pursuant to the Plan of Arrangement.

Kenai Shareholders holding Kenai Shares which are registered in the name of an Intermediary must contact such Intermediary to arrange for the surrender of their share certificates.

No dividends or other distributions declared or made effective after the Effective Time with respect to Serabi Shares with a record date after the Effective Time shall be paid to the holder of any unsurrendered certificate which, immediately prior to the Effective Time, represented outstanding Kenai Shares unless and until the holder of such certificate shall surrender such certificate in accordance with the provisions of the Plan of Arrangement as described above. Subject to applicable law, at the time of such compliance, there will, in addition to the delivery of a certificate representing Consideration Shares to which such holder is entitled, be paid to such holder, without interest, the amount of dividends or other distributions with a record date after the Effective Time that such holder is entitled with respect to such Serabi Shares.

Lost Certificates

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Kenai Shares that are exchanged in accordance with the Plan of Arrangement shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, one or more certificates representing Consideration Shares (and any dividends or distributions with respect thereto) deliverable in accordance with such holder's Letter of Transmittal. When authorizing such issuance in exchange for any lost, stolen or destroyed certificate, the person to whom certificates representing Consideration Shares are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to Serabi and the Depositary in such sum as Serabi may direct, or otherwise indemnify Serabi in a

manner satisfactory to Serabi against any claim that may be made against Serabi with respect to the certificate alleged to have been lost, stolen or destroyed.

No Fractional Shares

No certificates representing fractional Consideration Shares will be issued upon the surrender for exchange of certificates representing Kenai Shares. In all cases, the number of Consideration Shares to be received by a Kenai Shareholder will be rounded down to the nearest whole Consideration Share.

Delivery Requirements

The method of delivery of share certificates, the Letter of Transmittal and all other required documents is at the option and risk of the Kenai Shareholder surrendering them. Kenai recommends that such documents be delivered by hand to the Depositary, at the office noted in the Letter of Transmittal, and a receipt obtained therefor or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained.

Cancellation of Rights after Six Years

Any certificate which immediately before the Effective Date represented Kenai Shares and which has not been surrendered, with all other documents required by the Depositary, on or before the sixth anniversary of the Effective Date, will cease to represent any claim against or interest of any kind or nature in Kenai, Serabi, Amalco or the Depositary. Accordingly, the Consideration Shares to which such former holder of Kenai shares was entitled to receive pursuant to the Plan of Arrangement will be deemed to have been surrendered to Serabi, together with all entitlements to dividends, distributions and cash thereon held for such former Kenai Shareholder, for no consideration.

Dissenting Shareholder Rights

Registered Shareholders who wish to dissent should take note that strict compliance with the Dissent Procedures is required.

The following description of the Dissent Procedures is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its Kenai Shares and is qualified in its entirety by the reference to the full text of the Interim Order and Part 8, Division 2 of the BCBCA which are attached to this Circular as Appendices 3 and 6, respectively. A Dissenting Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Sections 237 to 247 of the BCBCA, as modified by the Interim Order and consult with its own advisors. Failure to comply strictly with the provisions of the BCBCA, as modified by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order, each Registered Shareholder may exercise Dissent Rights under Sections 237 to 247 of the BCBCA as modified by the Interim Order or the Final Order in respect of the Arrangement. Kenai Shareholders who duly exercise such Dissent Rights and who:

(a) are ultimately determined to be entitled to be paid fair value for the Kenai Shares in respect of which they have exercised Dissent Rights will be deemed to have transferred such Kenai Shares to Subco for

cancellation immediately prior to the Effective Time, and Subco shall fund such payment using funds provided by Serabi; or

(b) are ultimately not entitled, for any reason, to be paid fair value for the Kenai Shares in respect of which they have exercised Dissent Rights will be deemed to have participated in the Arrangement on the same basis as a Kenai Shareholder that has not exercised Dissent Rights, and shall only be entitled to receive Consideration Shares,

but in no case will Serabi, Kenai or any other person be required to recognize such Dissenting Shareholders as Kenai Shareholders after the cancellation of the Dissenting Shares, which cancellation is to occur at the Effective Time, and each Dissenting Shareholder will cease to be entitled to the rights of a Kenai Shareholder in respect of the Dissenting Shares in relation to which such Dissenting Shareholder has exercised Dissent Rights and the central securities register will be amended to reflect that such former holder is no longer the holder of such Kenai Shares as and from the Effective Time.

Persons who are Beneficial Shareholders who wish to dissent with respect to their Kenai Shares should be aware that only Registered Shareholders are entitled to dissent with respect to them. A Registered Shareholder such as an Intermediary who holds Kenai Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise Dissent Rights on behalf of such Beneficial Shareholders with respect to the Kenai Shares held for such Beneficial Shareholders. In such case, the Notice of Dissent (as defined below) should set forth the number of Kenai Shares it covers.

Pursuant to Section 238 of the BCBCA, the Interim Order and the Plan of Arrangement, every Registered Shareholder who dissents from the Arrangement Resolution in compliance with Sections 237 to 247 of the BCBCA will be entitled to be paid by Subco the fair value of the Kenai Shares held by such Dissenting Shareholder determined as at the point in time immediately before the passing of the Arrangement Resolution.

A Dissenting Shareholder must dissent with respect to all Kenai Shares in which the holder owns a beneficial interest. A Registered Shareholder who wishes to dissent must deliver written notice of dissent (a "**Notice of Dissent**") to Kenai, c/o Owen Bird Law Corporation, 29th Floor, Three Bentall Centre, 595 Burrard Street, P.O. Box 49130, Vancouver, British Columbia, V7X 1J5 Attention: Jeffrey Lightfoot by 5:00 p.m. (Vancouver time) on July 3, 2013, and such Notice of Dissent must strictly comply with the requirements of Section 242 of the BCBCA. Any failure by a Kenai Shareholder to fully comply may result in the loss of that holder's Dissent Rights. Beneficial Shareholders who wish to exercise Dissent Rights must arrange for the Registered Shareholder holding their Kenai Shares to deliver the Notice of Dissent.

The delivery of a Notice of Dissent does not deprive a Dissenting Shareholder of the right to vote at the Meeting on the Arrangement Resolution; however, a Dissenting Shareholder is not entitled to exercise the Dissent Rights with respect to any of his or her Kenai Shares if the Dissenting Shareholder votes in favour of the Arrangement Resolution. A vote against the Arrangement Resolution, whether in person or by proxy, does not constitute a Notice of Dissent.

A Dissenting Shareholder must prepare a separate Notice of Dissent for him or herself, if dissenting on his or her own behalf, and for each other person who beneficially owns Kenai Shares registered in the Dissenting Shareholder's name and on whose behalf the Dissenting Shareholder is dissenting and must dissent with respect to all of the Kenai Shares registered in his or her name beneficially owned by the Beneficial Shareholder on whose behalf he or she is dissenting. The Notice of Dissent must set out the number of Kenai Shares in respect of which the Notice of Dissent is to be sent (the "**Dissent Shares**") and: (a) if such Kenai Shares constitute all of the Kenai Shares of which the Dissenting Shareholder is the registered and beneficial owner, a

statement to that effect; (b) if such Kenai Shares constitute all of the Kenai Shares of which the Dissenting Shareholder is both the registered and beneficial owner but the Dissenting Shareholder owns additional Kenai Shares beneficially, a statement to that effect and the names of the Registered Shareholders, the number of Kenai Shares held by such registered owners and a statement that written Notices of Dissent has or will be sent with respect to such Kenai Shares; or (c) if the Dissent Rights are being exercised by a registered owner who is not the beneficial owner of such Kenai Shares, a statement to that effect and the name of the beneficial owner and a statement that the registered owner is dissenting with respect to all Kenai Shares of the beneficial owner registered in such registered owner's name.

If the Arrangement Resolution is approved by the Kenai Shareholders and if Kenai notifies the Dissenting Shareholders of its intention to act upon the Arrangement Resolution, the Dissenting Shareholder is then required within one month after Kenai gives such notice, to send to Kenai the certificates representing the Dissent Shares and a written statement that requires Kenai to purchase all of the Dissent Shares. If the Dissent Right is being exercised by the Dissenting Shareholder on behalf of a Beneficial Shareholder who is not the Dissenting Shareholder, a statement signed by the beneficial owner is required which sets out whether the beneficial owner is the beneficial owner of other Kenai Shares and if so, (i) the names of the registered owners of such Kenai Shares; (ii) the number of such Kenai Shares; and (iii) that dissent is being exercised in respect of all of such Kenai Shares. Upon delivery of these documents, the Dissenting Shareholder is deemed to have sold the Kenai Shares and Subco is deemed to have purchased them. Once the Dissenting Shareholder has done this, the Dissenting Shareholder may not vote or exercise any shareholder rights in respect of the Notice Shares.

The Dissenting Shareholder and Kenai may agree on the payout value of the Dissent Shares; otherwise, either party may apply to the Court to determine the fair value of the Notice Shares or apply for an order that value be established by arbitration or by reference to the registrar or a referee of the Court. After a determination of the payout value of the Dissent Shares, Kenai must then promptly pay that amount to the Dissenting Shareholder.

A Dissenting Shareholder loses his or her Dissent Right if, before full payment is made for the Dissent Shares, Kenai abandons the corporate action that has given rise to the Dissent Right (namely, the Arrangement), a court permanently enjoins the action, or the Dissenting Shareholder withdraws the Notice of Dissent with Kenai's consent. When these events occur, Kenai must return the share certificates to the Dissenting Shareholder and the Dissenting Shareholder regains the ability to vote and exercise shareholder rights.

The discussion above is only a summary of the Dissent Rights, which are technical and complex. A Kenai Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Sections 237 to 247 of the BCBCA as modified by the Interim Order. Persons who are non-registered holders of Kenai Shares registered in the name of an intermediary such as a broker, custodian, nominee, other intermediary, or in some other name, who wish to dissent should be aware that only the registered owner of such Kenai Shares is entitled to dissent.

Kenai suggests that any Kenai Shareholder wishing to avail himself or herself of the Dissent Rights seek his or her own legal advice as failure to comply strictly with the applicable provisions of the BCBCA and the Interim Order may prejudice the availability of such Dissent Rights. Dissenting Shareholders should note that the exercise of Dissent Rights can be a complex, time-consuming and expensive process.

If a Dissenting Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in the Interim Order, it will lose its Dissent Rights, Kenai will return to the Dissenting Shareholder the certificates representing the Notice Shares that were delivered to Kenai, if any, and if the Arrangement is completed, that

Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as a non-dissenting Kenai Shareholder.

If a Dissenting Shareholder strictly complies with the foregoing requirements of the Dissent Rights, but the Arrangement is not completed, Kenai will return to the Dissenting Shareholder the certificates delivered to Kenai by the Dissenting Shareholder, if any.

Treatment of Kenai Options

Under the terms of the Kenai Stock Option Plan, in the event that the Kenai Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for, a Kenai Option, to the extent that it has not been exercised, may be adjusted by the Kenai Board in the manner the Kenai Board deems appropriate.

Pursuant to the Arrangement, all Kenai Options outstanding immediately prior to the Effective Time will be exchanged for Replacement Options to acquire the number (rounded down to the nearest whole number) of Serabi Shares equal to the product of: (A) the number of Kenai Shares subject to such Kenai Option immediately prior to the Effective Time and (B) the Exchange Ratio. The exercise price per Serabi Share subject to any such Replacement Option shall be the amount (rounded up to the nearest one-hundredth of a cent) equal to the quotient of (A) the exercise price per Kenai Share subject to such Kenai Option immediately before the Effective Time divided by (B) the Exchange Ratio. The terms of each Replacement Option shall be the same as the terms of the Kenai Option exchanged therefor pursuant to the Kenai Stock Option Plan and any agreement evidencing the grant thereof prior to the Effective Time, provided that each such Replacement Option will be fully vested and will expire on the earlier of (i) the original expiry date of the applicable Kenai Option and (ii) one (1) year from the date upon which the Kenai Optionholder ceases to be an Eligible Person (as such term is defined in the Kenai Stock Option Plan).

The Replacement Options and Serabi Shares issuable upon exercise thereof have not been and will not be registered under the U.S. Securities Act or any state securities law, and the Replacement Options may not be exercised in the United States or by or on behalf of the U.S. Person, unless an exemption from registration is available.

Interests of Senior Management and Others in the Arrangement

In considering the recommendation of the Kenai Board with respect to the Arrangement, Kenai Shareholders should be aware that certain members of the Kenai Board and the executive officers of Kenai have interests in the Arrangement or may receive benefits that differ from, or are in addition to, the interests of Kenai Shareholders generally and that may present them with actual or potential conflicts of interest in connection with the Arrangement. The Kenai Board is aware of these interests and considered them along with other matters described above in "Reasons for the Arrangement".

All benefits received, or to be received, by directors or executive officers of Kenai as a result of the Arrangement are, and will be, solely in connection with their services as directors or employees of Kenai or the Combined Company. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person for Kenai Shares, nor is it, or will it be, conditional on the person supporting the Arrangement.

Kenai has professional supply service agreements (the "**Service Agreements**") with professional service companies of certain of its executive officers. The Service Agreements provide for payments upon termination of the engagement of such officers. Pursuant to letters of understanding dated May 3, 2013 (the "**Letters of**

Understanding") between Serabi and each of (i) Greg Starr & Associates Pty Ltd. (professional services company of Greg Starr), (ii) Rosemill & Associates Inc. (professional services company of John Watt) and (iii) NH Cole & Associates Pty Ltd. (professional services company of Neil Cole), Serabi has agreed that, notwithstanding that Serabi may no longer require the executives to provide professional services, the Service Agreements, including all payments thereunder, will remain in force following completion of the Arrangement until December 31, 2013, upon which the Service Agreements will be terminated.

Pursuant to the Service Agreements, as modified by the Letters of Understanding, and assuming that the Arrangement is completed on July 31, 2013, the estimated payments to the executive officers for the period from completion of the Arrangement to December 31, 2013 would be as follows:

Name	Position	Entitlement
Greg Starr	Chief Executive Officer	$60,000
John Watt	Chief Financial Officer	$40,000
Neil Cole	Vice President, Technical Services	$60,000

Kenai has determined that the entitlements of Messrs. Starr, Watt and Cole pursuant to the termination of the Services Agreements do not constitute a collateral benefit pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") by virtue of the fact that the benefit is received in connection with each officer's services as an employee, director or consultant of Kenai and the successor to the business of Kenai and: (i) the benefit is not being conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to such persons for their Kenai Shares; (ii) the conferring of the benefit is not conditional on supporting the transaction; and (iii) each of Messrs. Starr, Watt and Cole beneficially own or exercise control or direction over less than one per cent of the issued and outstanding Kenai Shares.

Kenai Shares

The executive officers and directors of Kenai beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 14,407,952 Kenai Shares, representing approximately 13.60% of the Kenai Shares outstanding as of the close of business on June 5, 2013. All of the Kenai Shares held by the executive officers and directors of Kenai will be treated in the same fashion under the Arrangement as Kenai Shares held by any other Kenai Shareholder.

Kenai Options

The executive officers and directors of Kenai beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 2,110,000 Kenai Options outstanding as of the close of business on June 5, 2013. All of the Kenai Options held by the executive officers and directors of Kenai will be treated in the same manner under the Arrangement as Kenai Options held by every other Kenai Optionholder. Pursuant to the Plan of Arrangement, the currently outstanding Kenai Options will be exchanged for Replacement Options having substantially the same terms as the existing Kenai Options, provided that the expiry date of the Replacement Options shall be the earlier of (i) the original expiry date of the applicable Kenai Option and (ii) one year from the date upon which the Kenai Optionholder ceases to be an Eligible Person (as such term is defined in the Kenai Stock Option Plan). As the transaction is a business combination for Kenai, the extension of the expiry period of the Replacement Options may be considered to be a "collateral benefit" for purposes of

MI 61-101. Kenai has estimated the value of the benefit associated with the extension of the option expiry period to be as follows:

Name of Officer or Director	Number of Options Held	Value of Extension of Option Expiry Period [1]
Greg Starr	500,000	$465
John Watt	400,000	$372
Neil Cole	500,000	$465
Steven Chi	50,000	$47
Daniel Kunz	150,000	$140
Paul Larkin	150,000	$140
David Paterson	180,000	$167
Gerald Sneddon	180,000	$167

(1) The fair market value of the extension of the option expiry period in respect of the Replacement options has been estimated as at May 3, 2013 using the Black-Scholes option pricing model, using the following assumptions: an average risk free interest rate of 1.00%, an average expected volatility factor of 50.0%, an expected life of 1 year and an exchange rate of $1.55 = £1.00.

Pursuant to MI 61-101, the extension of the expiry period of the Replacement Options is not a collateral benefit if, at the time the transaction is agreed to, the related party of Kenai, together with its associated entitles, beneficially owns or exercises control or direction over less than one percent of the outstanding Kenai Shares. Each of the above-mentioned directors and/or officers of Kenai beneficially owns or exercises control or direction over less than one percent of the outstanding Kenai Shares, except as follows: (i) Daniel Kunz, the Chairman of Kenai, beneficially owns or exercises control or direction over an aggregate of 6,546,738 Kenai Shares representing approximately 6.2% of the outstanding Kenai Shares; (ii) Paul Larkin, a director of Kenai, beneficially owns or exercises control or direction over an aggregate of 3,915,924 Kenai Shares representing approximately 3.7% of the outstanding Kenai Shares; and (iii) David Paterson, a director of Kenai, beneficially owns or exercises control or direction over an aggregate of 2,064,997 Kenai Shares representing approximately 1.9 % of the outstanding Kenai Shares.

In accordance with MI 61-101, an independent committee of the board of directors of Kenai (the "**Independent Committee**"), comprised of Steven Chi and Gerald Sneddon, was established on May 3, 2013 for purposes of evaluating any collateral benefit issues that arose in the context of the Arrangement. Each of Messrs. Kunz, Larkin and Paterson disclosed to the Independent Committee the amount of consideration that he expects to receive pursuant to the Plan of Arrangement in exchange for the Kenai Shares which he beneficially owns. The Independent Committee determined that the value of the benefit conferred by the extension of the expiry period of the Replacement Options, as indicated in the table above, was less than 5% of the value to be received by each of them in exchange for their Kenai Shares and, as such, that the extension of the expiry period of the Replacement Options did not constitute a collateral benefit.

Other than as described in this Circular, no informed person or proposed director of Kenai, or any associate or affiliate of any informed person or proposed director, has or had a material interest, direct or indirect, in any transaction of Kenai since the beginning of the last completed financial year, or in any proposed transaction, which has materially affected or would materially affect Kenai or any of its subsidiaries.

Canadian Securities Laws Considerations

Distribution and Resale of Consideration Shares

The Serabi Shares to be issued in exchange for Kenai Shares pursuant to the Arrangement will be issued in reliance upon exemptions from the prospectus and registration requirements of applicable Canadian Securities Laws. The Consideration Shares will be freely tradable and may be resold in each of the provinces and territories of Canada provided that the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*, no unusual effort is made to prepare the market or create a demand for these securities, no extraordinary commission or consideration is paid in respect of that sale, and if the selling securityholder is an insider or officer of Serabi, the insider or officer has no reasonable grounds to believe that Serabi is in default of securities legislation.

Stock Exchange De-Listings and Reporting Issuer Status

The Kenai Shares are currently listed on the TSXV. Following the Effective Date of the Arrangement, Serabi intends to de-list the Kenai Shares from the TSXV and will apply to the applicable Canadian Securities Authorities to have Kenai cease to be a reporting issuer.

Serabi is a reporting issuer (or the equivalent) in British Columbia, Alberta and Ontario. The Serabi Shares are listed on the TSX under the symbol "SBI" and on the AIM Market under the symbol "SRB". Serabi has applied to the TSX to approve the listing of the Serabi Shares to be issued pursuant to the Arrangement and the Serabi Shares to be issued upon the exercise of the Replacement Options. The obtaining of such approval is a condition of the Arrangement. The listing of the Serabi Shares will be subject to the satisfaction of the customary listing requirements of the TSX. Serabi will also make application to have the Serabi Shares issuable pursuant to the Arrangement be admitted to trading on the AIM Market.

United States Securities Laws Considerations

The Consideration Securities to be issued under the Arrangement will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued in reliance upon the exemption from the U.S. Securities Act contained in Section 3(a)(10) thereof and exemptions provided under the securities laws of each state of the United States. Section 3(a)(10) of the U.S. Securities Act exempts from registration under the U.S. Securities Act the offer and sale of a security that is issued in exchange for outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the U.S. Securities Act with respect to the Consideration Securities issued in connection with the Arrangement. See "The Arrangement — Court Approval of the Arrangement".

A holder who is not an "affiliate" of Serabi after the completion of the Arrangement, or within 90 days prior to completion of the Arrangement, may resell the Consideration Shares that they receive in connection with the Arrangement in the United States without restriction under the U.S. Securities Act. Under the U.S. Securities Act, an "affiliate" of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the issuer and may include certain officers and directors of such issuer as well as principal shareholders of such issuer.

Consideration Securities issued under the Arrangement to a holder who is an "affiliate" of Serabi after the completion of the Arrangement, or within 90 days prior to completion of the Arrangement, will be subject to

certain restrictions on resale imposed by Rule 144 under the U.S. Securities Act and may not be resold in the absence of registration under the U.S. Securities Act, unless an exemption therefrom, such as the exemption contained in Rule 144, is available or the resale is made outside the United States in compliance with Regulation S under the U.S. Securities Act. Kenai Shareholders that are affiliates of Serabi should consult legal counsel with respect to the requirements of Rule 144 and Regulation S.

Section 3(a)(10) of the U.S. Securities Act does not exempt the issuance of securities upon the exercise or conversion of securities that were issued pursuant to Section 3(a)(10). Therefore, the Serabi Shares issuable upon the exercise of Replacement Options may not be issued in reliance upon Section 3(a)(10), and such Replacement Options may be exercised in the United States or by or on behalf of a U.S. Person only pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

The securities issuable in connection with the Arrangement have not been approved or disapproved by the SEC or the securities regulatory authorities in any state, nor has the SEC or the securities regulatory authorities in any state passed on the fairness or merits of the Arrangement or the adequacy or accuracy of this Circular. Any representation to the contrary is a criminal offence.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale and exercise of Serabi securities received upon completion of the Arrangement. **All Kenai Securityholders are urged to consult with counsel to ensure that the resale and exercise of the Serabi securities they receive in connection with the Arrangement comply with applicable securities legislation.**

Fees, Costs and Expenses

Except where a "Termination Fee" may be payable by Kenai, all expenses incurred in connection with the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement will be paid by the party incurring those expenses. See "The Arrangement Agreement — Termination Fee".

Serabi and Kenai estimate that the transaction fees and other expenses in the aggregate amount of approximately $350,000 will be incurred if the Arrangement is completed, including, without limitation, filing fees, legal and accounting fees, regulatory fees and mailing costs.

THE ARRANGEMENT AGREEMENT

The Arrangement will be carried out pursuant to the Arrangement Agreement and the Plan of Arrangement. The following is a summary of the principal terms of the Arrangement Agreement and Plan of Arrangement. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by Kenai on SEDAR at www.sedar.com, and to the Plan of Arrangement, which is attached as Schedule "A" to the Arrangement Agreement and appended hereto as Appendix 2. Copies of the Arrangement Agreement and the Plan of Arrangement are also available for inspection by Kenai Shareholders at Kenai's head office at 625 Howe Street, Suite 530, Vancouver, British Columbia. Kenai Shareholders are encouraged to read the Arrangement Agreement, including the Plan of Arrangement, in its entirety.

On May 3, 2013, Kenai and Serabi entered into the Arrangement Agreement, pursuant to which Kenai and Serabi agreed that, subject to the terms and conditions set forth in the Arrangement Agreement, Serabi will effectively acquire all of the issued and outstanding shares of Kenai. The terms of the Arrangement Agreement are the result of arm's length negotiation between Kenai and Serabi and their respective advisors.

The Arrangement Agreement and the summary of its material terms and conditions in this Circular have been included to provide information about the terms and conditions of the Arrangement Agreement. They are not intended to provide any other public disclosure of factual information about Kenai, Serabi or any of their respective subsidiaries or affiliates. The representations, warranties, covenants and conditions precedent contained in the Arrangement Agreement are made by Kenai or Serabi, as applicable, only for the purposes of the Arrangement Agreement and were qualified and subject to certain limitations and exceptions agreed to by the parties in connection with negotiating its terms. In particular, in any review of the representations and warranties contained in the Arrangement Agreement and described in this summary, it is important to bear in mind that the representations and warranties were made solely for the benefit of the parties to the Arrangement Agreement and were negotiated for the purpose of allocating contractual risk between the parties to the Arrangement Agreement rather than to establish matters as facts. The representations and warranties may also be subject to a contractual standard of materiality or material adverse effect different from those generally applicable to securityholders and to the public disclosure to Kenai Shareholders and in some cases may be qualified by disclosures made by one party to the other, which are not necessarily reflected in the Arrangement Agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this Circular, may have changed since the date of the Arrangement Agreement, and subsequent developments or new information qualifying a representation or warranty may have been included in this Circular.

For the foregoing reasons, the representations, warranties, covenants and conditions precedent or any descriptions of them should not be read alone or relied upon as characterizations of factual information. Instead, such provisions or descriptions should be read only in conjunction with the other information provided elsewhere in this Circular or incorporated by reference herein.

Representations and Warranties

The Arrangement Agreement contains a number of representations and warranties of Serabi and Kenai relating to, among other things: their corporate formation; corporate power; compliance with laws, permits, licences and constating documents; execution, delivery, authorization and enforceability of the Arrangement Agreement; financial statements; liabilities; taxes; material changes and lack of material adverse effect; interests in and title to property and assets; good standing of mining concessions; operational matters; material contracts; litigation; environmental matters; employment and employee benefits; non-arm's length transactions; authorized and issued capital; subsidiaries; reporting issuer status; stock exchange listing; the due filing of required documents with securities authorities; and the absence of misrepresentation in the public record.

The representations and warranties in the Arrangement Agreement expire on the earlier of the Effective Time and the date on which the Arrangement Agreement is terminated in accordance with its terms.

Covenants

Conduct of Businesses

In the Arrangement Agreement, the parties agreed to certain customary negative and affirmative covenants relating to the operation of their respective businesses between the date of execution of the Arrangement Agreement and the Effective Date. Kenai's covenants include that it will conduct and ensure that each Kenai Subsidiary conducts their respective businesses in the usual and ordinary course of business consistent with past practice, each will use its reasonable commercial efforts to maintain and preserve its and its subsidiaries' business organization, assets, employees, goodwill and business relationships, certain restrictive covenants

relating to the conduct of business, and that it will inform Serabi of any Material Adverse Change in respect of Kenai. Serabi's covenants include, among others, that it will refrain from issuing Serabi Shares or financial instruments convertible into Serabi Shares and will inform Kenai of any Material Adverse Change in respect of Serabi.

Covenants of Serabi Relating to the Arrangement

Prior to or upon the Effective Time, Serabi agreed that it will, and will cause its Representatives to, among other things:

(a) allot and reserve for issuance a sufficient number of Serabi Shares to meet the obligations of Serabi under the Arrangement;

(b) create and grant a sufficient number of Replacement Options to meet the obligations of Serabi under the Arrangement; and

(c) take all necessary actions to have the Serabi Shares issued in connection with the Arrangement and upon the exercise of the Replacement Options listed and posted for trading on the TSX and admitted to trading on the AIM Market.

Pre-Acquisition Reorganization

Kenai agreed that it will effect such reorganization of its business, operations, subsidiaries and assets or such other transactions (each, a "**Pre-Acquisition Reorganization**") as Serabi may reasonably request prior to the Effective Date, and the Plan of Arrangement, if required, will be modified accordingly; provided, however, that Kenai need not effect a Pre-Acquisition Reorganization which in the opinion of Kenai, acting reasonably: (i) would require Kenai to obtain the prior approval of the Kenai Shareholders in respect of such Pre-Acquisition Reorganization other than at the Meeting; or (ii) would impede or materially delay the consummation of the Arrangement. Kenai will use its best efforts to obtain all necessary consents, approvals or waivers from any persons to effect each Pre-Acquisition Reorganization, and Kenai will cooperate with Serabi in structuring, planning and implementing any such Pre-Acquisition Reorganization. Serabi will provide written notice to Kenai of any proposed Pre-Acquisition Reorganization at least ten (10) business days prior to the date of the Meeting.

Conditions Precedent to the Arrangement

Mutual Conditions Precedent

The Arrangement Agreement provides that the obligations of each Party to complete the transactions contemplated by the Arrangement Agreement is subject to the satisfaction, or if permissible, waiver, of the following conditions:

(a) the Interim Order shall have been obtained in form and substance satisfactory to each of Serabi and Kenai, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to Serabi or Kenai, acting reasonably, on appeal or otherwise;

(b) the Arrangement Resolution shall have been approved by the Kenai Shareholders at the Meeting in accordance with the Interim Order, the articles and notice of articles of Kenai and any applicable Laws, and the Arrangement Resolution shall not have been rescinded in a manner unacceptable to Kenai or Serabi, acting reasonably;

(c) the Court shall have granted the Final Order in form and substance satisfactory to both Serabi and Kenai, acting reasonably, and such Final Order will not have been modified or set aside in a manner that is unacceptable to Serabi or Kenai, acting reasonably, on appeal or otherwise;

(d) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order of Law or under any applicable Laws, against Serabi or Kenai which shall prevent the consummation of the Arrangement;

(e) the TSX will have conditionally approved the listing thereon of the Serabi Shares to be issued to Kenai Shareholders pursuant to the Arrangement and the Serabi Shares issuable pursuant to the Replacement Options, subject only to such conditions, including the filing of documentation, as are acceptable to Serabi and Kenai, acting reasonably;

(f) the distribution of the Consideration Securities pursuant to the Arrangement shall be exempt from the registration and prospectus requirements of applicable Canadian Securities Laws and shall not require a prospectus to be drawn up for the purposes of the U.K. Securities Laws, and except with respect to persons deemed to be "control persons" of Serabi, the Serabi Shares to be distributed in Canada pursuant to the Arrangement shall not be subject to any resale restrictions under applicable Canadian Securities Laws;

(g) the distribution of the Serabi securities in the United States pursuant to the Arrangement is exempt from registration requirements under the U.S. Securities Act and, except with respect to persons deemed "affiliates" of Serabi under the U.S. Securities Act, the Serabi Shares to be distributed in the United States pursuant to the Arrangement are not subject to resale restrictions in the United States under the U.S. Securities Act or the U.S. Securities Exchange Act; and

(h) the Arrangement Agreement will not have been terminated pursuant to the termination provisions set forth in Article 10 therein.

Each of the conditions set out above are for the mutual benefit of the parties and may be waived, in whole or in part, at any time if waived by both parties in writing.

Additional Conditions Precedent to the Obligations of Serabi

The Arrangement Agreement provides that the obligations of Serabi to complete the transactions contemplated by the Arrangement Agreement are subject to the following conditions:

(a) all representations and warranties of Kenai are true and correct in all respects, without regard to any materiality or Material Adverse Effect qualification contained in them, as of the Effective Time, except where any failure or failures of such representation to be so true and correct in all respects would not reasonably be expected to have a Material Adverse Effect on Kenai, and Serabi will have received a certificate of two senior officers of Kenai certifying the same;

(b) there shall have been no announcement or implementation of any change in applicable Law in Brazil that results, or could reasonably be expected to result, in the suspension or revocation of any of the exploration authorizations comprising the Sao Chico Gold Project or any required mining or other license, or that could reasonably be expected to prevent the application for or obtaining of any required mining or other licence;

(c) Kenai shall have complied with all covenants that are to be complied with under the Arrangement Agreement and Serabi will have received a certificate of two senior officers of Kenai certifying the same;

(d) from the date of the Arrangement Agreement up to and including the Effective Date, there will have been no Material Adverse Change in relation to Kenai;

(e) Serabi will have received resignations and releases in favour of Kenai from such directors and officers of Kenai as Serabi may direct in writing, such resignations to be effective as of the Effective Time and in form and substance satisfactory to Serabi, acting reasonably;

(f) holders of no more than 5% of the Kenai Shares will have exercised Dissent Rights (or, if Dissent Rights are exercised by Eldorado, then holders of no more than 3% of the Kenai Shares, other than Kenai Shares in respect of which Eldorado has exercised Dissent Rights, will have exercised Dissent Rights);

(g) the Locked-up Shareholders shall have complied with their obligations under the Voting Agreements, and no event shall have occurred, that with notice or lapse of time or both, would give Serabi the right to terminate any of the Voting Agreements; and

(h) Serabi shall have obtained an opinion from Kenai's Brazilian counsel, in form and substance satisfactory to Serabi, acting reasonably, as to title to the Sao Chico Gold Project.

Each of the foregoing conditions are for the exclusive benefit of Serabi and may be waived by Serabi in writing in whole or in part at any time.

Additional Conditions Precedent to the Obligations of Kenai

The Arrangement Agreement provides that the obligations of Kenai to complete the transactions contemplated by the Arrangement Agreement are subject to the following conditions:

(a) all representations and warranties of Serabi are true and correct as of the Effective Time, except where any failure or failures of such representation to be so true and correct in all respects would not reasonably be expected to have a Material Adverse Effect on Serabi, and Kenai will have received a certificate of two senior officers of Serabi certifying the same;

(b) there shall have been no announcement or implementation of any change in applicable Law in Brazil that results, or could reasonably be expected to result, in the suspension or revocation of any required mining or other licence in respect of the Palito gold mine;

(c) Serabi shall have complied with all covenants that are to be complied with under the Arrangement Agreement and Kenai will have received a certificate of two senior officers of Serabi certifying the same;

(d) from the date of the Arrangement Agreement up to and including the Effective Time, there will have been no Material Adverse Change in relation to Serabi;

(e) Serabi will have allotted and issued the Serabi Shares to be exchanged for Kenai Shares pursuant to the Arrangement and delivered duly executed and countersigned certificates representing such Serabi

Shares to the Depositary in accordance with the terms of the Arrangement and the Depositary Agreement;

(f) Serabi will have granted the Replacement Options in exchange for the Kenai Options held by Kenai Optionholders as at the Effective Time pursuant to the Arrangement and will have executed and delivered counterparts for stock option agreements in respect of such Replacement Options (as may be necessary);

(g) Serabi shall have delivered evidence to Kenai, acting reasonably, of the conditional approval of the listing and posting for trading on the TSX and the draft application to be made to the London Stock Exchange to be admitted to trading on the AIM Market of the Serabi Shares to be issued pursuant to the Arrangement and upon the exercise of Replacement Options;

(h) there shall be no resale restrictions on the Serabi Shares issued or issuable pursuant to the Arrangement or the Replacement Options under securities Laws in Canada, except in respect of those holders who are subject to restrictions on resale as a result of being a "control person" under securities Laws in Canada; and (ii) the Serabi Shares issued or issuable pursuant to the Arrangement and the Replacement Options shall not be subject to any statutory hold or restricted period under the U.S. Securities Act or the rules promulgated thereunder, or under any blue sky or state securities laws, subject to the restrictions on transfer applicable to personals who are "affiliates" (as that term is used in U.S. securities laws) of Serabi after the Effective Date or within 90 days prior to the Effective Date.

Each of the foregoing conditions are for the exclusive benefit of Kenai and may be waived by Kenai in writing in whole or in part at any time.

Notice and Cure Provisions

Each Party shall give prompt notice to the other Party of the occurrence, or failure to occur, at any time from the date hereof until the Effective Date, of any event or state of facts which occurrence or failure would be likely to or could:

(a) cause any of the representations or warranties of any Party contained in the Arrangement Agreement to be untrue or inaccurate in any material respect prior to the Effective Date;

(b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by such Party prior to the Effective Date; or

(c) result in the failure to satisfy any of the conditions precedent in favour of the other Party.

Serabi may not exercise its right to terminate the Arrangement Agreement pursuant to the breaches of certain covenants, representations and warranties by Kenai, and Kenai may not exercise its right to terminate the Arrangement Agreement pursuant to the breaches of certain covenants, representations and warranties by Serabi, unless the Party seeking to terminate the Arrangement Agreement has delivered a written notice to the other Parties specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the termination right. If any such notice is delivered, providing that a Party is diligently proceeding to cure such matter and such matter is reasonably capable of being cured, no Party may exercise such termination right until the earlier of (i) the Outside Date and (ii) the date that is fifteen (15) business days following receipt of such notice by the Party to whom the notice was delivered, if such matter has not been cured by such date. If such notice has been delivered prior to the Kenai Meeting or the making of the application for the Final Order, such meeting or

application, as applicable, shall, unless the Parties agree otherwise, be postponed or adjourned until five (5) business days following the expiry of such period (without causing any breach of any other provision of the Arrangement Agreement.

Non Solicitation

Kenai agreed that it will not, except as permitted by the Arrangement Agreement, directly or indirectly, through any Representative of Kenai or any Kenai Subsidiary: (i) solicit, assist, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any non-public information, permitting any visits to any facilities of Kenai or any of its subsidiaries or entering into any form of written or oral agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal; (ii) engage in any discussions or negotiations regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal or potential Acquisition Proposal; (iii) withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in any manner adverse to Serabi, the approval or recommendation of the Kenai Board of the Arrangement Agreement or the Arrangement; or (iv) accept, approve, endorse or recommend, or propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more than two (2) business days following the formal announcement of such Acquisition Proposal will not be considered a breach of Kenai's obligations provided that the Kenai Board has rejected such Acquisition-Proposal and affirmed its recommendation in favour of the Arrangement before the end of such two (2) business day period).

The Arrangement Agreement further provides that except as otherwise permitted in non-solicitation provisions of the Arrangement Agreement, Kenai will, and will cause its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities commenced prior to the date of this Agreement with any person (other than Serabi and its affiliates) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal or potential Acquisition Proposal, and in connection therewith shall: (i) discontinue access to and disclosure of all information, including any data room and any non-public or confidential information, properties, facilities, books and records of Kenai or any of its subsidiaries; and (ii) request (and exercise all rights it has to require) the return or destruction of copies of any information regarding Kenai or any Kenai Subsidiary provided to any person other than Serabi and the destruction of all material including or incorporating or otherwise reflecting such information regarding Kenai or any Kenai Subsidiary. Kenai has represented and warranted that it has not waived any confidentiality, standstill or similar agreement or restriction to which Kenai or any Kenai Subsidiary is a party, except to permit submissions of expressions of interest prior to the date of the Arrangement Agreement, and has further agreed that (i) it will take all necessary action to enforce each confidentiality, standstill or similar agreement or restriction to which Kenai or any Kenai Subsidiary is a party, and (ii) that neither Kenai, nor any Kenai Subsidiary or any of their respective Representatives have or will, without the prior written consent of Serabi (which may be withheld or delayed in Serabi's sole and absolute discretion), release any person from, or waive, amend, suspend or otherwise modify such person's obligations respecting Kenai, or any of the Kenai Subsidiaries, under any confidentiality, standstill or similar agreement or restriction to which Kenai or any Kenai Subsidiary is a party.

Notwithstanding the sections of the Arrangement Agreement described in the two paragraphs above, if at any time following the date of the Arrangement Agreement and prior to obtaining the Kenai Shareholder approval of the Arrangement Resolution at the Meeting, the Kenai Board shall be permitted to engage in discussions or negotiations with, or provide information to, any person who delivers a written Acquisition Proposal that did

not result from a breach of the Arrangement Agreement if, and only to the extent that: (i) the Kenai Board has determined in good faith based on information then available and after consultation with its outside legal and financial advisors that such negotiations could reasonably be expected to lead to a Superior Proposal; (ii) prior to providing any information or data to such person in connection with such Acquisition Proposal, the Kenai Board receives from such person an executed confidentiality agreement which includes a standstill provision that restricts such person from announcing an intention to acquire, or acquiring, any securities or assets of Kenai without the approval of Kenai (other than pursuant to a Superior Proposal) for a period of not less than twelve (12) months from the date of such confidentiality agreement, and provided further that Kenai sends a copy of any such confidentiality agreement to Serabi promptly upon its execution and that Serabi is promptly provided with copies of any information provided to such person that was not previously made available to Serabi; and (iii) prior to providing any information or data to any such person or entering into discussions or negotiations with any such person, Kenai has notified Serabi of the Acquisition Proposal in accordance with the terms of the Arrangement Agreement.

Kenai will promptly notify Serabi, at first orally and then in writing within 24 hours, of receipt of an Acquisition Proposal, inquiry, proposal, offer or request, including (i) a description of its material terms and conditions, (ii) the identity of all persons making the Acquisition Proposal, inquiry, proposal, offer or request, (iii) copies of all documents, correspondence or other material received in respect of, from or on behalf of any such person, and (iv) any other information which Serabi may reasonably request. Kenai will keep Serabi promptly and fully informed of the status of developments and negotiations with respect to such Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request.

Right to Match

Subject to the terms of the Arrangement Agreement, Kenai may terminate the Arrangement Agreement in order to enter into a definitive agreement with respect to a Superior Proposal only if;

(a) the person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing standstill or similar restriction;

(b) Kenai has been and continues to be in compliance with its obligations under the section of the Arrangement Agreement described above under the heading "Non Solicitation";

(c) Kenai has delivered to Serabi a written notice of the determination of the Kenai Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Kenai Board to enter into such definitive agreement, together with a written notice from the Kenai Board regarding the value and financial terms that the Kenai Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the "**Superior Proposal Notice**"), and has provided Serabi with a copy of such Acquisition Proposal;

(d) at least five (5) business days (the "**Matching Period**") have elapsed from the date that is the later of (i) the date on which Serabi received the Superior Proposal Notice and (ii) the date on which Serabi received a copy of such Acquisition Proposal from Kenai;

(e) during any Matching Period, Serabi has had the opportunity (but not the obligation) to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;

(f) the Kenai Board has determined in good faith, based upon the written opinion of Kenai's outside legal counsel that it is necessary for the Kenai Board to enter into a definitive agreement with respect to such Superior Proposal in order to properly discharge its fiduciary duties; and

(g) Kenai has (i) paid to Serabi the Termination Fee, (ii) terminated the Arrangement Agreement in accordance with its terms, and (iii) entered into a binding agreement, understanding or arrangement with respect to the Superior Proposal.

During the Matching Period, or such longer period as Kenai may approve in writing for such purpose, Serabi will have the right, but not the obligation, to offer to amend the terms of the Arrangement Agreement and the Plan of Arrangement. The Kenai Board will review any proposal made by Serabi to amend the terms of the Arrangement Agreement and the Plan of Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal, and will negotiate in good faith with Serabi to make such amendments to the terms of the Arrangement Agreement and the Plan of Arrangement as would enable Kenai to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms. If the Kenai Board determines that such Acquisition Proposal would cease to be a Superior Proposal, Kenai will promptly advise Serabi, and Kenai and Serabi will amend the Arrangement Agreement to reflect such proposal made by Serabi, and will take and cause to be taken all such actions as are necessary to give effect to the foregoing. If the Kenai Board continues to believe, in good faith after consultation with its financial advisors and outside legal counsel, that such Superior Proposal remains a Superior Proposal and therefore rejects Serabi's amended proposal, Kenai may, on termination of the Arrangement Agreement in accordance with the terms thereof and payment of the Termination Fee as required, accept, approve, recommend, or enter into an agreement, understanding or arrangement in respect of such Superior Proposal.

The Kenai Board will promptly reaffirm its recommendation of the Arrangement by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Kenai Board determines that a proposed amendment to the terms of the Arrangement Agreement would result in an Acquisition Proposal no longer being a Superior Proposal.

Each successive amendment to any Acquisition Proposal constitutes a new Acquisition Proposal for the purposes of the Arrangement Agreement and Serabi shall be afforded a new Matching Period from the later of the date on which Serabi received the Superior Proposal Notice and a copy of the Acquisition Proposal from Kenai in respect of each such new Acquisition Proposal.

If Kenai provides a Superior Proposal Notice to Serabi after a date that is less than ten (10) business days before the Meeting, Kenai will either proceed with or postpone the Meeting, as directed by Serabi acting reasonably, to a date that is not more than fifteen (15) business days after the scheduled date of the Meeting.

Termination

The Arrangement Agreement may be terminated at any time prior to the Effective Time in each of the following circumstances:

(a) by mutual written consent of Serabi and Kenai;

(b) by either of Serabi or Kenai if:

(i) the Arrangement Resolution is not approved by the Kenai Shareholders at the Meeting in accordance with the Interim Order;

(ii) the Interim Order and the Final Order have not been obtained on terms consistent with the Arrangement Agreement or have been set aside or modified in a manner unacceptable to Kenai or Serabi, acting reasonably, on appeal (provided that right to terminate the Arrangement Agreement in this circumstance shall not be available to any Party that has breached or failed to perform or observe the covenants and agreements of such Party set forth in the Arrangement Agreement);

(iii) any final and non-appealable applicable Law is effected by a Governmental Authority of competent jurisdiction that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins any of the Parties from consummating the Arrangement; or

(iv) the Effective Date does not occur on or prior to the Outside Date, provided that the failure of the Effective Date to so occur is not due to the failure of the Party seeking to terminate the Arrangement Agreement to perform or observe the covenants and agreements of such Party set forth in the Arrangement Agreement.

(c) by Kenai, if:

(i) subject to the provisions of the Arrangement Agreement described above under "Notice and Cure", Serabi has not complied in all material respects with its covenants or obligations under the Arrangement Agreement, or any representation or warranty of Serabi set out in the Arrangement Agreement was at the date thereof untrue or incorrect or becomes untrue or incorrect in a material respect at any time prior to the Effective Time, in each case, only where such breach or default would, or would reasonably be expected to prevent or materially delay the completion of the Arrangement;

(ii) Kenai proposes to enter into a binding agreement with respect to a Superior Proposal in compliance with the provisions of the Arrangement Agreement, provided that Kenai has paid to Serabi the Termination Fee and further provided that Kenai has not breached any of its covenants, agreements or obligations under the Arrangement Agreement; or

(iii) any change or event occurs which has a Material Adverse Effect on Serabi.

(d) by Serabi, if:

(i) subject to the provisions of the Arrangement Agreement described above under "Notice and "Cure", Kenai has not complied in all material respects with any of its covenants or obligations under the Arrangement Agreement, or any representation or warranty of Kenai set out in the Arrangement Agreement was at the date thereof untrue or incorrect or becomes untrue or incorrect at any time prior to the Effective Time, in each case, only where such breach or default would, or would reasonably be expected to, prevent or materially delay the completion of the Arrangement;

(ii) the Kenai Board (A) withdraws or modifies in any manner adverse to Serabi its approval or recommendation of the Arrangement (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for more than two (2) business days after first learning of the Acquisition Proposal shall be considered an adverse modification); (B) approves or recommends an Acquisition Proposal or enters into a binding agreement in respect of an Acquisition Proposal; or (C) fails to publicly recommend or reaffirm its approval of the Arrangement, after an Acquisition Proposal has been made to the Kenai Shareholders or any

person has publicly announced an intention to make an Acquisition Proposal, within two (2) business days of any written request by Serabi (or in the event that the Meeting is scheduled to occur within such two (2) business day period, prior to the date of the Meeting;

(iii) if Dissent Rights are exercised with respect to more than 5% of the issued and outstanding Kenai Shares; or, (B) in the event that Dissent Rights are exercised by Eldorado, if Dissent Rights are exercised with respect to more than 3% of the issued and outstanding Kenai Shares other than Kenai Shares in respect of which Eldorado has exercised Dissent Rights; or

(iv) any change or event occurs which has a Material Adverse Effect on Kenai.

Termination Fee

Kenai will pay the "Termination Fee" of $500,000 to Serabi if:

(a) Kenai terminates the Arrangement Agreement in order to enter into a definitive agreement with respect to a Superior Proposal in compliance with the provisions of the Arrangement Agreement;

(b) Serabi terminates the Arrangement Agreement as a result of (A) the breach of any covenant, representation or warranty of Kenai as described under subsection (c) (i) above under the heading "Termination"; or (B) Kenai's failure to recommend, or its withdrawal, modification, change or qualification of, its approval or recommendation of the Arrangement Agreement or the Arrangement in any manner adverse to Serabi, or as a result of Kenai's recommendation or approval, or public proposal to recommend or approve, or its neutrality beyond the two (2) business day period set out in the Arrangement Agreement, with respect to an Acquisition Proposal; or

(c) prior to the termination of the Arrangement Agreement an Acquisition Proposal is publicly announced or otherwise made and, during the period commencing on the date of the Arrangement Agreement and ending twelve (12) months following the termination thereof, (i) such Acquisition Proposal is consummated or (ii) the Kenai Board approves or recommends such Acquisition Proposal, or Kenai enters into a definitive agreement with respect to such Acquisition Proposal, and that Acquisition Proposal is subsequently consummated at any time thereafter.

Indemnification

Serabi has agreed that, for a period of not less than six (6) years from the Effective Date, it will (i) maintain in effect the current or substantially similar provisions regarding indemnification of directors and officers contained in the constating documents of Kenai and any directors, officers or employees indemnification agreements of Kenai, and (ii) indemnify the directors and officers of Kenai to the fullest extent to which Kenai is permitted to indemnify such directors and officers under its constating documents and applicable Law.

Insurance

Serabi will maintain in effect for a period of six (6) years after the Effective Date on a "trailing" or "run-off" basis, Kenai's current policy or policies or comparable policies of directors, and officers' liability insurance and fiduciary liability insurance providing coverage to the directors and officers of Kenai with respect to claims arising from facts or events which occurred on or before the Effective Date. Such coverage will be on the same terms, in all material respects, as the coverage currently provided under policies maintained by Kenai for the protection of directors and officers.

Amendment

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before and after the holding of the Kenai Meeting but not later than the Effective Date, be amended by written agreement of the Parties without further authorization on the part of the Kenai Shareholders, and any such amendment may, subject to the provisions of the Interim Order, the Plan of Arrangement and applicable Law, without limitation:

(a) change the time for performance of any of the obligations or acts of any of the Parties;

(b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any documents to be delivered pursuant thereto;

(c) waive compliance with or modify any of the covenants or conditions contained in the Arrangement Agreement or waive or modify performance of any of the obligations of any of the Parties thereto; or

(d) waive compliance with or modify any mutual conditions precedent set out in the Arrangement Agreement.

THE FACILITY AGREEMENT

The following is a summary of certain material provisions of the Facility Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to the Facility Agreement, which has been filed by Kenai on SEDAR at www.sedar.com. A copy of the Facility Agreement is also available for inspection by Kenai Shareholders at Kenai's head office at 625 Howe Street, Suite 530, Vancouver, British Columbia. Kenai Shareholders are encouraged to read the Facility Agreement in its entirety.

In connection with the Arrangement and pursuant to the Facility Agreement, Serabi has provided a US$2.75 million secured non-revolving credit facility (the "**Facility**") to Kenai. Kenai is to use the Facility to fund certain expenditures, including those related to the continued exploration and development of the Sao Chico Gold Project, and in respect of expenses incurred in connection with the Arrangement.

Conditions of Utilization

Kenai may request advances under the Facility upon delivery of a utilization request to Serabi stating the amount requested to be advanced (which must be a minimum of $100,000 in respect of each request) and the intended use of the proceeds. In the event that the repayment date for the loan is extended beyond August 31, 2013, Serabi may, but is not obligated to, agree to an increase in the amount available to Kenai under the Facility.

Interest and Term

The Facility bears interest at an annual rate of 12%. All interest payable is calculated and accrued daily and is not compounded. If Kenai fails to pay any amount payable by it on the due date, then interest will accrue on the unpaid sum from the due date up to the actual date of repayment at an annual rate of 18%.

Kenai is required to repay all amounts borrowed under the Facility, together with any interest accrued thereon, on August 31, 2013, subject to earlier repayment upon the occurrence of an event of default or in certain other circumstances as provided in the Facility Agreement.

Voluntary Prepayment

Kenai may prepay the whole or any part of the amount outstanding under the Facility at any time without penalty or cost. Kenai must, however, provide Serabi with five business' notice of its intention to prepay all or any portion of the Facility.

Mandatory Prepayment

The Facility Agreement provides that if the Arrangement Agreement is terminated in certain circumstances, Serabi is entitled to immediately demand repayment of all amounts outstanding under the Facility. Depending on the event giving rise to the termination of the Arrangement Agreement, Kenai may become obligated to repay the full amount owing under the Facility within a period of time ranging from 10 to 90 days after receipt from Serabi of a demand for repayment.

Events of Default

Pursuant to the terms of the Facility Agreement, events of default include, but are not limited to:

(a) failure to pay principal and interest, when due;

(b) Kenai or Gold Aura fail to comply with any provisions of the Facility Agreement, a related security document or the Arrangement Agreement, as applicable;

(c) Kenai or Gold Aura ceasing to directly own or control the equity interest that either of them has pledged to Serabi pursuant to a related security document;

(d) any representation or warranty made or deemed to be made by Kenai or Gold Aura in the Facility Agreement, a related security document or the Arrangement Agreement proves to have been incorrect or misleading in any material respect when made or deemed to be made;

(e) Kenai or Gold Aura becomes insolvent or initiates any proceedings relating to insolvency;

(f) Kenai or Gold Aura fails to satisfy any of its respective financial obligations, other than in respect of the Facility, when due;

(g) Kenai or Gold Aura abandons all or any significant portion of its mining assets or surrenders, cancels or releases, or suffers any termination or cancellation of any of its mining rights, other than as specifically permitted pursuant to the Facility Agreement; and

(h) any event occurs or condition exists which could cause a material adverse effect (as determined by Serabi) with respect to either of Kenai or Gold Aura.

Upon the occurrence and during the continuance of an event of default, Serabi may declare the Facility, all accrued interest and all other amounts payable under the Facility Agreement to be immediately due and payable.

Remedies

Upon the occurrence of an event of default, other than a default arising as a result of a termination of the Arrangement Agreement due to a breach of representation, warranty of covenant by Serabi, Serabi may, but is

not obligated to, elect to form a joint venture with Kenai for the exploration and development of the Sao Chico Gold Project. Alternatively, Serabi is also entitled to commence such legal action and other proceedings and exercise all rights and remedies as are available to it under the Facility Agreement, including the commencement of foreclosure and enforcement proceedings against Kenai.

In addition, within five business days following an event of default arising pursuant to the receipt by Kenai of a demand for repayment by Serabi following termination of the Arrangement Agreement, in certain circumstances Kenai is permitted to elect that a joint venture be established. Kenai is not entitled to make such election if the demand for repayment arose following a termination of the Arrangement Agreement resulting from: (i) Kenai accepting, recommending, approving or entering into an agreement to implement an Acquisition Proposal; (ii) the mutual agreement of Serabi and Kenai; or (iii) the breach of any representation, warranty or covenant of Kenai that is not cured within the applicable period. Prior to making such election, Kenai must demonstrate to the satisfaction of Serabi, acting reasonably, that it has the ability to finance its pro-rata share of the initial contribution to the joint venture as described below.

Joint Venture

If a joint venture is formed, either at the election of Kenai or upon the request of Serabi as described above, the parties will negotiate in good faith the terms and provisions of a formal joint venture agreement, based upon Form 5A or Form 5A-LLC published by the Rocky Mountain Mineral Law Foundation. The Parties initial ownership interests in the joint venture will be 51% held by Serabi and 49% held by Kenai. Upon the formation of a joint venture, each of Kenai and Serabi will be required to immediately contribute its pro rata share of US$1,000,000 for the immediate expected costs of the joint venture. The joint venture agreement will contain customary provisions relating to the approval of budgets, capital contributions and dilution in the event of non-contribution.

For so long as Serabi holds a majority interest in the joint venture, it shall be the operator of the joint venture. The Parties will appoint a management committee consisting of two representatives from each of Serabi and Kenai. Decisions of the management committee will be by majority vote, with the operator having a casting vote in the event of deadlock.

Guarantee and Security

In connection with the Facility Agreement, Kenai has executed a general security agreement in favour of Serabi pursuant to which Kenai has granted Serabi a security interest in all present and after-acquired property and undertaking of Kenai as security for performance of Kenai's obligations under the Facility Agreement. The Facility has also been guaranteed by Gold Aura, Kenai's wholly-owned subsidiary, which is secured by a pledge of the quotas of Gold Aura in favour of Serabi.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

General

In the opinion of Owen Bird Law Corporation, counsel to Kenai, the following summary fairly describes the principal Canadian federal income tax considerations under the Tax Act relating to the Arrangement generally applicable to a Kenai Shareholder who, for the purposes of the Tax Act and at all relevant times, (i) deals at arm's length with Kenai, Serabi and Subco, (ii) is not affiliated with Kenai, Serabi or Subco, and (iii) holds all Kenai Shares, and will hold all Serabi Shares acquired on the Arrangement, as capital property (each such Kenai Shareholder in this summary, a **"Holder").**

A Holder's Kenai Shares and Serabi Shares will generally be considered to be capital property of the Holder, unless the Holder holds the shares in the course of carrying on a business of trading or dealing in securities or acquired the shares in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who are residents of Canada for the purposes of the Tax Act and whose Kenai Shares or Serabi Shares might not otherwise qualify as capital property may, in certain circumstances, be entitled to make an irrevocable election under subsection 39(4) of the Tax Act to have such shares and every other "Canadian security" (as defined in the Tax Act) owned by such Holder in the taxation year of the election, and in all subsequent taxation years, deemed to be capital property. Such Holders should consult their own tax advisors regarding whether an election under subsection 39(4) of the Tax Act is available and advisable in their particular circumstances.

This summary is based on the current provisions of the Tax Act and the regulations thereunder and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the **"CRA"**). This summary also takes into account all specific proposals to amend the ITA which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the **"Proposed Amendments"**), and assumes all such Proposed Amendments will be enacted in their present form, although no assurances can be given in this regard. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by judicial, governmental or legislative action or decision, or changes in the administrative policies and assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is not applicable to a Holder (i) that is a "financial institution" as defined in the Tax Act for purposes of the "mark-to-market property" rules, (ii) that is a "specified financial institution" as defined in the Tax Act, (iii) an interest in which is a "tax shelter investment" as defined in the Tax Act, (iv) to whom the "functional currency" reporting rules under section 261 of the Tax Act apply, (v) who acquired Kenai Shares upon the exercise of a stock option prior to the Effective Time, or (vi) who has entered into, with respect to the Kenai Shares, a "derivative forward agreement" as that term is defined in proposed amendments contained in a Notice of Ways and Means Motion that accompanied the federal budget tabled by the Minister of Finance (Canada) on March 21, 2013. Such Holders should consult their own tax advisors as to the tax consequences of the Arrangement applicable to them.

Further, this summary is not applicable to a Holder that (i) is a corporation resident in Canada and (ii) is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Serabi Shares, controlled by a non-resident corporation for the purposes of the foreign affiliate dumping rules in section 212.3 of the Tax Act. Any such Holder should consult its own tax advisor.

This summary is of a general nature only and is not exhaustive of all possible relevant Canadian federal income tax considerations. This summary is not, and should not be construed as, legal or tax advice to any particular Holder, and no representation with respect to the tax consequences to any particular Holder are made. Accordingly, Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of the Arrangement in their particular circumstances.

Holders Resident in Canada

The following portion of the summary is generally applicable to a Holder who, at all relevant times, is or is deemed to be resident in Canada for the purposes of the ITA (a "**Resident Holder**").

Exchange of Kenai Shares for Consideration Shares

A Resident Holder who exchanges Kenai Shares with Subco for the Consideration Shares under the Arrangement will be considered to have disposed of such Kenai Shares for proceeds of disposition equal to the fair market value at the Effective Time of the Consideration Shares received by such Resident Holder for his or her Kenai Shares. As a result, the Resident Holder will generally realize a capital gain (or a capital loss) to the extent that such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of such Kenai Shares.

For a description of the tax treatment of capital gains and losses, see "Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses" below.

Dividends on Serabi Shares

Dividends on Serabi Shares, before deduction of any withholding taxes as may be applicable, will be included in the Resident Holder's income for the purposes of the Tax Act. Such dividends received by a Resident Holder who is an individual will not be subject to the gross-up and dividend tax credit rules in the Tax Act. A Resident Holder that is a corporation must include such dividends in computing its income and will not be entitled to deduct the amount of the dividends in computing its taxable income.

A Resident Holder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation"(as defined in the Tax Act) may be liable to pay a refundable tax of 6⅔% on its "aggregate investment income" (as defined in the Tax Act), including dividends received on Serabi Shares that are not deductible in computing taxable income.

Acquisition and Disposition of Consideration Shares

The cost of any Consideration Shares received in exchange for Kenai Shares pursuant to the Arrangement will be equal to the fair market value of such Consideration Shares at the Effective Time and will generally be averaged with the adjusted cost base of any other Serabi Shares held at that time by the holder as capital property for the purpose of determining the holder's adjusted cost base of such Consideration Shares.

A disposition or deemed disposition of Consideration Shares by a Resident Holder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of the Consideration Shares immediately before the disposition. For a description of the tax treatment of capital gains and losses, see " Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada — Taxation of Capital Gains and Capital Losses" below.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year may be deducted from taxable capital gains realized by the Resident Holder in that year (subject to and in accordance with rules contained in the Tax Act). Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

A Resident Holder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 6⅔% on its "aggregate investment income" (as defined in the Tax Act), including any taxable capital gains.

If the Resident Holder is a corporation, the amount of any capital loss realized on a disposition or deemed disposition of a Kenai Share or Serabi Share may be reduced by the amount of dividends received or deemed to have been received by it on such share (and in certain circumstances a share exchanged for such share) to the extent and under circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns such shares or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any such shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Minimum Tax

A Resident Holder who is an individual (including certain trusts) is subject to a minimum tax under the Tax Act. This tax is computed by reference to adjusted taxable income. Eighty percent (80%) of capital gains (net of capital losses) and the actual amount of taxable dividends (not including any gross-up) are included in determining the adjusted taxable income of an individual. Any additional tax payable by an individual under the minimum tax provisions may be carried forward and applied against certain tax otherwise payable in any of the seven immediately following taxation years, to the extent specified by the Tax Act.

Foreign Property Information Reporting

In general, a "specified Canadian entity" for a taxation year or fiscal period whose total cost amount of "specified foreign property" (both as defined in the Tax Act) at any time in the year or fiscal period exceeds $100,000, is required to file an information return for the year or period disclosing prescribed information. With some exceptions, a Kenai Shareholder resident in Canada in the year will be a specified Canadian entity. On March 4, 2010, the Minister of Finance (Canada) announced proposals to expand existing reporting requirements with respect to specified foreign property to require more detailed information. As of the date hereof, no detailed legislative proposals with respect to such amended reporting requirements have been made public.

Serabi Shares will constitute specified foreign property to a holder. Accordingly, holders of Kenai Shares should consult their own tax advisors regarding compliance with these rules.

Offshore Investment Fund Property

The Tax Act contains rules which may require a taxpayer to include in income in each taxation year an amount in respect of the holding of an "offshore investment fund property". These rules could apply to a holder of a Serabi Share if, but only if:

(a) the Serabi Share may reasonably be considered to derive its value, directly or indirectly, primarily from portfolio investments in: (i) shares of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing (collectively, "**Investment Assets**"); and

(b) it may reasonably be concluded, having regard to all the circumstances, that one of the main reasons for the holder acquiring, holding or having an interest in the Serabi Share was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains been earned directly by such holder.

If applicable, these rules would generally require a holder of a Serabi Share to include in income, for each taxation year in which such holder holds the Serabi Share, an imputed amount determined by applying a prescribed rate of interest to the "designated cost" to the holder of the Serabi Share, at the end of each month in the year, less the amount of certain income of the holder from the Serabi Share, in the year. Any amount required to be included in computing a holder's income in respect of a Serabi Share under these rules would be added to the adjusted cost base to the holder of such share or note.

Holders of Kenai Shares are urged to consult their own tax advisors regarding the application and consequences of these rules.

Dissenting Kenai Shareholders

A Resident Holder who is also a Dissenting Shareholder (a "**Resident Dissenting Holder**") will be deemed to have transferred his, her or its Kenai Shares to Subco as of the Effective Time and will receive a cash payment from Subco in respect of the fair value of the Resident Dissenting Holder's Kenai Shares. Such a Resident Dissenting Holder will be considered to have disposed of his or her Kenai Shares for proceeds of disposition equal to the amount received by the Resident Dissenting Holder (less any interest awarded by a court). As a result, such Resident Dissenting Holder will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition, net any reasonable cost of disposition, received exceed (or is less than) the adjusted cost base to the Resident Dissenting Holder of his or her Kenai Shares.

Interest awarded to a Resident Dissenting Holder by a court will be included in the Resident Dissenting Holder's income for the purposes of the Tax Act. In addition, a Resident Dissenting Holder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 6⅔% on its "aggregate investment income" (as defined in the Tax Act), including taxable capital gains and interest income.

A Resident Holder who exercises his or her Dissent Rights but who is not ultimately determined to be entitled to be paid fair value for the Kenai Shares held by such Resident Holder will be deemed to have participated in the Arrangement and will receive Consideration Shares. See "Exchange of Kenai Shares for Consideration Shares".

Eligibility for Investment

The Serabi Shares to be issued pursuant to the Arrangement would, if issued on the date of this Circular, be "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan and a tax-free savings account ("**TFSA**") (collectively, "**Registered Plans**") provided that the Serabi Shares are listed on a "designated stock exchange" as defined for purposes of the Tax Act (which includes the TSX on the date of this Circular).

Notwithstanding the foregoing, a holder of Serabi Shares will be subject to a penalty tax if the Serabi Shares are held in a RRSP, RRIF, TFSA, as the case may be, and are a "prohibited investment" for such RRSP, RRIF, TFSA

under the Tax Act. However, the Serabi Shares will not be a prohibited investment for a RRSP, RRIF or TFSA, as the case may be, held by a particular holder or annuitant provided the holder or annuitant deals at arm's length with Serabi for the purposes of the Tax Act, and does not have a "significant interest" (as defined in the Tax Act) in Serabi. In addition, pursuant to Proposed Amendments, Serabi Shares will generally not be a prohibited investment if the Serabi Shares are "excluded property" as defined in the Proposed Amendments. Holders should consult their own tax advisors as to whether the Serabi Shares will be a prohibited investment in their particular circumstances, including the respect to whether the Serabi Shares would be "excluded property" as defined in the Proposed Amendments.

Resident Holders of Kenai Options

The cancellation of the Kenai Options in exchange for Replacement Options will not result in the disposition by the holder of its Kenai Options, as long as (i) the amount by which the total value of Serabi Shares realizable upon exercise of the Replacement Options exceeds the total amount payable to exercise the Replacement Options does not exceed (ii) the amount by which the total value of the Kenai Shares realizable upon exercise of the Kenai Options exceeds the total amount payable to exercise the Kenai Options.

Holders Not Resident in Canada

This portion of the summary applies to a Holder who, for the purposes of the Tax Act and at all relevant times, is not resident or deemed to be resident in Canada and does not use or hold, and is not deemed to use or hold, Kenai Shares or Serabi Shares in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). This portion of the summary is not applicable to a Non-Resident Holder that is: (i) an insurer carrying on an insurance business in Canada and elsewhere; (ii) a "financial institution" (as defined in the Tax Act); or (iii) an "authorized foreign bank" as defined in the Tax Act.

Disposition of Kenai Shares

A Non-Resident Holder who disposes of its Kenai Shares will not be subject to tax under the Tax Act on the disposition unless the Kenai Shares constitute "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Generally, Kenai Shares will not be "taxable Canadian property" of a Non-Resident Holder at a particular time provided that such shares are listed on a designated stock exchange (which currently includes the TSXV) at that time, unless: (i) at any time during the sixty-month period immediately preceding the disposition of the Kenai Shares by such Non-Resident Holder, (A) the Non-Resident Holder, persons not dealing at arm's length with such Non-Resident Holder, or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of the capital stock of Kenai and (B) more than 50% of the fair market value of the Kenai Shares was delivered directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" as defined in the Tax Act, "timber resource properties" as defined in the Tax Act, and options in respect of, interests in, or civil law rights in, an such properties; or (ii) the Non-Resident Holder's Kenai Shares were acquired in certain types of tax-deferred exchanges in consideration for property that was itself taxable Canadian property.

Even if any of the Kenai Shares are "taxable Canadian property" to a Non-Resident Holder at a particular time such holder may be exempt from tax by virtue of an income tax treaty or convention to which Canada is a signatory.

In the event Kenai Shares are taxable Canadian property to a Non-Resident Holder at the time of disposition and such Non-Resident Holder is not exempt from tax by a tax treaty, the tax consequences described above under "Certain Canadian Federal Income Tax considerations – Shareholders Resident in Canada – Exchange of Kenai Shares for Consideration Shares" will generally apply.

Dissenting Kenai Shareholder

A Non-Resident Holder who is a Dissenting Shareholder (a "**Non-Resident Dissenting Holder**") will be deemed to have transferred his, her or its Kenai Shares to Subco as of the Effective Time and will receive the cash payment from Subco in respect of the fair market value of the Non-Resident Dissenting Holder's Kenai Shares. A Non-Resident Dissenting Holder will not be subject to tax under the Tax Act on such disposition of Kenai Shares unless the Kenai Shares constitute "taxable Canadian property" as discussed above under the heading "Certain Canadian Federal Income Tax Considerations– Holders Not Resident in Canada – Disposition of Kenai Shares".

Interest (if any) awarded by a court to a Dissenting Non-Resident Holder generally should not be subject to withholding tax under the Tax Act.

A Non-Resident Holder who exercises his or her dissent rights but who is not ultimately determined to be entitled to be paid fair value for the Kenai Shares held by such Resident Holder will be deemed to have participated in the Arrangement and will receive Consideration Shares. See "Certain Canadian Federal Income Tax Considerations – Holders not Resident in Canada – Disposition of Kenai Shares".

No Non-Canadian Income Tax Considerations

This Circular does not contain a summary of the non-Canadian income tax consequences of the Arrangement for Kenai Shareholders who are subject to tax outside of Canada. Such holders should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions.

INFORMATION CONCERNING KENAI

The following information reflects certain selected information of Kenai and is presented on a pre-Arrangement basis. See "Information Concerning Serabi" and "Information Concerning the Combined Company" for business, financial and share capital information relating to Serabi and the Combined Company, respectively.

Summary

Kenai was incorporated under the name "American Ventures Inc." on September 2, 1987 pursuant to the BCBCA. During the period from April 1, 1992 through May 1, 2007, Kenai completed a number of corporate name changes and a continuance of the company to the Yukon Territory and then back to British Columbia. The corporate name change to "Kenai Resources Ltd." was completed on May 1, 2007.

The authorized capital of Kenai consists of an unlimited number of common shares without par value. As at the date of this Circular, there were 105,906,734 issued and outstanding Kenai Shares.

The Kenai Shares are listed for trading on the TSXV under the symbol "KAI". Kenai is a reporting issuer in the provinces of British Columbia and Alberta.

The address of Kenai's head and registered office is located at 625 Howe Street, Suite 530, Vancouver, British Columbia, V6C 2T6.

The transfer agent and registrar for the Kenai Shares is Computershare Investor Services Inc., which is located at 100 University Avenue, 9th Floor, Toronto, Ontario. DeVisser Gray LLP are the auditors of Kenai.

Business of Kenai

Kenai is engaged in the identification, acquisition, exploration and development of precious mineral projects. Kenai's sole current mineral property is the Sao Chico Gold Project located in Tapajós Region, Para State, Brazil.

Mineral Properties

The Sao Chico Gold Project is located in Para State, northern Brazil and comprises a single exploration permit totaling 1,416 hectares. Sao Chico is situated within the Tapajós 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 recognized 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 two 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 3,235 meters, 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.

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.

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 beneficiation 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. The central and eastern parts of AP12836 remain largely unexplored.

Mr. Neil Cole, a Qualified Person as defined by NI 43-101 and the Vice President, Technical Services of Kenai, has reviewed and verified the technical information in this summary of the Sao Chico Gold Project.

Ownership of Securities

As of the Record Date and the date of this Circular, the directors and executive officers of Kenai each beneficially owned or exercised control or direction over the following Kenai Shares and Kenai Options:

Name	Number and Percentage of Kenai Shares Held	Number and Percentage of Kenai Options Held
Greg Starr	924,585 (0.87%)	500,000 (16.78%)
John Watt	100,000 (0.09%)	400,000 (13.42%)
Neil Cole	632,375 (0.60%)	500,000 (16.78%)
Steven Chi	120,000 (0.11%)	50,000 (1.68%)
Daniel Kunz	6,546,738 (6.18%)	150,000 (5.03%)
Paul Larkin	3,915,924 (3.70%)	150,000 (5.03%)
David Paterson	2,064,997 (1.95%)	180,000 (6.04%)
Gerald Sneddon	103,333 (0.10%)	180,000 (6.04%)

Dividend Policy

Kenai has not paid dividends in the past and does not expect to do so in the foreseeable future. Kenai intends to retain any future earnings to finance its business and operations and any future growth.

Prior Sales

There have been no issuances of securities by Kenai during the 12 months ended immediately preceding the date of this Circular.

Price History and Trading Volume

The Kenai Shares are listed on the TSXV under the symbol "KAI". The following table sets forth the price range and trading volume of the Kenai Shares for the periods in listed below:

Month	High ($)	Low ($)	Volume
May 2013	0.065	0.040	2,991,729
April 2013	0.060	0.030	968,016
March 2013	0.050	0.025	144,895
February 2013	0.040	0.025	969,050
January 2013	0.060	0.035	928,666
December 2012	0.065	0.045	614,333
November 2012	0.110	0.060	2,261,948
October 2012	0.080	0.055	846,516

September 2012	0.075	0.055	1,298,849
August 2012	0.075	0.065	864,758
July 2012	0.095	0.065	970,916
June 2012	0.10	0.075	1,136,766

Previous Purchases and Sales

During the 12-month period preceding the date of this Circular, Kenai did not purchase nor did it sell any securities of its own issue. In addition, no Kenai Options or common share purchase warrants of Kenai were issued or exercised during this period.

Risk Factors

The business and operations of Kenai are subject to certain risks and uncertainties. In addition to considering the other information in this Circular, Kenai Shareholder should consider the factors set forth under the heading "Risks and Uncertainties" in the management's discussion and analysis of Kenai for the year ended December 31, 2012.

Financial Statements

Kenai's most recently available financial statements consisting of its audited consolidated financial statements for the financial years ended December 31, 2012 and 2011 and the interim financial statements for the period ending March 31, 2013 have been publicly filed and are available under Kenai's SEDAR profile at www.sedar.com.

INFORMATION CONCERNING SERABI

The following information about Serabi is presented on a pre-Arrangement basis and reflects the current business, financial and share capital position of Serabi. See "Information Concerning the Combined Company" in this Circular for pro forma business, financial and share capital information relating to Serabi upon completion of the Arrangement.

The information contained in this Appendix has been prepared by management of Serabi and contains information in respect of the business and affairs of Serabi. Information provided by Serabi is the sole responsibility of Serabi and Kenai does not assume any responsibility for the accuracy or completeness of such information.

Corporate Structure

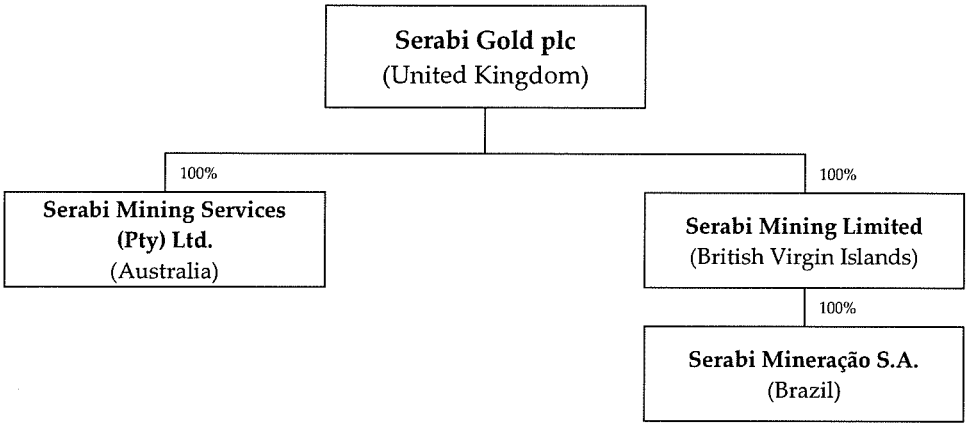
Name and Incorporation

Serabi was incorporated and registered in England and Wales under the Companies Act 1985 as a private company limited by shares on May 18, 2004 with the name of Serabi Mining Limited. On March 17, 2005, Serabi was converted to a public company under the provisions of the Companies Act 1985. On October 14, 2011 the Company changed its name to Serabi Gold plc. The registered office of Serabi is located at 66 Lincoln's Inn Fields, London WC2A 3LH and Serabi's head office is located at 30-32 Ludgate Hill, London EC4M 7DR.

The Serabi Shares are listed for trading on the TSX under the symbol "SBI" and are admitted for trading on the AIM Market under the symbol "SRB". Serabi is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

Intercorporate Relationships

The following diagram sets out the organizational structure of Serabi and its material subsidiaries.



Description of the Business

Serabi is a gold development and exploration company focused on the exploration and development of gold projects in Brazil. The major focus of Serabi's activity has been on the Jardim do Ouro Project, which includes the Palito Gold Mine, where Serabi holds a mining licence covering 1,150 hectares and holds or has under application exploration licences totalling some 51,804 hectares around this mining licence. In June 2012, Serabi filed an NI 43-101 compliant preliminary economic assessment of the viability of re-establishing underground mining operations at the Palito Mine ("the "**PEA**"). The results of the PEA encouraged the Serabi Board to seek to raise the necessary finance to put in place a small scale, high grade operation using selective mining techniques following the scope and conclusions of the PEA, and on January 17, 2013 Serabi announced the completion of a private placement of Serabi Shares raising gross proceeds of UK£16.2 million, such funds to be used to finance the development of this project.

For additional information concerning the business of Serabi and the Jardim do Ouro Project, see the descriptions under the headings "General Developments of the Business", "Description of the Business" and "Mineral Properties" in the Serabi AIF, which is incorporated by reference herein.

Dividends

Serabi does not have a dividend policy in place and has never declared or paid dividends on the Serabi Shares. Any future dividend payment will be made at the discretion of the Serabi Board and will depend on their assessment of earnings, capital requirements, the operating and financial condition of Serabi and any other factor that they deem necessary to consider at that time.

Share Capital

Authorized Share Capital and Attributes of Serabi Shares and Serabi Deferred Shares

Serabi has an authorized capital of £50,000,000 comprised of 733,735,776 ordinary shares of 5 pence each (the "**Serabi Shares**") and 140,139,065 deferred shares of 9.5 pence each (the "**Serabi Deferred Shares**"). Each Serabi Share entitles the holder to one vote and all the Serabi Shares rank equally as to dividends, voting powers and participation in assets upon the dissolution or winding up of Serabi. The Serabi Deferred Shares arose following a subdivision of Serabi's shares which was approved on January 28, 2009 by special resolution of the shareholders of Serabi. Serabi was incorporated with ordinary shares having a par value of 10 pence per share. During 2008, the share price fell below the par value and Serabi was obliged to undertake a subdivision of its shares as it was legally precluded from issuing any new shares at a discount to the par value of the shares. Each Serabi Share with a par value of 10 pence was divided into one new Serabi Share with a par value of 0.5 pence and a Serabi Deferred Share of 9.5 pence. The Serabi Deferred Shares carry no voting or dividend rights or any right to participate in the profits or assets of Serabi and all the Serabi Deferred Shares may be purchased by Serabi, in accordance with the Companies Act 2006, at any time for no consideration. In the event of a return of capital, after the holders of the Serabi Shares have received in aggregate the amount paid up thereon plus £100 per ordinary share, there shall be distributed amongst the holders of Serabi Deferred Shares an amount equal to the nominal value of the Deferred Shares and thereafter any further surplus shall be distributed among the holders of Ordinary Shares.

On December 21, 2010, the issued and the authorized unissued Serabi Shares of the Company were consolidated on the basis of one ordinary share with a par value of 5 pence for every 10 Serabi Shares on issue or authorized to be issued.

Pursuant to a resolution approved at Serabi's last annual general meeting of shareholders held on June, 18 2012, Serabi's shareholders waived any pre-emption rights and gave authority to the Serabi Board to allot shares, grant rights or convert any security into shares up to an aggregate of £32,123,362 of new Serabi Shares. This authority expires on the later of the next annual general meeting of shareholders or September 18, 2013. The Company utilised £14,644,251.75 of this authority in connection with the private placement of 270,000,000 new Serabi Shares on January 17, 2013, the issue of 8,135,035 warrants and the granting of 14,750,000 stock options to directors and employees.

Warrants

There are currently an aggregate of 12,685,033 Serabi Warrants outstanding, with 4,549,998 Serabi Warrants being exercisable for one Serabi Share at an exercise price of £0.15 until January 23, 2014 and 8,135,035 Serabi Warrants being exercisable for one Serabi Share at an exercise price of £0.10 until January 16, 2015. All of the outstanding Serabi Warrants are personal to the holders and may not be transferred.

Prior Sales

Other than as set forth below, Serabi has not issued any Serabi Shares or options or warrants to acquire Serabi Shares in the 12 month period before the date of this Circular:

Date	Type of Security	Issue/Exercise Price per Security	Number of Securities
January 26, 2013	Stock Options	£0.061	14,750,000
January 17, 2013	Ordinary Shares	£0.06	270,000,000
January 17, 2013	Share Purchase Warrants	£0.10	8,135,035

Trading Price and Volume

The outstanding Serabi Shares are listed and posted for trading on the TSX under the symbol "SBI" and are admitted for trading on the AIM Market under the symbol "SRB". The following tables set forth the market price ranges and the aggregate volume of trading of the Serabi Shares on the TSX and the AIM Market for the periods indicated:

TSX Trading Statistics

Month	High ($)	Low ($)	Volume
May 2013	0.110	0.085	153,000
April 2013	0.110	0.085	134,500
March 2013	0.165	0.100	11,600
February 2013	0.180	0.120	464,800
January 2013	0.200	0.090	510,400
December 2012	0.100	0.080	863,500
November 2012	0.105	0.070	1,253,500
October 2012	0.160	0.110	89,215
September 2012	0.145	0.075	1,179,731
August 2012	0.080	0.075	4,000
July 2012	0.090	0.080	58,038
June 2012	0.110	0.100	110,000

AIM Market Trading Statistics

Month	High (£)	Low (£)	Volume
May 2013	0.0727	0.0655	1,060,300
April 2013	0.0862	0.0650	1,547,900

March 2013	0.0970	0.0740	1,905,400
February 2013	0.1118	0.0850	2,992,700
January 2013	0.1200	0.0525	10,653,800
December 2012	0.0603	0.0550	1,122,700
November 2012	0.0635	0.0543	1,027,700
October 2012	0.0890	0,0600	2,924,400
September 2012	0.0925	0.0550	2,259,800
August 2012	0.0670	0.0574	685,400
July 2012	0.0685	0.0600	547,800
June 2012	0.0818	0.0600	1,110,500

Principal Securityholders

To the knowledge of Serabi, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of Serabi carrying 10% or more of the voting attached to any class of voting securities of Serabi, except as follows:

Name of Shareholder	Number of Serabi Shares Beneficially Owned, Controlled or Directed (Directly or Indirectly)	Percentage of Issued and Outstanding Serabi Shares
Fratelli Investments Limited	184,695,647	51.12%
Anker Holdings AG [1]	40,000,000	11.07%

(1) The beneficial owner of Anker Holdings AG is the spouse of Mr. Christopher Kingsman, a director of Serabi. Mr. Kingsman is also a director of Anker Holdings AG.

Escrowed Securities and Securities Subject to a Contractual Restriction on Transfer

Pursuant to (i) a conditional subscription agreement dated October 1, 2012 between Serabi and Fratelli Investments Limited ("**Fratelli**") and (ii) a relationship and lock-in agreement dated December 10, 2012 between Serabi, Fratelli and Beaumont Cornish Limited, Fratelli has agreed that it will not dispose of any Serabi Shares held by it, subject to certain standard exceptions, until January 23, 2014.

Directors and Executive Officers

The current director and executive officers of Serabi will continue in their same positions with the Combined Company following completion of the Arrangement. Upon completion of the Arrangement, it is expected that Serabi will also appoint Daniel Kunz, the current Chairman of Kenai, to the Serabi Board. See "Information Concerning the Combined Company – Directors and Executive Officers" for additional information, including biographical information, of the directors and officers of Serabi.

For information relating to Serabi's corporate governance policies, as well as information relating to executive and director compensation, see the description under the headings "Corporate Governance", "Executive Compensation", "Termination and Change of Control Benefits" and "Director Compensation" in the management information circular of Serabi dated May14, 2013 in respect of the annual and special meeting of shareholders to be held on June 19, 2013, which circular is incorporated by reference herein.

Indebtedness

None of the directors, senior officers or employees of Serabi, and no associate or affiliate of any such person, are or have been indebted to Serabi or its subsidiaries since the beginning of Serabi's last completed financial year.

Risk Factors

The operations of Serabi are subject to risks and uncertainties due to the nature of its business. An investment in Serabi Shares involves significant risks which should be carefully considered by potential investors. In addition to information set out elsewhere in this Circular, Kenai Shareholders should carefully consider the risk factors described under the heading "Risk Factors" in the Serabi AIF incorporated by reference in this Circular. The risks described in the Serabi AIF and elsewhere in this Circular are not the only risks facing Serabi. Additional risks not currently known to Serabi, or that Serabi currently considers immaterial, may also adversely affect Serabi's business, operations, financial results or prospects.

Legal and Regulatory Proceedings

There are no pending legal proceedings to which Serabi is or is likely to be a party or of which its subsidiary or properties are or are likely to be subject except as follows:

- Under Brazilian labour legislation former employees have two years in which to file any claim with the labour courts in respect of alleged unpaid compensation irrespective of whether the employee was dismissed or terminated their employment of their own accord. There are currently three known claims pending settlement. The average monthly salary of the claimants was below R$8,000 while the claims range between R$100 and R$1,282,310. The total of current claims is R$1,324,193. Based on previous experience it is Serabi's belief that settlement will be no more than 15% of the claimed figure and will be settled in instalments over a 12 to 18 month period.

- Serabi is also aware of two claims from parties from whom Serabi has secured land access rights. In the first of these the claimant is seeking payment of a royalty in respect of gold reserves identified by the Company on a parcel of land that is subject to a land access rights agreement. Serabi has not established any reserves or resources in this area and any royalty due under the contract is only payable once reserves of greater than 100,000 ounces have been reported. Serabi will vigorously defend the claim. The second claimant has submitted an action in respect of unpaid rent due under a land access rights agreement. Serabi has recommenced payment of the rental amounts due but is of the understanding that the claimant has in fact sold the ownership of the property to a third party and Serabi is taking legal advice regarding the lodgement of a counter claim.

- Serabi Mineração S.A., the operating subsidiary of Serabi, has been requested by the Tax Authorities for the State of Para, to provide supporting documentation in respect of certain tax reclaims made by Serabi Mineração dating back for six years. Serabi considers that it will be able to supply all necessary documentary evidence in respect of the claims made and that all claims made were in accordance with prevailing legislation. The total sum of the tax claims that are subject to this review is R$1.3 million.

Interests of Management and Others in Material Transactions

No director or executive officers of Serabi, and no person or company that is the direct or indirect beneficial owner of, or who exercises direction and control over, more than 10% of the issued and outstanding Serabi Shares or any of their respective associates or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or the current financial year that has materially affected or is reasonably expected to materially affect Serabi, other than the placement of 270,000,000 ordinary shares for gross proceeds of UK£16.2 million completed on January 17, 2013 pursuant to which Fratelli, a prior holder of 19.3% of the issued and outstanding Serabi Shares, acquired 167,079,647 additional Serabi Shares. As a result of the placement, Fratelli owns 184,695,647 Serabi Shares representing 51.1% of the issued and outstanding Serabi Shares.

Material Contracts

The only material contracts, other than those contracts entered into in the ordinary course of business, which Serabi has entered into since the beginning of the last financial year before the date of this Circular or entered into prior to such date but which is still in effect, are: (i) the Arrangement Agreement; (ii) the Facility Agreement; and (iii) those contracts identified under the heading "Material Contracts" in the Serabi AIF, which is incorporated by reference herein. For a description of the material terms of the Arrangement Agreement and the Facility Agreement, see "Arrangement Agreement" and "Facility Agreement", respectively, in this Circular.

Auditors, Transfer Agent and Registrar

PKF (UK) LLP were auditors of Serabi for the financial years ended December 31, 2012 and 2011 and provided audit reports on the consolidated financial statements for each of those years. On March 28, 2013 PKF(UK) LLP merged with BDP LLP and BDO LLP were appointed auditors to Serabi on May 7, 2013. Consent to the use of the below-mentioned audited consolidated financial statements of Serabi in this document is therefore being provided by BDO LLP.

The registrar and transfer agent in Canada for the Serabi Shares is Computershare Investor Services Inc at its principal offices in Toronto, Ontario. Computershare Investor Services PLC, Bristol, United Kingdom is the registrar and transfer agent for the Serabi Shares in the United Kingdom..

Serabi Documents Incorporated by Reference and Further Information

The following documents filed by Serabi with the Canadian Securities Authorities in the provinces in which it is a reporting issuer are specifically incorporated by reference into, and form an integral part of, this Circular with respect to the information set forth under "Information Concerning Serabi":

(a) Annual information form dated March 28, 2013, in respect of the financial year ended December 31, 2012 (the "**Serabi AIF**");

(b) Audited consolidated financial statements of Serabi as at December 31, 2012 and 2011, together with the notes thereto and the auditors' report thereon;

(c) Interim unaudited consolidated financial statements of Serabi for the three month period ended March 31, 2013, together with the notes thereto;

(d) Managements' discussion and analysis of the financial condition and results of operations of Serabi for the financial year ended December 31, 2012;

(e) Managements' discussion and analysis of the financial condition and results of operations of Serabi for the three-month period ended March 31, 2013;

(f) Management information circular dated May14, 2013 prepared in connection with the annual and special meeting of Serabi Shareholders to be held on June 19, 2013;

(g) Management information circular dated December 10, 2012 prepared in connection with the general meeting of Serabi shareholders held on January 16, 2013; and

(h) Material change report dated May 10, 2013 with respect to the Arrangement.

Any documents of the type referred to in Section 11.1 of Form 44-101 F1 – *Short Form Prospectus*, which may be filed by Serabi with a securities commission or similar regulatory authority in Canada after the date of this Circular and prior to the completion of the Arrangement in accordance with the terms of the Arrangement and the Arrangement Agreement will be deemed to be incorporated by reference into this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained in this Circular or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not constitute a part of this Circular, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Information has been incorporated by reference in this Circular from documents filed with various securities regulatory authorities in Canada. Copies of the documents incorporated by reference in this Circular regarding Serabi may be obtained by accessing Serabi's profile on SEDAR at www.sedar.com

INFORMATION CONCERNING THE COMBINED COMPANY

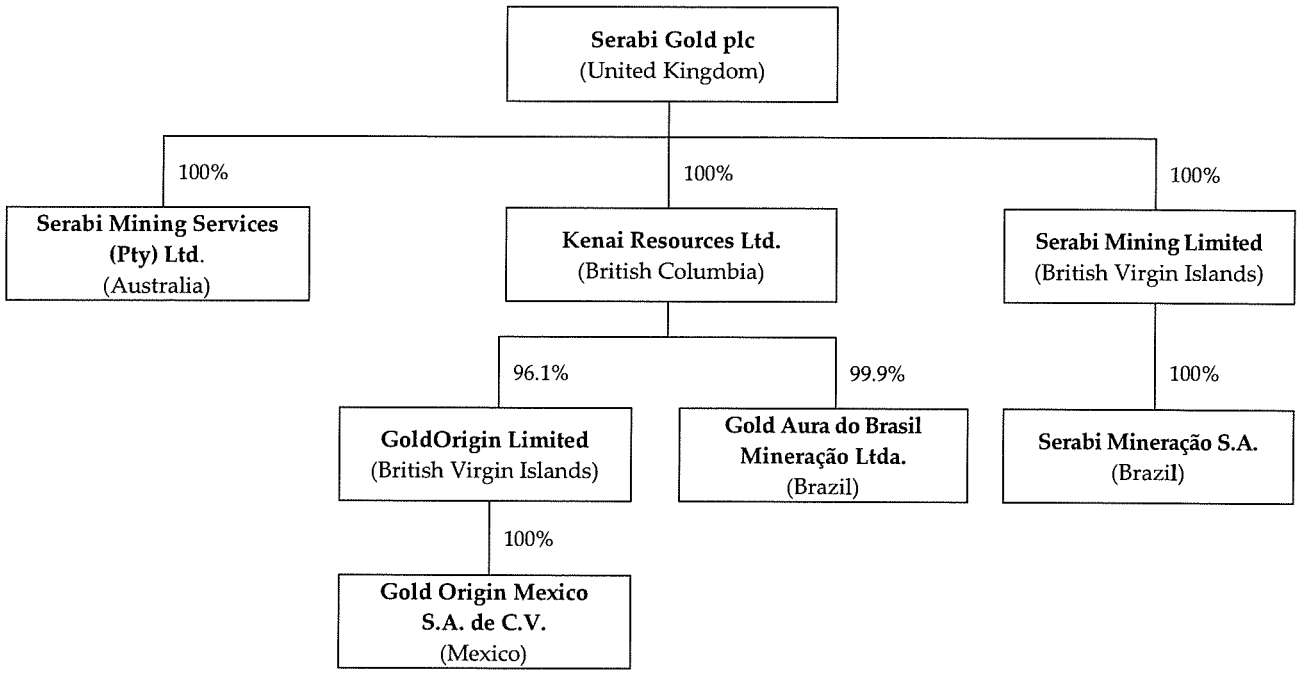
General

Upon completion of the Arrangement, Kenai will have amalgamated with Subco, and Serabi will own all of the outstanding shares of Amalco.

After completion of the Arrangement, the business and operations of Amalco (the company resulting from the amalgamation of Kenai and Subco) will be managed and operated as a subsidiary of Serabi. Serabi expects that the business and operations of Serabi and Kenai will be consolidated and the principal executive office of the Combined Company will be located at Serabi's current head office, being 30-32 Ludgate Hill, London, EC4M 7DR, United Kingdom.

Organizational Chart

The following chart shows the expected corporate structure of the Combined Company immediately following completion of the Arrangement:



Description of Business

Following completion of the Arrangement the Combined Company will hold the principal assets currently owned by Serabi and Kenai. The principal properties of the Combined Company will be the Jardim do Ouro Project, which includes the Palito gold mine (currently owned by Serabi) and the Sao Chico Gold Project (currently owned by Kenai), both of which are located in Tapajós Region, Para State, Brazil.

Further information regarding the Jardim do Ouro Project can be found in the Serabi AIF, which is incorporated by reference herein, and in the technical report dated June 28, 2012 by Rodrigo Mello, Geologist FAusIMM and Carlos Guzman, Mining Engineer, Registered Member of the Chilean Mining Commission, of NCL Ingeniearia y Construccion Ltda. and entitled "Preliminary Economic Assessment for the Jardim do Ouro Project, Para State, Brazil" (the "**Jardim do Ouro Report**").

Further information regarding the Sao Chico Gold Project can be found in this Circular under the heading "Information Concerning Kenai – Mineral Properties".

Directors and Officers

Concurrently with the completion of the Arrangement, with effect as of the Effective Time, Daniel Kunz will be appointed a director of Serabi.

Following completion of the Arrangement, the board of directors of the Combined Company will be comprised of nine directors, being the eight current members of the Serabi Board and one director, Daniel Kunz, from the current Kenai Board. Mr. T. Sean Harvey will continue to serve as Chairman of the board of directors of the Combined Company.

The following table sets forth the name, municipality of residence, anticipated position with the Combined Company, principal occupation and number of shares of the Combined Company which are expected to be

beneficially owned by each person who will be a director and/or an executive officer of the Combined Company upon completion of the Arrangement:

Name and Municipality of Residence	Expected Position with the Combined Company	Principal Occupation	Number of Shares of Combined Company Held
Michael J. Hodgson Cornwall, UK	Chief Executive Officer and Director	Chief Executive Officer of Serabi	441,320
Clive M. Line Surrey, UK	Chief Financial Officer, Secretary and Director	Chief Financial Officer of Serabi	766,653
T. Sean Harvey Ontario, Canada	Director	Businessman	1,200,000
Douglas Jones Perth, Western Australia	Director	Managing Director, Chalice Gold Mines Limited	100,000
Melvyn Williams Cheshire, UK	Director	Retired – Formerly Chief Financial Officer, Brigus Gold Corp.	295,000
Christopher Kingsman Lucerne, Switzerland	Director	Investment Manager	40,000,000(1)
Eduardo Rosselot Santiago, Chile	Director	Mining Engineer	-
Nicolas Bañados Santiago, Chile	Director	Managing Director – Private Equity of Megeve Investments	22,443,947(2)
Daniel Kunz Idaho, USA	Director	Chairman of Kenai	5,564,727(3)
Ulisses Melo Minas Gerais, Brazil	Country Manager, Brazil	General Manager, Brazil	-

(1) These shares are held by Anker Holding AG, a company of which Mr. Kingsman's spouse is the beneficial owner. Mr. Kinsman is director of Anker Holding AG.

(2) Mr. Bañados directly holds 144,282 Serabi Shares, and is also the beneficial owner of 50 percent of the shares of Asesorias e Inversiones Asturias Limitada, which beneficially owns (i) 159,665 Serabi Shares held directly and (ii) 25 percent of the units of Fondo de Inversion Privado Santa Monica, the holder of 22,140,000 Serabi Shares.

(3) Mr. Kunz currently owns, directly or indirectly, or exercises control or direction over, an aggregate of 6,546,738 Kenai Shares. Pursuant to the Arrangement, these Kenai Shares will be exchanged for an aggregate of 5,564,727 Serabi Shares.

The following are brief biographies of the executive officers and directors of the Combined Company.

Michael J Hodgson – Chief Executive Officer and Director

Mr. Hodgson has worked in the mining industry for over 20 years and has extensive international experience. Most recently he worked as chief operating officer and vice president technical services for Canadian-based

Orvana Minerals Corporation. Prior to that, he provided consulting services to a number of mining companies in Europe and South America. Previous appointments include manager of technical services and operations for TVX Gold Inc., mining technical consultant at ACA Howe International Ltd. and similar roles at Rio Tinto plc and Zambia Consolidated Copper Mines Ltd. He has, during his career, acquired extensive experience in narrow vein underground mining operations.

Originally qualified in mining geology, Mr. Hodgson is a Fellow of the Institute of Materials, Minerals and Mining, a Chartered Engineer of the Engineering Council of UK and a "Qualified Person" in accordance with the NI 43-101 – Standards of Mineral Disclosure for Mineral Projects.

Clive M Line – Chief Financial Officer, Secretary and Director

Mr. Line is a Chartered Accountant and has been involved in mining and natural resources companies since 1987, overseeing financial and legal issues for exploration and development projects in Africa, Europe and the former Soviet Union. Having worked with Price Waterhouse in both the UK and Australia, he joined Cluff Resources plc in 1987, where he was finance director prior to joining the privately owned Quest Petroleum Group in a similar position in 1993. Following the sale of this group, he became involved with both Eurasia Mining plc and Northern Petroleum plc, both of which were admitted to AIM in 1996. He has also worked within one of the world's largest marketing services groups operating as a divisional finance director.

Mr. Line has an Honours degree in Accounting and Finance and is a member of the Institute of Chartered Accountants of England and Wales.

T. Sean Harvey – Director and Non-Executive Chairman

Mr. Harvey has over 10 years investment banking and merchant banking experience, primarily focused on the basic industry (mining) sector and for the last 10 years has held senior executive and board positions with various mining companies. Mr. Harvey was President and CEO of Orvana Minerals Corp. from 2005 to 2006. Previously, he was President and CEO of TVX Gold at the time of its sale to Kinross Gold in 2003 and, subsequent to that, was President and CEO of Atlantico Gold, a private company involved in the development of the Amapari Project in Brazil that was sold to Wheaton River Minerals Ltd. (presently Goldcorp Inc.). Mr. Harvey also currently sits on the board of directors of several other mining companies.

Mr. Harvey has an Honours B.A. in economics and geography and an M.A. in economics, both from Carleton University. He also has an LL.B from the University of Western Ontario and an M.B.A. from the University of Toronto. He is a member of the Law Society of Upper Canada.

Douglas Jones – Director

Mr. Jones is a geologist with 35 years' experience in international mineral exploration, having worked extensively in Australia, Africa, the Americas and Europe. His career has covered exploration for gold in a wide range of geological settings, volcanic and sediment-hosted zinc-copper-lead and IOCG style copper-gold deposits. As Vice President, Exploration for Golden Star Resources Limited from 2003 to 2007, he had oversight of that company's exploration activities in Brazil and has reviewed opportunities in the Tapajos region of Brazil. He is currently the Technical Director of Chalice Gold Mines Limited a gold exploration company listed on the Australian Stock Exchange ("**ASX**") and the TSX and is also a non-executive director of ASX-listed Liontown Resources Limited and TSX and AIM-listed Minera IRL Limited.

Mr Jones has a BSc in Geology from the University of New England and received his Doctorate from the same university in 1987.

Melvyn Williams – Director

Mr. Williams was, until June 2011, the Chief Financial Officer and Senior Vice President of Finance and Corporate Development of Brigus Gold Corp. Mr. Williams has over 30 years of financial experience, much of that time spent within the mining industry. From November 2003 through January 2004, Mr. Williams served as Chief Financial Officer of Atlantico Gold, a private Brazilian mining company which held the Amapari gold project, and was sold to Wheaton River Minerals Ltd. in January 2004. From 2000 to November 2003, he served as Chief Financial Officer of TVX Gold Inc., a gold mining company with five operating mines and an advanced development project in Greece. His background also includes services with Star Mining Corporation, LAC North America, Riominas LSDA and Rossing Uranium, (both of which are Rio Tinto subsidiaries).

Mr. Williams is a Chartered Certified Accountant and received an MBA from Cranfield in the United Kingdom. Mr Williams is also a director of Western Troy Capital Resources.

Christopher Kingsman – Director

Mr. Kingsman has worked in investment management since graduating from Cambridge University in 1998. He began his career at Fidelity Investments in London and worked during 1998 to 2005 for both fundamentally and macro focused investment firms. Since 2005 he has managed a private family office, including significant stakes and directorships in private companies, as well as managing a non-profit company. His current directorships are in the areas of investment management, business research, real estate and the charitable sector.

Mr. Kingsman has an MA Cantab, having read Social & Political Studies at St. John's College, Cambridge. He also holds the IIMR investment management certificate.

Eduardo Rosselot – Director

Mr. Rossellot is a mining engineer with 25 years' experience in the mining industry, having worked extensively in the Americas and Europe. Currently he works as an independent consultant for various mining companies and mining funds mainly in South America, and is a partner of the privately owned mining company HMC Gold SCM, with development projects in Chile. Prior to that he worked as Vice President, Business Development and Special Projects for Orvana Minerals Corp. Previous appointments include senior positions with European Goldfields Ltd. and TVX Gold Inc. Prior to that he was a partner of the South American based mining consultancy firm NCL Ingeniería y Construcción Ltd.

Mr. Rosselot has a Mining Engineer degree from Universidad de Chile, and is a member of the Institute of Materials, Minerals and Mining, a Chartered Engineer of the Engineering Council of UK and a "Qualified Person" in accordance with NI 43-101.

Nicolas Bañados – Director

Mr Bañados is an attorney-in-fact of Fratelli Investments, the controlling shareholder of Serabi. Mr Bañados graduated from the Catholic University of Chile in 2000 and from 2001 until 2003 he was an investment analyst of the Research Department at Consorcio Vida Life Insurance Company. In 2003 Mr Bañados joined Fratelli Investments, and its non-discretionary fund manager, Megeve Investments, as Portfolio Manager. Between 2005 and 2007 he completed an MBA at The Wharton School, University of Pennsylvania. Following completion of his MBA, Mr. Bañados re-joined Fratelli Investments and Megeve Investments, as Vice President and subsequently as Managing Director of Private Equity.

Mr. Bañados is also a director of Halderman Mining Company, which operates a copper and a gold mine in Chile, and is also a director of Mineral Las Cerizas, which operates three copper mines in Chile.

Daniel Kunz – Director

Mr. Kunz, Boise, Idaho, has over 30 years of experience in areas of engineering, management, accounting, finance and operations. Mr. Kunz holds a Masters of Business Administration, Bachelor of Science in Engineering Science and an Associate of Accounting degree. Mr. Kunz has held positions in Ivanhoe Mines (President), MK Gold Company (President & CEO) and Morrison Knudsen Corporation (Vice President & Controller, and as CFO to the Mining Group).

Ulisses Melo – General Manager Brazil

Mr. Melo, who was previously the Chief Financial Officer of Serabi Mineraçao SA in Brazil, took over the role of General Manager in April 2009. He has overall responsibility for the day-to-day affairs of Serabi Mineraçao SA. Prior to joining Serabi, Mr. Melo spent five years working with the international accounting firm Arthur Andersen and a further 10 years working with Samarco Mineracao, Companhia de Fomento Mineral and Rio Capim Caulim S/A as controller and finance director.

Mr. Melo is a graduate in Economics and Business Administration from the University of PUC Minas Gerais and holds a MBA from the University of Fundação Dom Cabral.

Capital Structure

The authorized capital of the Combined Company following the Arrangement will continue to be as described under the heading "Information Concerning Serabi – Capital Structure" and the rights and restrictions of the Serabi Shares will remain unchanged. The issued share capital of Serabi will change as a result of the consummation of the Arrangement, to reflect the issuance of the Serabi Shares contemplated in the Arrangement. It is expected that upon completion of the Arrangement, the Combined Company will have the following shares outstanding:

Designation of Security	Amount authorized to be issued	Amount outstanding after giving effect to the Arrangement[1][2][3]
Ordinary Shares	733,735,776 ordinary shares of 5 pence each	456,389,252
Deferred Shares	140,139,065 deferred shares of 9.5 pence each	140,139,065

(1) This figure includes the 90,020,723 Serabi Shares to be issued to Kenai Shareholders in exchange for existing Kenai Shares pursuant to the Arrangement and 5,100,000 Serabi Shares to be issued to Gold Anomaly pursuant to the share purchase agreement between Kenai and Gold Anomaly with respect to the Sao Chico Gold Project.

(2) Excludes (i) approximately 2,533,000 Serabi Shares issuable upon exercise of the Replacement Warrants; (ii) 20,875,785 Serabi Shares issuable upon exercise of stock options of Serabi; and (iii) 12,840,033 Serabi Shares issuable upon exercise of share purchase warrants of Serabi.

(3) Assumes that no Dissent Rights are exercised.

Fully Diluted Share Capital

The following table sets out the fully diluted share capital of the Combined Company after giving effect to the Arrangement:

	Number of Serabi Shares	Percentage of Total
Pre-Arrangement Serabi Shares	361,268,529	73.33%
Serabi Shares issued to Kenai Shareholders pursuant to the Arrangement	95,120,723[1][2]	19.31%
Serabi Shares reserved for issuance upon exercise of existing stock options of Serabi	20,863,285	4.24%
Serabi Shares reserved for issuance upon exercise of Replacement Options issued to Kenai Optionholders pursuant to the Arrangement	2,533,000	0.51%
Serabi Shares reserved for issuance upon exercise of ordinary share purchase warrants of Serabi	12,840,033	2.61%
	492,625,570	**100.00%**

(1) Assumes no exercise of Dissent Rights.

(2) Includes 90,020,723 Serabi Shares to be issued to Kenai Shareholders in exchange for existing Kenai Shares pursuant to the Arrangement and 5,100,000 Serabi Shares to be issued to Gold Anomaly pursuant to the share purchase agreement between Kenai and Gold Anomaly with respect to the Sao Chico Gold Project.

To the knowledge of Serabi, following completion of the Arrangement, there will be no person or company that beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Combined Company carrying 10% or more of the voting attached to any class of voting securities of the Combined Company, except as follows:

Name of Shareholder	Number of Serabi Shares Beneficially Owned, Controlled or Directed (Directly or Indirectly)	Percentage of Issued and Outstanding Serabi Shares (after giving effect to the Arrangement)
Fratelli Investments Limited	184,695,647	40.47%

Risk Factors

The risk factors set out under the headings "Risk Factors – Risk Relating to Serabi and the Combined Company" and "Information Concerning Serabi – Risk Factors" in this Circular, as well as risks not currently known to Serabi, could materially adversely affect the Combined Company's future business, operations and financial condition and could cause them to materially differ from the estimates described in the forward-looking statements in this Circular relating to Serabi and the Combined Company.

Selected Unaudited Pro Forma Financial Information

Certain selected pro forma consolidated financial information is set forth in the following table. Such information is extracted from and should be read in conjunction with the unaudited pro forma financial statements of Serabi after giving effect to the Arrangement and the accompanying notes thereto attached as Appendix 5 to this Circular. Certain adjustments have been made to prepare the unaudited pro forma consolidated financial statements of Serabi, which adjustments are based on certain assumptions. Both the adjustments and the assumptions made in respect thereof are described in the notes to the unaudited pro forma consolidated financial statements.

The unaudited pro forma financial statements are presented for illustrative purposes only and are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the Arrangement actually occurred at the times indicated. Actual amounts recorded upon consummation of the Arrangement will differ from the pro forma information presented below. No attempt has been made to calculate or estimate potential synergies between Serabi and Kenai.

Pro Forma Consolidated Statement of Financial Position

	Serabi (unaudited) as at March 31, 2013 (US$)	**Kenai (unaudited) as at March 31, 2013 (US$)**	**Pro Forma Adjustments (unaudited) (US$)**	**Pro Forma Consolidated (unaudited) as at March 31, 2013 (US$)**
Current assets	21,881,077	192,482	-	22,073,559
Non-current assets	46,883,845	8,279,535	5,635,959	60,799,339
Total assets	**68,764,922**	**8,472,017**	**5,635,959**	**82,872,898**
Current liabilities	2,703,692	208,223	-	2,911,915
Non-current liabilities	2,153,832	-	1,430,000	3,583,832
Total liabilities	**4,857,524**	**208,223**	**1,430,000**	**6,495,747**
Shareholder's equity	**63,907,398**	**8,263,794**	**4,205,959**	**76,377,151**

Pro Forma Consolidated Income Statement

For the three months ended March 31, 2013 (unaudited)

	Serabi (US$)	**Kenai (US$)**	**Pro Forma Adjustments (US$)**	**Pro Forma Consolidated (US$)**
Revenue from ordinary activities	-	-	-	-
Operating expenses	-	-	-	-
Loss from operations	-	-	-	-
Administration expenses	908,753	149,736	-	1,058,489
Share based payments	47,846		-	47,846
Write-off of past exploration costs	-	-	-	-
Depreciation of plant & equipment	107,667	-	-	107,667
Gain on asset disposals	-	-	-	-
Depreciation of mine asset	-	-	-	-
Loss on ordinary activities before interest and other income	**1,064,266**	**149,736**	-	**1,214,002**
Foreign exchange (gain) / loss	255,218	-	-	255,218

	Serabi (US$)	Kenai (US$)	Pro Forma Adjustments (US$)	Pro Forma Consolidated (US$)
Interest payable	42,499	-	-	42,499
Interest receivable	(2,757)	(797)	-	(3,554)
Loss on ordinary activities before taxation	**1,359,226**	**148,939**	-	**1,508,165**
Income tax expense	-	-	-	-
Loss for the period from continuing activities	**1,359,226**	**148,939**	-	**1,508,165**
Other comprehensive income (net of tax)				
Exchange differences on translating foreign operations	(609,475)	-	-	(609,475)
Total comprehensive loss for the period	**749,751**	**148,939**	-	**898,690**
Loss per share (basic and diluted)	**(0.43c)**	**(0.14c)**	-	**(0.37c)**

For the financial year ended December 31, 2012 (unaudited)

	Serabi (US$)	Kenai (US$)	Pro Forma Adjustments (US$)	Pro Forma Consolidated (US$)
Revenue from ordinary activities	-	-	-	-
Operating expenses	477,961	-	-	477,961
Loss from operations	**477,961**	-	-	**477,961**
Administration expenses	2,513,272	692,428	-	3,205,700
Share based payments	128,882	92,093	-	220,975
Deferred asset write-off	267,703	790,054	-	1,057,757
Depreciation of plant & equipment	891,101	-	-	891,101
(Gain) / Loss on Asset Disposals	(18,456)	-	-	(18,456)
Depreciation of mine asset	-	-	-	-
Loss on ordinary activities before interest and other income	**4,260,463**	**1,574,575**	-	**5,835,038**
Foreign exchange (gain) / loss	(73,141)	2,528	-	(70,613)
Interest payable	555,835	3,344	-	559,179
Interest receivable	(6,171)	-	-	(6,171)
Loss on ordinary activities before taxation	**4,736,986**	**1,580,447**	-	**6,317,433**
Income tax expense	-	-	-	-
Loss for the period from continuing activities	**4,736,986**	**1,580,447**	-	**6,317,433**
Other comprehensive income (net of tax)				
Exchange differences on translating foreign operations	3,531,144	-	-	3,531,144
Total comprehensive loss for the period	**8,268,130**	**1,580,447**	-	**9,848,577**
Loss per share (basic and diluted)	**(5.29c)**	**(1.77c)**	-	**(3.42c)**

Auditors, Transfer Agent and Registrar

The auditors of Serabi following completion of the Arrangement will continue to be BDO LLP. The transfer agent and registrar for Serabi following the Arrangement will continue to be Computershare Investor Services Inc. in Canada and Computershare Investor Services plc in the United Kingdom.

COMPARISON OF SHAREHOLDER RIGHTS

On completion of the Arrangement, Kenai Shareholders will become Serabi Shareholders. Since Serabi is incorporated under the laws of England and Wales, the rights of Serabi Shareholders are governed by the applicable laws of England, including the Companies Act 2006 (the "**UKCA**"), and by Serabi's memorandum and articles of association, as amended. Since Kenai is a British Columbia company, the rights of Kenai Shareholders are governed by the BCBCA and by Kenai's articles of incorporation and notice of articles.

The following is a summary of the material differences between the rights of Kenai Shareholders and the rights of Serabi Shareholders. This summary is not a complete comparison of rights that may be of interest, and Kenai Shareholders should therefore read the full text of the articles of incorporation and notice of articles of Kenai and the memorandum and articles of association of Serabi, which documents are available on the respective companies' profiles on SEDAR at www.sedar.com.

	Kenai Shareholder Rights	**Serabi Shareholder Rights**
Authorized Share Capital	Kenai's authorized share capital consists of an unlimited number of common shares without par value and without special rights and restrictions.	Serabi has an authorized capital of £50,000,000 divided into 733,735,776 ordinary Shares of 5 pence each and 140,139,065 deferred Shares of 9.5 pence each.
Voting Rights	Unless a poll is directed by the chair of a meeting of the shareholders or demanded by a shareholder with the right to vote, motions are voted on by a show of hands with each person having one vote (regardless of the number of shares such person is entitled to vote). If voting is conducted by poll, each person is entitled to one vote for each share such person is entitled to vote.	Voting rights may be specified in a company's articles of association. Generally, a holder of ordinary shares has the right to vote at a general meeting of the company and on a vote by show of hands is entitled to a single vote. In circumstances where a poll is called, each shareholder has one vote for every share he or she owns. The following have the right to demand a poll vote: (a) not less than five shareholders having a right to vote on a resolution; (b) shareholders representing not less than 10% of the total voting rights of all shareholders having the right to vote on a resolution; or (c) shareholders holding shares in the company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the shares conferring that right.

	Kenai Shareholder Rights	Serabi Shareholder Rights
Notice of Shareholder Meetings	Under the BCBCA, notice of a general meeting of a corporation's shareholders must be given to the shareholders entitled to vote (and the directors and auditors) at least 21 days before the date of the meeting.	Under the UKCA, notice of an annual and general meeting of a company must be given to the shareholders entitled to vote at least 21 days prior to the date of the meeting. Serabi's articles of association provided that in the case of any other general meeting, notice must be given to shareholders at least 14 days prior to the meeting if certain other conditions specified by the UKCA are satisfied. Notwithstanding the foregoing, in satisfaction of Serabi's obligations as a "reporting issuer" under Canadian Securities Law, notice of any shareholder meeting must be given at least 21 days prior to the date of the meeting.
Shareholder Approval of Business Combinations; Fundamental Changes	Under the BCBCA, certain extraordinary company alterations such as changes to authorized share structure, continuances out of province, certain mergers, sales, leases or other dispositions of all or substantially all of the business of a company (other than in the ordinary course of business) liquidations, dissolutions, and certain arrangements are required to be approved by special resolution. A special resolution is a resolution (i) passed by not less than two-thirds of the votes cast by the shareholders who voted in respect of the resolution at a meeting duly called and held for that purpose or (ii) signed by all shareholders entitled to vote on the resolution. In certain cases, an action that prejudices, adds restrictions to or interferes with a right or special right attached to issued shares of a class or series of shares must be approved separately by the holders of the class or series of shares being affected by special resolution.	Under the UKCA, certain special transactions or corporate actions, such as amendments to a company's articles, name changes, reductions in capital, mergers, divisions or the winding-up of a company, must be approved by a majority in number, representing 75% in value, of each class of members of each of the companies involved in the transaction, present and voting either in person or by proxy at a meeting.
Appraisal Rights and Dissent Rights;	*Appraisal and Dissent Rights* The BCBCA provides that shareholders of a company are entitled to exercise dissent	*Appraisal and dissent rights* Under the UKCA, shareholders do not have the right to dissent in respect of certain

	Kenai Shareholder Rights	Serabi Shareholder Rights
Oppression Remedy; Compulsory Acquisition	rights in respect of certain matters and to be paid the fair value of their shares in connection therewith. The dissent right is applicable where the company resolves to (i) alter its articles to alter the restrictions on the powers of the company or on the business it is permitted to carry on; (ii) approve certain mergers; (iii) approve an arrangement, where the terms of the arrangement permit dissent; (iv) sell, lease or otherwise dispose of all or substantially all of its undertaking; or (v) continue the company into another jurisdiction.	transactions and be paid the fair falue of their shares. However, a shareholder of a company may bring an "unfair prejudice" claim against the company in respect of mergers and consolidations. One possible remedy that may be awarded is that the company would be required to purchase the shares of a complaining shareholder at a fair value estimation.
	Oppression Remedy The BCBCA's oppression remedy enables a court to make almost any order to rectify the matters complained of if the court is satisfied upon application by a shareholder that the affairs of the company are being conducted in a manner that is oppressive, or that some action has been or may be taken which is unfairly prejudicial. The oppression remedy provides the court with extremely broad and flexible jurisdiction to intervene in corporate affairs to protect shareholders. While conduct that is in breach of fiduciary duties of directors or that is contrary to the legal right of a complainant will normally trigger the court's jurisdiction under the oppression remedy, the exercise of that jurisdiction does not depend on a finding of a breach of such legal and equitable rights.	*Oppression Remedy* Under the UKCA, a shareholder may apply to the court for an order that the company's affairs are being conducted in a matter that is unfairly prejudicial to its interests or the interests of some or all of the shareholders, or that an actual or proposed act or omission of the company is or would be so prejudicial. The court may make such order as it thinks fit, including, without limitation, an order to regulate the company's affairs in the future; to require the company to refrain from doing or continuing the act complained of, or to do an act that the shareholder has complained it has omitted to do; and to authorize civil proceedings to be brought in the name of and on behalf of the company;
	Compulsory Acquisition The BCBCA provides that, in the event of a takeover offer, within four months after the making of the offer, the offer is accepted by the holders of not less than 90% of the shares (other than the shares held by the offeror or an affiliate of the offeror) of any class of shares to which the offer relates, the offeror is entitled, upon giving proper notice, to acquire (on the same terms on	*Compulsory acquisition* The UKCA similarly gives a takeover bidder who has already acquired or is contractually engaged to acquire 90% of a company's shares of a certain class the right, upon giving proper notice, to compulsorily buy out the remaining holders of shares of that class who did not accept the offer.

	Kenai Shareholder Rights	Serabi Shareholder Rights
	which the offeror acquired shares under the take-over bid) the shares held by those holders of shares of that class who did not accept the offer.	
Shareholder Consent to Action Without a Meeting	Under the BCBCA, shareholder action without a meeting may be taken by a consent resolution of shareholders provided that it satisfies all the requirements relating to meetings of shareholders set forth in the company's articles, the BCBCA and the regulations.	Pursuant to recent amendments to the UKCA, public companies are no longer permitted to take action by written resolution; rather, all actions requiring shareholder approval must be approved at meeting duly called for such purpose. Serabi has proposed certain amendments to its articles of association to reflect these amendments.
Special Meetings of Shareholders	Under the BCBCA, the holders of not less than 5% of the issued shares of a company that carry the right to vote at a general meeting may requisition that the directors call a meeting of shareholders. Upon meeting the technical requirements set out in the BCBCA, the directors must call a meeting of shareholders to be held not more than four months after receiving the requisition. If the directors do not call such a meeting within 21 days after receiving the requisition, the requisitioning shareholders or any of them holding in aggregate more than 2.5% of the issued shares of the company that carry the right to vote at general meetings may call the meeting.	Under the UKCA, the holders of not less than 10% of the paid up capital or votes of a company may requisition that the directors call a meeting of shareholders. Upon meeting the technical requirements set out in the UKCA, the directors must send notice of a meeting of shareholders within 21 days after receiving the requisition, to be held within 28 days of the notice. If this is not done, the requisitioning shareholders or any of them holding in aggregate more than 5% of the paid up capital or votes of a company may call the meeting.
Distributions and Dividends; Repurchases and Redemptions	Under the BCBCA, a company may pay a dividend by issuing shares or warrants. A company may also pay a dividend in money or property unless there are reasonable grounds for believing that the company is insolvent, or the payment of the dividend would render the company insolvent. The purchase or other acquisition by a company of its shares is generally subject to solvency tests similar to those applicable to the payment of dividends, as set out above.	Under the UKCA, a company may make a distribution of assets to its members, in cash or otherwise. This distribution may only be made out of profits available for such purpose. As defined in the UKCA, a company's profits available for distribution are its accumulated, realized profits, so far as not previously utilized by distribution or capitalisation, less its accumulated, realized losses, so far as not previously written off in a reduction or reorganisation of capital duly made.

	Kenai Shareholder Rights	Serabi Shareholder Rights
Number of Directors; Vacancies on the Board of Directors	The BCBCA provides that a public company must have at least three directors. Kenai's articles provide that it may have a minimum of three directors and a maximum that is set by the most recent of (i) an ordinary resolution of shareholders or (ii) the number of elected and continued directors following a meeting of the shareholders at which directors were elected. Kenai's articles also provide that the directors may appoint one or more directors to hold office until the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders. Under the BCBCA, a vacancy among the directors created by the removal of a director may be filled by the shareholders at the meeting at which the director is removed or, if not filled by the shareholders at such meeting, by the shareholders or by the remaining directors. In the case of a casual vacancy under the BCBCA, the remaining directors may fill the vacancy. Kenai's articles provide that if the company has no directors or fewer directors in office than the number set in the articles as the quorum of directors, the shareholders may elect or appoint directors to fill such vacancies.	The UKCA provides that a public company must have at least two directors, one of which must be a natural person. Serabi's articles of association provide for a minimum of two directors and for a maximum of twelve. Under the UKCA, a vacancy among the directors created by the removal of a director may be filled by the shareholders at the meeting at which the director is removed or, if not filled by the shareholders at such meeting, the vacancy may be filled by the directors as a casual vacancy. Serabi's articles of association provide that the company may fill a vacancy or add to the existing directors by ordinary resolution.
Constitution and Residency of Directors	The BCBCA does not place any residency restrictions on the boards of directors.	The UKCA does not place any residency restrictions on the boards of directors.
Removal of Directors; Terms of Directors	The BCBCA and Kenai's articles allow for the removal of a director by special resolution. Kenai's articles provide that the directors may remove any director and make an appointment to fill the resulting vacancy if a director (i) is convicted of an indictable	The UKCA and Serabi's articles of association allow for the removal of a director by ordinary resolution of which special notice has been given. Serabi's articles of association provide that the directors fill any resulting vacancy as a

	Kenai Shareholder Rights	Serabi Shareholder Rights
	offence, or (ii) ceases to be qualified to act as a director and does not promptly resign. Kenai's articles provide that all directors cease to hold office immediately before the election or appointment of directors at every annual general meeting (or every unanimous resolution in place of an annual general meeting), but that such directors are eligible for re-election or reappointment.	casual vacancy. Serabi's articles of association provide that no director shall continue to hold office as a Director after the third annual meeting following his election or re-election, as the case may be, without submitting himself for re-election at the said third annual meeting.
Indemnification of Directors and Officers	Under the BCBCA, a company may indemnify a director or officer, a former director or officer or a person who acts or acted at the company's request as a director or officer, or an individual acting in a similar capacity, of another entity (an "indemnifiable person") against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal, administrative, investigative or other proceeding in which he or she is involved because of that association with the company or other entity, if: (i) the individual acted honestly and in good faith with a view to the best interests of such company or the other entity, as the case may be; and (ii) in the case of a proceeding other than a civil proceeding, the individual had reasonable grounds for believing that the individual's conduct was lawful. A company cannot indemnify an indemnifiable person if it is prohibited from doing so under its articles, even if it had agreed to do so by an indemnification agreement (provided that the articles prohibited indemnification when the indemnification agreement was made). As permitted by the BCBCA, Kenai's articles require Kenai to indemnify directors or former directors (and such individual's respective heirs and personal representatives) against all eligible	Under the UKCA, a company is generally permitted to indemnify directors against liability incurred to a person other than the company or an associated company. The provision must not provide any indemnity for fines imposed in criminal proceedings, sums payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature, or for any liability incurred in defending criminal proceedings which led to a conviction, or in defending civil proceedings brought by the company, or an associated company, which led to an adverse judgment, or in connection with a denied application for relief. As permitted by the UKCA, Serabi's articles of association require Serabi to indemnify every director, alternate director, secretary or other officer of the company against all costs, charges, losses, expenses and liabilities incurred in such position.

	Kenai Shareholder Rights	Serabi Shareholder Rights
	penalties. Kenai's articles also permit the indemnification of any person, and the purchase and maintenance of insurance for directors or officers of Kenai or other individuals who, at Kenai's request, act or acted as directors or officers or in a similar capacity of another entity against any liability incurred in such position, subject to the BCBCA.	
Derivative Actions	Any Kenai shareholder (including a beneficial shareholder and any other person that the court considers to be an appropriate person to make such an application) may apply to the court for leave to bring an action in the name of and on behalf of Kenai or any subsidiary, or to intervene in an existing action to which Kenai or a subsidiary is a party, for the purpose of prosecuting or defending an action on behalf of Kenai or its subsidiary. Under the BCBCA, the court may grant leave if: (i) the shareholder has made reasonable efforts to cause the directors of the company to prosecute or defend the action; (ii) notice of the application for leave has been given to the company or its subsidiary and any other person that the court may order; (iii) the shareholder is acting in good faith; and (iv) it appears to the court to be in the interests of the company or its subsidiary for the action to be brought, prosecuted or defended. Under the BCBCA, the court in a derivative action may make any order it determines to be appropriate. In addition, under the BCBCA, a court may order a company or its subsidiary to pay the shareholder's interim costs, including legal fees and disbursements. However, the shareholder may be held accountable for the costs on final disposition of the action.	A derivative action may be brought pursuant to the Act in respect of a cause of action arising from an actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by a director of a company (for these purposes, a director includes a former director and a shadow director.) It is immaterial whether the cause of action arose before or after a person seeking to bring or continue the derivative claim become a shareholder of the company. The UKCA, to a large extent, has codified and supplemented the English common law position on derivative actions. A shareholder who brings a claim must request permission from the court to continue such a claim. The court is required to consider the issue on the basis of the evidence filed by the shareholder and if the court finds that the evidence filed does not disclose a prima facie case for giving permission it must dismiss the application and make such consequential order as it considers appropriate. Permission must be refused if the court is satisfied that a person acting in accordance with the general duty to promote the success of the company would not continue the claim, or where the act or omission has been ratified or authorized by the company.

	Kenai Shareholder Rights	Serabi Shareholder Rights
		The court must take into account the following additional factors in deciding whether to give permission: (a) whether the shareholder is acting in good faith in seeking to continue the claim; and (b) whether the claimant could pursue the claim in his or her own right rather than on behalf of the company. If the derivative action is successful, any damages are awarded to the company.
Shareholder Proposals	Under the BCBCA, a proposal may be made by certain registered or beneficial holders of shares entitled to be voted at an annual meeting of shareholders. To be eligible to submit such a proposal, a shareholder must, among other items, be the registered or beneficial holder of, or have the support of the registered or beneficial holders of, (i) at least 1% of the total number of outstanding voting shares of the company; or (ii) voting shares whose fair market value is at least $2,000, and must have held such shares for an uninterrupted period of at least two years. A proposal under the BCBCA must include the name and address of the person submitting the proposal, the names and addresses of the person's supporters and the number of shares of the company, carrying the right to vote at annual general meetings that are owned by such person(s). If the proposal is submitted at least three months before the anniversary date of the previous annual meeting and the proposal meets other specified requirements, the company is required to set out the proposal in its management proxy circular, including the names of those persons supporting the proposal, if such information has been provided to the company. The company is permitted to refuse to process a shareholder proposal in certain	Under the UKCA, shareholders can propose resolutions at a general meeting convened by them. In addition, a company is required to circulate with the notice of a general meeting, a statement of not more than 1,000 words with respect to a matter referred to in a proposed resolution to be dealt with at that meeting after receiving a request to do so from a shareholder or shareholders representing at least 5% of the total voting rights of all shareholders who have a right to vote or at least 100 shareholders who have a right to vote and who hold shares in the company in respect of which there has been paid an average sum, per shareholder, of at least £100.

	Kenai Shareholder Rights	Serabi Shareholder Rights
	circumstances. In such cases, the company must notify the person making such proposal in writing within 21 days after its receipt of the proposal of its decision in relation to the proposal and the reasons therefor. In such event, the person submitting the proposal may make application to a court for a review of the company's decision.	
Inspection of Books and Records	Under the BCBCA, directors and shareholders may, without charge, inspect certain records of the company. Former shareholders and directors may also inspect certain records, free of charge, but only those records pertaining to the times that they were shareholders or directors. Public companies must allow all persons to inspect certain records of the company free of charge. As permitted by the BCBCA, Kenai's articles prohibit shareholders from inspecting or obtaining any accounting records of the company, unless the directors determine otherwise, or unless otherwise determined by ordinary resolution.	Under the UKCA, a company's register of shareholders must be kept available for inspection at its registered office or such other place as it may specify in compliance with the UKCA. The register must be open to inspection by any shareholder of the company without charge and to any other person on payment of such fee as may be prescribed. If a person wishes to inspect or obtain a copy of the register, he or she must make a request to the company which must contain specified information including the purpose for which the information is to be used.
Amendment of Constating Documents	Under the BCBCA, a company may amend its articles or notice of articles by (i) the type of resolution specified in the BCBCA, (ii) if the BCBCA does not specify a type of resolution, then by the type specified in the company's articles, or (iii) if the company's articles do not specify a type of resolution, then by special resolution. The BCBCA permits many substantive changes to a company's articles (such as a change in the company's authorized share structure or a change in the special rights or restrictions that may be attached to a certain class or series of shares) to be changed by the resolution specified in that company's articles.	The UKCA provides that a company's articles of association may be amended by a special resolution, being a resolution passed by a majority of not less than 75%. A company's articles may contain a provision ("provisions for entrenchment") to the effect that specified provisions of the articles may be amended or repealed only if conditions are met, or procedures are complied with, that are more restrictive than those applicable in the case of a special resolution. Serabi's articles do not currently contain any such provisions for entrenchment.

Kenai Shareholder Rights	Serabi Shareholder Rights
Kenai's articles provide that a change of the company's name, certain changes to the company's share structure and any creation or alteration of special rights and restrictions to a series or class of shares be done by way of special resolution. The articles also provide that, if the BCBCA or the articles do not specify the type of resolution required for a particular change to its articles, the company may effect such change by ordinary resolution.	

RISK FACTORS

Kenai Shareholders should understand that if the Arrangement is completed, all Kenai Shareholders will receive Serabi Shares pursuant to the Arrangement and become shareholders of Serabi. As a result, Kenai Shareholders will be subject to all of the risks associated with the operations of Serabi and its subsidiaries and the industry in which such entities operate. Those risks include the risk factors described under Serabi's Annual Information Form for the year ended December 31, 2012, as may be updated by subsequent Management's Discussion and Analysis for the three-month period ended March 31, 2013, each of which is incorporated by reference herein.

Risks Relating to the Arrangement

The Arrangement is subject to conditions to closing that could result in the Arrangement being delayed or not consummated, or can be terminated in certain circumstances, each of which could negatively impact Kenai's stock price and future business and operations.

The Arrangement is subject to conditions to closing as set forth in the Arrangement Agreement, including obtaining the requisite approval of the Kenai Shareholders and the approval of the Court. In addition, each of Serabi and Kenai has the right, in certain circumstances, to terminate the Arrangement Agreement. See "The Arrangement Agreement – Termination" for a summary of such conditions and termination rights. If the Arrangement Agreement is terminated or any of the conditions to the Arrangement are not satisfied and, where permissible, not waived, the Arrangement will not be consummated. Failure to consummate the Arrangement or any delay in the consummation of the Arrangement or any uncertainty about the consummation of the Arrangement may adversely affect Kenai's share price or have an adverse impact on Kenai's future business operations. Moreover, if Kenai Shareholders do not approve the Arrangement Resolution, under the terms of the Facility Agreement, Serabi will be entitled to demand repayment of the loan and Kenai will be required to repay all amounts outstanding under the Facility within 90 days of such demand. Failure to repay all amounts owing under the Facility Agreement may lead to Serabi taking possession of Kenai's assets and liquidating the same, which could result in Kenai losing all interests in the Sao Chico Gold Project. See "The Facility Agreement" for a summary of the terms and conditions of the Facility.

If the Arrangement is not completed, Kenai's ongoing business may be adversely affected and, without realizing any of the benefits of having completed the Arrangement, Kenai would be subject to a number of risks, including the following:

(a) negative reactions from the financial markets and from persons who have or may be considering business dealings with Kenai;

(b) Kenai will be required to pay certain costs relating to the Arrangement, whether or not the Arrangement is completed. In that regard, Kenai expects to incur acquisition-related expenses of approximately $100,000, consisting of legal and accounting fees and financial printing and other related charges in connection with the Arrangement. These amounts are preliminary estimates and the actual amounts may be higher or lower;

(c) if the Arrangement Agreement is terminated in certain circumstances, Kenai may be obligated to pay Serabi a Termination Fee of $500,000; and

(d) Kenai will actively have to obtain alternative financing to repay the Facility in full, which financing may not be available on acceptable terms, or at all.

Serabi and Kenai may not integrate successfully.

If approved, the Arrangement will involve the integration of companies that previously operated independently. Achieving the benefits of the Arrangement depends in part on the ability of the Combined Company to effectively capitalize on its scale and to realize the anticipated capital and operating synergies, to profitably sequence the growth prospects of its asset base and to maximize the potential of its improved growth opportunities and capital funding opportunities. The completion of the Arrangement will present challenges to management, including the integration of the operations, systems and personnel of the two companies, and special risks, including possible unanticipated liabilities, unanticipated costs, diversion of management's attention and the loss of key employees.

The difficulties management encounters in the transition and integration process could have an adverse effect on the revenues, level of expenses and operating results of the Combined Company. As a result of these factors, it is possible that any benefits expected from the combination of Serabi and Kenai will not be realized.

Because the market price of the Serabi Shares and the Kenai Shares will fluctuate and the exchange ratio is fixed, Kenai Shareholders cannot be certain of the market value of the Serabi Shares they may receive for their Kenai Shares under the Arrangement.

The exchange ratio between Kenai Shares and Serabi Shares constituting the Consideration Shares, on a per-share basis, is fixed and will not increase or decrease due to fluctuations in the market price of Serabi Shares or Kenai Shares. The market price of Serabi Shares or Kenai Shares could each fluctuate significantly prior to the Effective Date in response to various factors and events, including, without limitation, the differences between Serabi's and Kenai's actual financial or operating results and those expected by investors and analysts, changes in analysts' projections or recommendations, fluctuations in the prices of silver and gold, changes in general economic or market conditions, and broad market fluctuations. As a result of such fluctuations, historical market prices are not indicative of future market prices or the market value of the Serabi Shares that holders of Kenai Shares will receive on the Effective Date. There can be no assurance that the market value of the Serabi Shares that the holders of Kenai Shares will receive on the Effective Date will equal or exceed the market value of the Kenai Shares held by such Kenai Shareholders prior to the Effective Date. In addition, the trading price of the Serabi Shares may decline following the completion of the Arrangement.

The issue of Serabi Shares under the Arrangement and their subsequent sale may cause the market price of Serabi Shares to decline. As of the date of this Circular, 105,906,734 Kenai Shares were outstanding and an aggregate of 8,980,700 Kenai Shares were subject to outstanding options to purchase Kenai Shares or issuable pursuant to property acquisition agreements of Kenai. Serabi currently expects that in connection with the Arrangement it will issue approximately 95,120,723 Serabi Shares (calculated based on the issued Kenai Shares and 6,000,000 Kenai Shares issuable pursuant to the share purchase agreement between Kenai and Gold Anomaly in respect of the Sao Chico Gold Project) and reserve approximately 2,533,333 Serabi Shares for issue on exercise of Replacement Options. The issue of these new Serabi Shares and their sale and the sale of additional Serabi Shares that may become eligible for sale in the public market from time to time could depress the market price for Serabi Shares.

The Arrangement Agreement may be terminated by Kenai or Serabi in certain circumstances which could negatively impact Kenai's stock price and future business and operations.

Each of Kenai and Serabi has the right, in certain circumstances, to terminate the Arrangement Agreement. See "The Arrangement Agreement — Termination". Accordingly, there can be no certainty, nor can Kenai provide any assurance, that the Arrangement Agreement will not be terminated by either of Kenai or Serabi prior to the completion of the Arrangement. For example, both Kenai and Serabi have the right, in certain circumstances, to terminate the Arrangement Agreement in the event of a change that has a Material Adverse Effect on the other Party, as applicable. There can be no assurance that a change having such a Material Adverse Effect on either Kenai or Serabi will not occur prior to the Effective Date of the Arrangement, in which case either Kenai or Serabi, as the case may be, could elect to terminate the Arrangement Agreement and the Arrangement would not proceed. If, for any reason, the Arrangement Agreement is terminated, this could adversely affect Kenai's stock price and have an adverse impact on its future business operations.

The pro forma condensed consolidated financial statements are presented for illustrative purposes only and may not be an indication of the Combined Company's financial condition or results of operations following the Arrangement.

The pro forma condensed consolidated financial statements contained in this Circular are presented for illustrative purposes only and may not be an indication of the Combined Company's financial condition or results of operations following the Arrangement for several reasons. For example, the pro forma condensed consolidated financial statements have been derived from the historical financial statements of Serabi and Kenai and certain adjustments and assumptions have been made regarding the Combined Company after giving effect to the Arrangement. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the pro forma condensed consolidated financial statements do not reflect all costs that are expected to be incurred by the Combined Company in connection with the Arrangement. For example, the impact of any incremental costs incurred in integrating Serabi and Kenai is not reflected in the pro forma condensed consolidated financial statements. In addition, the assumptions used in preparing the pro forma condensed consolidated financial information may not prove to be accurate, and other factors may affect the Combined Company's financial condition or results of operations following the Arrangement. The Combined Company's stock price may be adversely affected if the actual results of the Combined Company fall short of the pro forma condensed consolidated financial statements contained in this Circular. See "Information Concerning the Combined Company – Unaudited Pro forma Condensed Consolidated Financial Statements" and the Unaudited Pro forma Condensed Consolidated Financial Statements attached as Appendix 5 to this Circular.

Directors and executive officers of Kenai may have interests in the Arrangement that are different from those of Kenai Securityholders generally.

Certain executive officers and directors of Kenai may have interests in the Arrangement that may be different from, or in addition to, the interests of Kenai Securityholders generally including, but not limited to, the receipt of certain change of control payments as discussed under the heading "The Arrangement – Interests of Senior Management and Others in the Arrangement". The Kenai Board retained its own independent legal counsel in respect of the Arrangement. In addition, the Kenai Board established an independent committee of directors to review and evaluate the interests that certain directors and officers of Kenai may receive under the Arrangement and which may constitute "collateral benefits" for purposes of MI 61-101. The Kenai Board has unanimously recommended in favour of the Arrangement. Nevertheless, Kenai Shareholders should consider these interests in connection with their vote on the Arrangement Resolution, including whether these interests may have influenced Kenai's executive officers and directors to recommend or support the Arrangement.

Risks Related to Serabi and the Combined Company

For a discussion of the risk factors associated with Serabi, please refer to the risk factors described in the Serabi AIF, as may be updated by subsequent management's discussion and analysis for the three-month period ended March 31, 2013. Also please refer to any subsequent documents of the type described in Section 11.1 of Form 44-101F1 — *Short Form Prospectus* filed by Serabi with any securities commission or similar regulatory authority in Canada subsequent to the date of this Circular and prior to the Effective Date.

There are additional risk factors related to Serabi, and the Combined Company upon completion of the Arrangement, including those set forth below. These factors are in addition to those indicated in the Serabi AIF and elsewhere in this Circular.

The business of the Combined Company will be subject to risks currently affecting the businesses of Serabi and Kenai. For a discussion of the businesses of Kenai and Serabi, together with risk factors to consider in connection with those businesses, see the documents incorporated by reference into this Circular, including the Serabi AIF, which is available on Serabi's SEDAR profile at www.sedar.com.

There can be no assurance that access to required finance will be available to the Combined Company on acceptable terms, or at all.

The Combined Company may require additional capital if it decides to develop other properties or make additional acquisitions. The Combined Company may also encounter significant unanticipated liabilities or expenses. Its ability to continue its planned exploration and development activities depends in part on the success of its exploration activities and the ability to generate free cash flow from the Jardim do Ouro Project and the Sao Chico Gold project following commencement of commercial production, each of which is subject to certain risks and uncertainties. The Combined Company may be required to obtain additional financing in the future to fund exploration and development activities or acquisitions of additional projects. There can be no assurance that it will be able to obtain the necessary financing in a timely manner, on acceptable terms or at all.

In addition, any debt financing, if available, may involve financial covenants which limit the Combined Company's operations.

The Combined Company may not realize the benefits of the combination of Serabi and Kenai's mineral projects.

As part of its strategy, the Combined Company will continue its efforts to develop new gold projects and will have an expanded portfolio of exploration properties as a result of the Arrangement. A number of risks and uncertainties are associated with the development of these types of projects, including political, regulatory, design, construction, labour, operating, technical and technological risks, uncertainties relating to capital and other costs and financing risks.

It is possible that actual results for the Combined Company's projects will differ from Kenai's and Serabi's current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions which could reduce production below, and/or increase capital and/or operating costs above current estimates. If actual results are less favourable than Serabi and Kenai currently estimate, the Combined Company's business, results of operations, financial condition and liquidity could be adversely impacted.

There can be no certainty that the Combined Company's exploration and development activities will be commercially successful.

Substantial efforts and compliance with regulatory requirements are required to establish ore reserves through drilling and analysis, to develop metallurgical processes to extract metal from the ore and, in the case of development properties, to develop and construct the mining and processing facilities and infrastructure at any site chosen for mining. There can be no assurance that any gold reserves or mineralized material acquired or discovered will be in sufficient quantities to justify commercial operations.

The Kenai properties could be subject to regulatory risk, all of which Serabi will assume after the Arrangement and which could expose the Combined Company to significant liability, delay, suspension or termination of exploration and development efforts.

In Brazil, mining is subject to regulations (including environmental regulation) which mandate, among other things, the maintenance of air and water quality as well as land reclamation. Certain environmental regulations may also impose limitations on the generation, transportation, storage and disposal of certain types of mining-generated waste. Current environmental legislation and regulation is evolving, requiring stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Any future changes in environmental regulation, if any, may adversely affect the operations of the Combined Company, make those operations prohibitively expensive or prohibit them altogether.

It is also important to note that environmental hazards may exist on the properties in which the Combined Company may hold interests in the future that are unknown to Serabi at the present and that have been caused by Kenai, previous owners or operators, or that may have occurred naturally. These potential environmental matters concerning the mining properties of Kenai may cause the Combined Company to be liable for remediating any damage that Kenai or a previous operator may have caused. The liability could include response costs as well as the payment of certain fines and penalties.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in the Circular, including without limitation under the heading "The Arrangement – Interests of Senior Management and Others in the Arrangement", no informed person of Kenai, or any associate or affiliate of any informed person, has had any material interest in any transaction, or proposed transaction, which has materially affected or would materially affect Kenai or any of its subsidiaries in the most recently completed financial year of Kenai. For purposes of this Circular, "informed person" means:

(a) any director or executive officer of Kenai;

(b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Kenai Shares; and

(c) any associate or affiliate of any of the foregoing persons.

LEGAL MATTERS

Certain legal matters relating to the Arrangement and to the Consideration Securities to be distributed pursuant to the Arrangement will be reviewed on behalf of Kenai by Owen Bird Law Corporation. As of the date hereof, the shareholders and associates of Owen Bird Law Corporation, as a group, beneficially owned, directly or indirectly, less than 1% of the issued Kenai Shares.

INTERESTS OF EXPERTS

The audited annual financial statements of Kenai as at and for the financial years ended, December 31, 2011 and 2012, incorporated by reference in this Information Circular, have been audited by DeVisser Gray LLP, Chartered Accountants, as set forth in their report thereon. DeVisser Gray LLP, Chartered Accountants, have advised that they are independent of Kenai within the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

Information of a scientific or technical nature regarding the Sao Chico Gold Project has been prepared and reviewed by Neil Cole, a "Qualified Person" as defined by NI 43-101 and the Vice President, Technical Services of Kenai. As of the date hereof, Mr. Cole beneficially owns, directly or indirectly, 632,375 Kenai Shares and 500,000 Kenai Options.

The audited annual financial statements of Serabi as at and for the financial years ended December 31, 2012 and 2011, which are incorporated by reference into this Information Circular, have been prepared by PKF (UK) LLP, as set forth in their report therein. Subsequent to the completion of their audit of the financial statements for the financial year ended December 31, 2012, PFK (UK) LLP merged its business with BDO LLP, which continues to be the auditor of Serabi. BDO LLP are independent of Serabi within the rules of professional conduct of the Institute of Chartered Accountants of England and Wales.

Information of a scientific or technical nature regarding the Jardim do Ouro Project included in the Serabi AIF is based upon the Jardim do Ouro Report prepared by Rodrigo Mello, Geologist FAusIMM and Carlos Guzman, Mining Engineer, Registered Member of the Chilean Mining Commission, of NCL Ingeniearia y Construccion Ltda. Each of Messrs. Mello and Guzman is a "Qualified Person" as such term is defined in NI 43-101, is independent of Serabi within the meaning of NI 43-101 and does not beneficially own, directly or indirectly, any of the outstanding Serabi Shares.

ADDITIONAL INFORMATION

Kenai and Serabi file reports and other information with Canadian provincial securities commissions. These reports and information are available to the public free of charge on SEDAR at www.sedar.com. Kenai Shareholders may contact Kenai at its head office, at the following address, to request copies of Kenai's consolidated financial statements and management discussion and analysis for its most recently completed financial year ended December 31, 2012: 625 Howe Street, Suite 530, Vancouver, British Columbia, V6C 2T6 (Telephone: 604-669-5753). Financial information of Kenai is provided in the comparative consolidated financial statements and management discussion and analysis for its most recently completed financial year end December 31, 2012 and its most recently completed interim period for the three months ended March 31, 2013.

OTHER MATTERS

Management of Kenai is not aware of any other mattes to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

APPROVAL OF THE BOARD OF DIRECTORS

The contents and the sending of the Notice of Meeting and this Circular have been approved by the Kenai Board.

DATED this 5th day of June, 2013

BY ORDER OF THE BOARD OF DIRECTORS (Signed) *"Greg Starr"*
Greg Starr
Chief Executive Officer

CONSENT OF BDO LLP

We have read the Notice of Meeting and Management Information Circular of Kenai Resources Ltd. ("Kenai") dated June 5, 2013 (the "Circular") relating to the special meeting of shareholders of Kenai to approve the Arrangement between Kenai and Serabi Gold plc ("Serabi"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned Circular of our report to the shareholders on the consolidated financial statements of Serabi which comprise the consolidated statements of financial position as at December 31, 2012 and December 31, 2011, the consolidated statements of operations and comprehensive income, changes in shareholders' equity and cash flows for the years ended December 31, 2012 and December 31, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated March 27, 2013.

(Signed) "BDO LLP"
Chartered Accountants

London, UK

June 5, 2013

CONSENT OF OWEN BIRD LAW CORPORATION

We hereby consent to the reference to our opinion contained under "Certain Canadian Federal Income Tax Considerations" in the management information circular of Kenai Resources Ltd. dated June 5, 2013 (the "Circular"), to the inclusion of the foregoing opinion in the Circular and to the reference to the name of our firm contained under the section "Legal Matters".

(Signed) *"Owen Bird Law Corporation"*

June 5, 2013

Vancouver, BC

APPENDIX 1

ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCCA**") involving Kenai Resources Ltd. (the "**Company**"), as more particularly described and set forth in the management proxy circular (the "**Circular**") of the Company dated June 5, 2013, accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with its terms), is hereby authorized, approved and adopted.

2. The plan of arrangement (the "**Plan of Arrangement**") involving the Company (as it has been or may be amended, modified or supplemented in accordance with its terms) and the implementation of the Arrangement, the full text of which is set out in Schedule "A" to the Arrangement Agreement, is hereby authorized, approved and adopted.

3. The (i) arrangement agreement dated as of May 3, 2013 between the Company, Serabi Gold plc and 0968222 BC Ltd. (the "**Arrangement Agreement**") and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.

4. The Company be and is hereby authorized to apply for a final order (the "**Final Order**") from the Supreme Court of British Columbia to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).

5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of the Company are hereby authorized and empowered to, without notice to or approval of the shareholders of the Company, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.

6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver for filing with the Registrar under the BCCA such documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement and the Final Order, such determination to be conclusively evidenced by the execution and delivery of such documents.

7. Any one officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

APPENDIX 2

PLAN OF ARRANGEMENT UNDER THE PROVISIONS OF DIVISION 5 OF PART 9 OF THE *BUSINESS CORPORATION ACT* (BRITISH COLUMBIA)

ARTICLE 1
INTERPRETATION

1.1 Definition

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below, and grammatical variations of such terms shall have corresponding meanings:

"**Act**" means the *Business Corporations Act* (British Columbia) as now in effect and as it may be amended from time to time prior to the Effective Date;

"**Amalco**" means the corporation resulting from the Amalgamation;

"**Amalco Shares**" means the common shares in the capital of Amalco;

"**Amalgamation**" means the amalgamation to be effective under the Plan of Arrangement pursuant to which Subco and Kenai will amalgamate pursuant to Section 269 of the Act and the Kenai Securityholders will receive the Consideration Securities;

"**Arrangement**" means an arrangement under the provisions of Division 5 of Part 9 of the Act, on the terms set forth in this Plan of Arrangement, subject to any amendment or supplement thereto in accordance with the Arrangement Agreement and this Plan of Arrangement or made at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement dated May 3, 2013 between Serabi, Subco and Kenai, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

"**Business Day**" means, with respect to any action to be taken, any day other than Saturday, Sunday or a statutory holiday in the place where such action is to be taken;

"**Consideration Securities**" means, collectively, the Consideration Shares, the Replacement Warrants and the Replacement Options, and "**Consideration Security**" means any one of such Consideration Securities;

"**Consideration Shares**" means the Serabi Shares to be issued to the Kenai Shareholders in accordance with subsection 0(a)(ii);

"**Court**" means the Supreme Court of British Columbia;

"**Depositary**" means Computershare Investor Services Inc., at such offices as will be set out in the Letter of Transmittal;

"**Dissent Procedures**" has the meaning set out in Section 0;

"**Dissent Rights**" has the meaning set out in Section 0;

"**Dissenting Shareholder**" means a Kenai Shareholder who dissents in respect of the Arrangement in strict compliance with the Dissent Procedures;

"**Effective Date**" means the date agreed to by Serabi and Kenai in writing as the effective date of the Arrangement, which date shall be no later than the fifth Business Day after the satisfaction or, where not prohibited, the waiver (subject to applicable law) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver of those conditions as of the Effective Date) set forth in Article 6 of the Arrangement Agreement, unless another date is agreed to in writing by the Parties;

"**Effective Time**" means the time on the Effective Date when the Arrangement will be deemed to be completed as may be agreed to by the Parties and as denoted on the filings with the Registrar, to the extent that such filings are required;

"**Exchange Ratio**" has the meaning set out in subsection 0(a)(ii);

"**Final Order**" means the final order of the Court in a form acceptable to Serabi and Kenai, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both Serabi and Kenai, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

"**Interim Order**" means the interim order of the Court providing for, among other things, the calling and holding of the Kenai Meeting, as the same may be amended, supplemented or varied (with the consent of Serabi and Kenai, each acting reasonably);

"**Kenai**" means Kenai Resources Ltd., a corporation existing under the laws of the Province of British Columbia;

"**Kenai Meeting**" means the special meeting of the Kenai Shareholders, including any adjournment thereof, to be held to consider and, if deemed advisable, approve the Arrangement;

"**Kenai Optionholder**" means a holder of Kenai Options;

"**Kenai Options**" means options to purchase Kenai Shares;

"**Kenai Option Plan**" means the stock option plan of Kenai;

"**Kenai Shares**" means common shares in the share capital of Kenai;

"**Kenai Shareholder**" means a holder of Kenai Shares;

"**Kenai Warrants**" means warrants to purchase Kenai Shares ;

"**Letter of Transmittal**" means the letter of transmittal delivered to Kenai Shareholders for use in connection with the Arrangement;

"**Plan of Arrangement**" means this Plan of Arrangement and any amendment or variation hereto made in accordance with 0 hereof or the Arrangement Agreement or upon the direction of the Court in the Final Order;

"**Registrar**" means the "registrar" as defined in the Act;

"**Regulation S**" means Regulation S promulgated under the U.S. Securities Act;

"**Serabi**" means Serabi Gold plc, a corporation existing under the laws of the United Kingdom;

"**Serabi Shares**" means ordinary shares in the share capital of Serabi having a par value of £0.05 per share;

"**Subco**" means 0968222 B.C. Ltd., a corporation existing under the laws of the Province of British Columbia, and a wholly-owned subsidiary of Serabi;

"**Subco Shares**" means common shares in the capital of Subco;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

"**United States**" means the United States as that term is defined in Regulation S;

"**U.S. Person**" means a U.S. Person as that term is defined in Regulation S; and

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

1.2 Other Defined Terms

Any capitalized terms used in the Plan of Arrangement and not otherwise defined herein shall have the meanings ascribed thereto in the Arrangement Agreement.

1.3 Headings

The section and article headings in this Plan have been inserted for convenience of reference only and shall not be construed to affect the meaning, construction or effect of this Plan.

1.4 Interpretation

Words importing the singular number only shall include the plural and vice versa. Words importing gender shall include all genders. Where the word "**including**" or "**includes**" is used in this Plan it means "**including without limitation**" or "**includes without limitation**", respectively.

The words "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this Plan and include every instrument supplemental or ancillary to or in implementation of this Plan and, except where the context otherwise requires, not to any particular article, section or other portion hereof or thereof. Any reference to any document shall include a reference to any schedule, amendment or supplement thereto or any agreement in replacement thereof, all as permitted under such document.

1.5 Currency

All sums of money referred to in this Plan of Arrangement are expressed in lawful money of Canada.

1.6 Calculation of Days

Unless otherwise specified, time periods within or following which any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following, if the last day of the period is not a Business Day.

In the event that any day on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.7 Governing Law

The provisions of this Plan shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

1.8 Statutory References

A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

1.9 Time

Time is of the essence in the performance of the parties' respective obligations.

ARTICLE 2
ARRANGEMENT AGREEMENT

2.1 Arrangement

This Plan of Arrangement constitutes an arrangement as referred to in Section 288 of the Act. This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on (i) Kenai, (ii) Serabi, (iii) all holders and all beneficial owners of Kenai Shares, (iv) all holders and all beneficial owners of Kenai Options and Kenai Warrants, (v) the Depositary, and (vi) the registrar and transfer agent in respect of the Kenai Shares and the Serabi Shares.

ARTICLE 3
ARRANGEMENT

3.1 Steps

(a) At the Effective Time, each of the following shall occur and be deemed to occur in the sequence set out below, without further act or formality:

(i) each Kenai Share held by a Dissenting Shareholder in respect of which the Kenai Shareholder has validly exercised his, her or its Dissent Rights shall be deemed to have been transferred by the holder thereof, without any further act or formality on its part, and free and clear of all liens, claims and encumbrances, to Subco, and Subco shall thereupon be obligated to pay the amount therefor determined and payable in accordance with 0 hereof, and the name of such holder shall be removed from the securities register as a holder of Kenai Shares and Subco shall be recorded as the registered holder of the Kenai Shares so transferred and shall be deemed to be the legal owner of such Kenai Shares;

(ii) each issued and outstanding Kenai Share (other than any Kenai Share held by any Dissenting Shareholder) shall be deemed to have been transferred to Subco (free of all liens and encumbrances), and in consideration therefor Subco shall deliver (or cause to be delivered) to

the holder thereof 0.85 of a fully paid and non-assessable Consideration Share (the "**Exchange Ratio**") for each Kenai Share, subject to 0 hereof;

(iii) as consideration for the issuance of Consideration Shares under Section 0(a)(ii), Subco shall issue to Serabi one Subco Share for each Consideration Share so issued, and Subco shall add to the stated capital account maintained for the Subco Shares the fair market value of such Consideration Shares;

(iv) each Kenai Warrant outstanding immediately prior to the Effective Time, whether or not vested, will be deemed to be amended to provide that the holder shall be entitled to acquire, on the same terms and conditions as were applicable to such Warrants immediately prior to the Effective Time, the number (rounded down to the nearest whole number) of Serabi Shares equal to the product of: (A) the number of Kenai Shares subject to such Kenai Warrant immediately prior to the Effective Time and (B) the Exchange Ratio. The exercise price per Serabi Common Share shall be the amount (rounded up to the nearest one-hundredth of a cent) equal to the quotient of (A) the exercise price per Kenai Common Share subject to such Kenai Warrant immediately before the Effective Time divided by (B) the Exchange Ratio. Except as set out above, the terms of each Replacement Warrant shall be the same as the terms of the Kenai Warrant for which it was exchanged, and shall be governed by the terms of the certificate previously evidencing the Kenai Warrant. The Replacement Warrants will not be exercisable in the United States or by or on behalf of a U.S. Person unless an exemption from registration under the U.S. Securities Act and applicable state securities laws is available;

(v) each Kenai Option outstanding immediately prior to the Effective Time, whether or not vested, shall be exchanged for an option issued by Serabi (a "**Replacement Option**") to acquire (on the same terms and conditions as were applicable to such Kenai Option immediately before the Effective Time under the Kenai Option Plan and the agreement evidencing the grant), the number (rounded down to the nearest whole number) of Serabi Shares equal to the product of: (A) the number of Kenai Shares subject to such Kenai Option immediately prior to the Effective Time and (B) the Exchange Ratio. The exercise price per Serabi Common Share subject to any such Replacement Option shall be the amount (rounded up to the nearest one-hundredth of a cent) equal to the quotient of (A) the exercise price per Kenai Common Share subject to such Kenai Option immediately before the Effective Time divided by (B) the Exchange Ratio. Replacement Options held by Directors, Employees, Management Company Employees and Consultants (as such terms are defined in the Kenai Option Plan) of Kenai (collectively, "**Eligible Persons**") shall be fully vested (notwithstanding any vesting conditions currently attached to such Kenai Options) and, notwithstanding any terms of the Kenai Option Plan or agreement evidencing a grant of Kenai Options, shall expire on the earlier of (A) the original expiry date of the applicable Kenai Option and (B) one (1) year from the date upon which the Kenai Optionholder ceases to be an Eligible Person. Except as set out above, the terms of each Replacement Option shall be the same as the terms of the Kenai Option for which it was exchanged, and shall be governed by the terms of the Kenai Option Plan and any certificate or agreement previously evidencing the Kenai Option shall thereafter evidence and be deemed to evidence such Replacement Option, and such Replacement Options shall be designed to meet the requirements under subsection 7(1.4) of the Tax Act. On and after the Effective Time, no further Kenai Options will be granted under the Kenai Option Plan. The obligations of Kenai under the Kenai Option Plan in respect of the Kenai Options will be assumed by Serabi. The Replacement Options will not be exercisable in the United States or by or on behalf of a U.S. Person unless an exemption from registration under the U.S. Securities Act and applicable state securities laws is available;

(vi) Subco and Kenai shall be amalgamated and shall continue as one corporation, Amalco, under the terms and conditions prescribed in this Plan of Arrangement, as a wholly-owned subsidiary of Serabi, and:

A. Each Subco Share shall continue as one Amalco Share;

B. Amalco shall possess all the property, assets, rights, privileges and franchises and be subject to all the obligations and liabilities, including civil, criminal and quasi-criminal, and all the contracts, disabilities and debts of each of Subco and Kenai;

C. a conviction against, or ruling, order or judgment in favour of or against either Subco or Kenai may be enforced by or against Amalco;

D. Amalco shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against either Subco or Kenai before the Amalgamation has become effective;

E. the name of Amalco shall be "Kenai Resources Ltd.";

F. Amalco shall be authorized to issue an unlimited number of common shares without par value;

G. the articles and notice of articles of Amalco shall be substantially in the form of the articles and notice of articles of Subco;

H. the registered office of Amalco shall be the registered office of Subco at 1055 West Hastings Street, Suite 2200, Vancouver, British Columbia, V6E 2E9;

I. there shall be no restrictions on the business that Amalco may carry on or on the powers Amalco may exercise;

J. the board of directors of Amalco shall consist of a minimum of one (1) and a maximum of ten (10) directors, until changed in accordance with the Act. The number of first directors of Amalco shall be two, and the first director of Amalco shall be:

Name	Jurisdiction of Residence
Mike Hodgson	United Kingdom
Clive Line	United Kingdom

K. the said first directors shall hold office until the first annual meeting of the shareholders of Amalco, or until their respective successors are elected or appointed in accordance with the articles of Amalco and the Act. The subsequent directors shall be elected each year thereafter by ordinary resolution at either an annual meeting of the shareholders or a special meeting of the shareholders by a majority of the votes cast at such meeting. The directors shall manage or supervise the management of the business and affairs of Amalco, subject to the provisions of the Act; and

L. the stated capital of the Amalco Shares shall be equal to the stated capital of the Subco Shares issued pursuant to the Arrangement immediately prior to the Amalgamation, plus

the amount, if any, of the cash provided by Serabi to Subco in respect of the amount to be paid to Dissenting Shareholders in accordance with 0;

ARTICLE 4
DISSENTING SHAREHOLDERS

4.1 Rights of Dissent

Registered holders of Kenai Shares may exercise rights of dissent ("**Dissent Rights**") in connection with this Plan of Arrangement in the manner set forth in sections 237 to 242 of the Act as modified by the Interim Order, the Final Order and this Section 0 (the "**Dissent Procedures**"). In particular, notwithstanding subsection 242(1)(a) of the Act, the written objection to the special resolution approving the Arrangement referred to in subsection 238(2) of the Act must be received by Kenai not later than 5:00 p.m. (Vancouver Time) on the second Business Day preceding the date of the Kenai Meeting or any date to which the Kenai Meeting may be postponed or adjourned and provided further that Dissenting Shareholders who:

(a) are ultimately entitled to be paid the fair value of their Kenai Shares, (i) shall be deemed to have transferred such Kenai Shares to Subco as of the Effective Time without any further act or formality, free and clear of all liens, claims and encumbrances, in consideration for the payment by Subco of the fair value thereof, in cash; and (ii) will not be entitled to any other payment or consideration including any payment that would be payable under the Arrangement had such Dissenting Shareholders not exercised their Dissent Right; or

(b) are ultimately not entitled, for any reason, to be paid the fair value of their Kenai Shares, shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Kenai Shares, and shall receive Consideration Shares on the basis determined in accordance with Section 0(a)(ii).

4.2 Recognition of Dissenting Shareholders

Neither Serabi, Subco, the Depositary nor any other person shall be required to recognize a Dissenting Shareholder as a holder of Kenai Shares from and after the Effective Time, nor as having any interest in Kenai, Serabi or any other Party hereto, and, from and after the Effective Time, the names of Dissenting Shareholders shall be deleted from the register of holders of Kenai Shares maintained by Kenai.

ARTICLE 5
OUTSTANDING CERTIFICATES

5.1 Right to Certificates

(a) Following receipt of the Final Order and prior to the Effective Time, Subco shall deposit, or arrange to be deposited, with the Depositary, for the benefit of the Kenai Shareholders (other than Dissenting Shareholders) certificates representing that number of Consideration Shares to be delivered pursuant to Section 0 hereof upon the exchange of the Kenai Shares, which certificates shall be held by the Depositary as agent and nominee for such former Kenai Shareholders for distribution to such persons in accordance with the terms of this 0.

(b) As soon as practicable following the later of the Effective Time and the date of deposit with the Depositary of a duly completed Letter of Transmittal, the certificates which immediately prior to the Effective Time represented the Kenai Shares, and such other documents and instruments as the Depositary may reasonably require, Serabi shall cause the Depositary:

(i) to forward or cause to be forwarded by first class mail (postage prepaid) to each Kenai Shareholder (other than Dissenting Shareholders) at the address specified in the Letter of Transmittal;

(ii) if requested by such Kenai Shareholder in the Letter of Transmittal, to make available at the Depositary for pick-up by such Kenai Shareholder; or

(iii) if the Letter of Transmittal neither specifies an address nor contains a request for pick-up, to forward or cause to be forwarded to such Kenai Shareholder at the address of such Kenai Shareholder on the share register of Kenai, by first class mail (postage prepaid),

certificates representing that number of Consideration Shares and which such Kenai Shareholder has the right to receive and the certificate representing the Kenai Shares so surrendered shall be cancelled.

(c) After the Effective Time, each certificate formerly representing Kenai Warrants will be deemed to represent warrants to acquire Serabi Shares as provided in 0, provided that upon any transfer of such certificate formerly representing Kenai Warrants after the Effective Time, Serabi shall issue a new certificate representing the relevant warrants of Serabi and such certificate formerly representing Kenai Warrants shall be deemed to be cancelled.

(d) After the Effective Time, until surrendered as contemplated by this Section 0, each certificate which immediately prior to the Effective Time represented Kenai Shares that were transferred and exchanged pursuant to 0 shall be deemed at all times after the Effective Time to represent only the right to receive upon such surrender, subject to Section 0, the entitlements described in this 0.

5.2 Withholding and Sale Rights

Serabi, Subco and the Depositary, as the case may be, will be entitled to deduct and withhold from any consideration payable to any person hereunder all amounts that Serabi, Subco or the Depositary, as the case may be, is required to deduct and withhold with respect to that payment under the Tax Act, the United States Internal Revenue Code of 1986, in each case as amended, or any applicable provision of federal, provincial, territorial, state, local or foreign tax law, and to remit such withheld amounts to the relevant taxation authorities. To the extent that amounts are so withheld, those withheld amounts will be treated for all purposes of this Arrangement as having been paid to such person in respect of which that deduction and withholding was made, provided that those withheld amounts are actually remitted to the appropriate taxation authority. Any of Serabi, Subco and the Depositary is hereby authorized to sell or otherwise dispose of, at such times and at such prices as it determines, in its sole discretion, such portion of the Consideration Shares otherwise issuable or payable to such holder as is necessary to provide sufficient funds to Serabi, Subco or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement, and shall notify the holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale or disposition (after deducting applicable sale commissions and any other reasonable expenses relating thereto) in lieu of the Consideration Shares or other consideration so sold or disposed of. To the extent that Consideration Shares or other consideration are so sold or disposed of, such withheld amounts or shares or other consideration so sold or disposed of, shall be treated for all purposes as having been paid to the holder of the shares in respect of which such deduction, withholding, sale or disposition was made, provided that such withheld amounts, or the net proceeds of such sale or disposition, as the case may be, are actually remitted to the appropriate taxing authority. None of Serabi, Subco or the Depositary, as the case may be, shall be obligated to seek or obtain a minimum price for any of the Consideration Shares or other consideration sold or disposed of by it hereunder, nor shall any of them be liable for any loss arising out of any such sale or disposition.

5.3 No Fractional Shares

No certificates representing fractional Serabi Shares shall be issued upon the surrender for exchange pursuant to Section 0 of certificates representing Kenai Shares. The number of Consideration Shares to be received by a Kenai Shareholder will be rounded down to the nearest whole Consideration Share.

5.4 Distributions with Respect to Unsurrendered Certificates

No dividends or other distributions declared or made effective after the Effective Time with respect to Serabi Shares with a record date after the Effective Time shall be paid to the holder of any unsurrendered certificate which immediately prior to the Effective Time represented outstanding Kenai Shares that were exchanged pursuant to Section 0 unless and until the holder of such certificate shall surrender such certificate in accordance with Section 0. Subject to applicable law, at the time of such surrender of any such certificate (or, in the case of clause (ii) below, at the appropriate payment date), there shall be paid to the holder of record of those certificates formerly representing Kenai Shares, without interest: (i) the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to the Consideration Shares, to which such Registered Holder is entitled; and (ii) on the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender and a payment date subsequent to surrender, payable with respect to the Consideration Shares, to which such holder is entitled.

5.5 Extinguishment of Rights

Notwithstanding any of the other provisions hereof, any certificate which immediately prior to the Effective Time represented outstanding Kenai Shares that were exchanged pursuant to Section 0, if it has not been surrendered with all other instruments required by this Section 0 on or prior to the sixth anniversary of the Effective Date, shall cease to represent a claim or interest of any kind or nature against any party. In such circumstances, the Consideration Shares to which such former registered holder of the Kenai Shares was ultimately entitled to receive hereunder shall be deemed to have been surrendered to Serabi, together with all entitlement to dividends, distributions and cash thereon held for such former Kenai Shareholder, for no consideration.

5.6 Adjustment to the Exchange Ratio

The Exchange Ratio shall be adjusted to reflect fully the effect of any stock split, reverse split, stock dividend (including any dividend or distribution of securities convertible into Serabi Shares, other than stock dividends paid in lieu of ordinary dividends), consolidation, reorganization, recapitalization or any other like change with respect to the Serabi Shares or the Kenai Shares occurring after the date of the Arrangement Agreement and prior to the Effective Time.

5.7 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Kenai Shares that were to be exchanged pursuant to Section 0 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, any certificates pursuant to this Section 0 deliverable in accordance with such holder's Letter of Transmittal. When authorizing such issuance in exchange for any lost, stolen or destroyed certificate, the holder to whom certificates are to be delivered and issued shall, as a condition precedent to the delivery and issuance thereof, give a bond satisfactory to Serabi, or its respective successor entities, and their respective transfer agents in such sum as Serabi, or its respective successor entities, may direct, or otherwise indemnify Serabi and its respective successor entities, in a manner

satisfactory to Serabi and its respective successor entities, against any claim that may be made against Serabi, or its respective successor entities, with respect to the certificate alleged to have been lost, stolen or destroyed.

ARTICLE 6
GENERAL

6.1 Right to Amendment

Serabi, Subco and Kenai reserve the right to amend, modify or supplement this Plan of Arrangement from time to time and at any time prior to the Effective Time, provided that any such amendment, modification or supplement must be (i) set out in writing; (ii) agreed in writing by Serabi, Subco and Kenai; (iii) filed with the Court and, if made following the Meeting, approved by the Court; and (iv) communicated to the Kenai Shareholders in the manner required by the Court (if so required).

6.2 Amendments Before Meeting

Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Kenai at any time prior to or at the Kenai Meeting (provided that Serabi and Subco shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Kenai Shareholders voting at the Meeting, in the manner required by the Interim Order, shall become part of this Plan of Arrangement for all purposes.

6.3 Amendment After Meeting

Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Meeting shall be effective only if (i) it is consented to in writing by each of Kenai, Serabi and Subco; and (ii) if required by the Court, it is consented to by the Kenai Shareholders voting in the manner directed by the Court.

6.4 Amendments of an Administrative Nature

Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date by Serabi, provided that it concerns a matter which, in the reasonable opinion of Serabi, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any former holder of Kenai Shares, Kenai Options or Kenai Warrants.

6.5 Withdrawal

This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Agreement.

ARTICLE 7
FURTHER ASSURANCES

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of Kenai, Serabi and Subco shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

APPENDIX 3

INTERIM ORDER

No. S-134006
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE *BUSINESS CORPORATIONS ACT,* S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING KENAI RESOURCES LTD., 0968222 B.C. LTD. AND SERABI GOLD PLC

KENAI RESOURCES LTD.

PETITIONER

BEFORE) MASTER ....TAYLOR) 03 June 2013

ORDER MADE AFTER APPLICATION

(INTERIM ORDER)

ON THE APPLICATION of the Petitioner, Kenai Resources Ltd. for an interim order under section 291 of the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the "**BCA**") in connection with an arrangement with Serabi Gold PLC ("**Serabi**") under section 288 of the BCA;

WITHOUT NOTICE coming on for hearing at 800 Smithe Street, Vancouver, British Columbia, on June 3, 2013, upon hearing Zachary J. Ansley, counsel for Kenai and on reading the Petition in this matter and the Affidavit #1 of Paul Larkin sworn on May 30, 2013 (the "**Larkin Affidavit**");

THIS COURT ORDERS THAT:

1. Unless otherwise defined, terms used in this Order beginning with capital letters shall have the respective meanings set out in the Notice of Special Meeting of Shareholders

(the "**Notice of Meeting**") and accompanying management information circular of Kenai (the "**Information Circular**") attached as Exhibit A to the Larkin Affidavit.

Special Meeting

2. Pursuant to section 291(2)(b)(i) and section 289(1)(a)(i) and (e) of the BCA, Kenai is authorized and directed to call, hold and conduct a special meeting (the "**Meeting**") of the holders of common shares in the capital of Kenai (the "**Kenai Shares**"), and those persons entitled to vote as holders of Kenai Shares (referred to collectively herein as the "**Kenai Shareholders**"), to be held at the offices of Owen Bird Law Corporation, 29th Floor, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia V7X 1J5 on July 5, 2013 at 10:00 a.m. (Vancouver time) to, *inter alia*, consider and, if deemed advisable, to approve, with or without variation, a special resolution (the "**Arrangement Resolution**") approving and adopting in accordance with section 289(1)(a)(i) and (e) of the BCA an arrangement substantially as contemplated in the Plan of Arrangement (the "**Arrangement**"), a draft of which special resolution is attached as Appendix 1 to the Information Circular.

3. The Meeting shall be called, held and conducted in accordance with the BCA, Notice of Meeting, the articles of Kenai and applicable securities laws, subject to the terms of this Interim Order and any further Order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order, and to the extent of any inconsistency (including any inconsistency between this Interim Order and the terms of any instrument creating or governing or collateral to the Kenai Shares) this Interim Order shall govern, or if not specified in the Interim Order, the Information Circular will govern.

4. At the Meeting, Kenai may also transact such other business as is contemplated by the Information Circular, or as otherwise may be properly brought before the Kenai Meeting.

Amendments

5. Kenai is authorized to make, in the manner contemplated by and subject to the Arrangement Agreement, such amendments, modifications or supplements to the

Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice of Meeting as it may determine without additional notice to or authorization of the Kenai Shareholders or further orders of this Court. The Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice of Meeting as so amended, modified or supplemented, shall be the Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice of Meeting to be submitted to the Kenai Shareholders and the Meeting, as applicable, and the subject of the Arrangement Resolution.

Adjournments and Postponements

6. Notwithstanding the provisions of the BCA and the articles of Kenai, the board of directors of Kenai (the "**Kenai Board**") by resolution shall be entitled to adjourn or postpone the Meeting on one or more occasions without the necessity of first convening the Meeting or first obtaining any vote of the Kenai Shareholders respecting the adjournment or postponement, and without the need for approval of this Court, subject to the Arrangement Agreement. Notice of any such adjournment or postponement shall be given by press release, newspaper advertisement or notice sent to the Kenai Shareholders by one of the methods specified in paragraph 9 of this Interim Order, as determined to be the most appropriate method of communication by the Kenai Board.

Record Date

7. The record date for determining the Kenai Shareholders entitled to receive the Notice of Meeting, the Information Circular and the forms of proxy or voting instruction form, as applicable for use by the Kenai Shareholders (collectively, the "**Meeting Materials**") shall be the close of business on May 27, 2013 (the "**Record Date**"), as previously approved by the Kenai Board and published by Kenai.

Notice of Special Meeting

8. The Information Circular is hereby deemed to represent sufficient and adequate disclosure for the purpose of section 290(1)(a) of the BCA, and Kenai shall not be required to send to the Kenai Shareholders any other or additional statement pursuant to section 290(1)(a) of the BCA.

9. The Meeting Materials, with such amendments or additional documents as counsel for Kenai may advise are necessary or desirable, and as are not inconsistent with the terms of this Interim Order, shall be sent:

a) To the registered Kenai Shareholders as determined at the Record Date, at least 21 days prior to the date of the Meeting, excluding the date of mailing or delivery, by pre-paid ordinary mail or by delivery in person, or by recognized courier service, addressed to the registered Kenai Shareholder at its address as it appears in the central securities register of Kenai as at the Record Date;

b) To the beneficial Kenai Shareholders (whose names do not appear in the central securities register of Kenai) by providing, in accordance with National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the requisite number of copies of the Meeting Materials to intermediaries and registered nominees to facilitate the distribution of the Meeting Materials to beneficial Kenai Shareholders;

c) To the Kenai Optionholders as determined at the Record date, at least 21 days prior to the date of the Meeting, excluding the date of mailing or delivery, by pre-paid ordinary mail or by delivery in person, or by recognized courier service, addressed to the registered Kenai Optionholder at its address as it appears in the central securities register of Kenai as at the Record Date;

d) At any time by email of facsimile transmission to any Kenai Shareholder who identifies himself to the satisfaction of Kenai (acting through its representatives), who requests such email or facsimile transmission and, if required by Kenai, agrees to pay the charges related to such transmission; and,

e) To the directors and auditor of Kenai by pre-paid ordinary mail or by delivery in person or by recognized courier service or by email or facsimile transmission at least 21 days before the date of the Meeting, excluding the date of mailing, delivery or transmission.

10. The Meeting Materials shall not be sent to Kenai Shareholders where mail previously sent to such holders has been returned to Kenai or its registrar and transfer agent on at least two previous consecutive occasions.

11. Accidental failure or omission by Kenai to give notice to any one or more Kenai Shareholders or the non-receipt of such notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Kenai (including, without limitation, any inability to use postal services) shall not constitute a breach of this Interim Order or, in relation to notice to Kenai Shareholders, a defect in the calling of the Meeting and shall not invalidate any resolution passed or proceedings taken at the Kenai Meeting, but if any such failure or omission is brought to the attention of Kenai, then Kenai shall use its commercially reasonable efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

Deemed Receipt of Notice

12. The Meeting Materials, and any amendments, modifications, updates or supplements to the Meeting Materials and any notice of adjournment or postponement of the Meeting shall be deemed for the purposes of this Interim Order to have been received:

    a) in the case of mailing, at the time specified in section 6 of the BCA;

    b) in the case of delivery in person, upon receipt thereof at the intended recipients address, or in the case of delivery by courier, one (1) business day after receipt by the courier;

    c) in the case of transmission by email or facsimile, upon transmission thereof;

    d) in the case of advertisement, at the time of publication of the advertisement;

    e) in the case of electronic filing on SEDAR, upon the same becoming accessible to the public on SEDAR; and,

    f) in the case of beneficial Kenai Shareholders, three (3) days after delivery thereof to intermediaries and registered nominees.

Updating Meeting Materials

13. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the Meeting, to the Kenai Shareholders by press release, news release, newspaper advertisement, or by notice sent to the Kenai Shareholders by any of the means set out in paragraph 9, as determined to be the most appropriate method of communication by the Kenai Board.

Delivery of Court Materials

14. Kenai will include in the Meeting Materials a copy of this Interim Order and the completed Notice of Petition, and will make available to any Kenai Shareholder or Kenai Securityholder requesting the same, a copy of the Petition and any accompanying affidavits as may be filed. Distribution to Kenai Shareholders shall be at their addresses (whether electronic or otherwise) as they appear on the books of Kenai as of the Record Date.

Permitted Attendees

15. The only persons entitled to attend the Meeting shall be:

    a) the registered Kenai Shareholders as at the close of business on the Record Date, or their respective proxy holders;

    b) the Kenai Optionholders as at the close of business on the Record Date;

    c) directors, officers, auditor and advisors of Kenai;

    d) directors, officers, auditor and advisors of Serabi; and

    e) other persons with prior permission of the Chair of the Meeting.

16. The only persons entitled to vote at the Meeting shall be the Kenai Shareholders.

Solicitation of Proxies

17. Kenai is authorized to use the form of proxy and voting information form for Kenai Shareholders, as applicable, in substantially the same form as attached as Exhibit C to the Larkin Affidavit, subject to Kenai's ability to insert dates and other relevant information in the final forms thereof and to make other non-substantive changes and changes legal counsel advise are necessary or appropriate.

18. Kenai is authorized, at its own expense, to solicit proxies directly and through its officers, directors and employees, and through such agents or representatives as it may retain for that purpose and by mail, telephone or such other form of personal or electronic communications as it may determine.

19. The procedures for the use of proxies at the Meeting and revocation of proxies shall be as set out in the Meeting Materials.

20. Kenai may waive, in its discretion, the time limits for the deposit of proxies by the Kenai Shareholders if Kenai deems it advisable to do so, such waiver to be endorsed on the proxy by the initials of the Chair of the Meeting.

Quorum and Voting

21. The quorum for the Meeting shall be the quorum for the approval of a special resolution pursuant to the Kenai Articles.

22. At the Meeting, each registered Shareholder whose name is entered on the central securities register of Kenai at the close of business on the Record Date is entitled to one (1) vote for each Kenai Share registered in his/her/its name.

23. The requisite and sole approvals required to pass the Arrangement Resolution shall be the affirmative vote of not less than two-thirds (2/3) of the votes cast in respect of the Arrangement Resolution (excluding from the count of total votes cast any spoiled, illegible and/or defective ballots and abstentions).

Scrutineer

24. A representative of the registrar and transfer agent (or any agent thereof) of Kenai is authorized to act as scrutineer for the Meeting.

25. The duties of the scrutineer shall include:

    a) Reviewing and reporting to the Chair on the deposit and validity of proxies;

    b) Reporting to the Chair on the quorum of the Meeting;

    c) Reporting to the Chair on polls taken or ballots counted, if any, at the Meeting; and,

    d) Providing to Kenai and to the Chair written reports on matters related to their duties.

Kenai Shareholder Dissent Rights

26. Each registered Kenai Shareholder will have the right to dissent from the Kenai Consolidation and Arrangement Special Resolution under Division 2 Part 8 of the BCA, as described in Article 6.1 of the Plan of Arrangement, and as set forth in Appendix 6 to the Information Circular forming part of the Meeting Materials.

Application for Final Order

27. Upon approval of the Arrangement Resolution, with or without variation, by the Kenai Shareholders, Kenai may apply in accordance to this Court for an order approving the Arrangement, and that the Petition be set down for hearing before the presiding Judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British Columbia on July 10, 2013 or other such date following the date of the Kenai as the Kenai may determine.

28. The persons entitled to appear and be heard at any hearing to sanction and approve the Arrangement shall be only:

    a) Kenai;

    b) Serabi; and,

c) Kenai Securityholders and other persons who have filed and served a Response to Petition or have otherwise complied with the Supreme Court Civil Rules and paragraph 29 of this Interim Order.

29. Delivery of the Meeting Materials, which includes a copy of the Interim Order and the Notice of Petition shall constitute good and sufficient service thereof upon all persons who are entitled to receive notice of this proceeding pursuant to this Interim Order and no other form of service need be made and no other material need be served on such persons in respect of these proceedings, except with respect to any person that:

a) files a Response to Petition, in the form prescribed by the Supreme Court Civil Rules, together with any evidence or material which is to be presented to the Court at the hearing of the application; and

b) delivers the Response to Petition, together with a copy of any evidence or material which is to be presented to the Court at the hearing of the application to Kenai's counsel on or before 4:00 p.m. (Vancouver time) on July 5, 2013:

Owen Bird Law Corporation
Three Bentall Centre
2900 - 595 Burrard Street
PO Box 49130
Vancouver, BC V7X 1J5
Attention: Zachary J. Ansley

30. Upon approval by the Kenai Shareholders of the Arrangement Resolution, in the manner set forth in this Interim Order, Kenai may apply to the Court for an Order:

a) Pursuant to section 291(4)(a) of the BCA approving the Arrangement; and,

b) Pursuant to section 291(4)(c) of the BCA declaring that the Arrangement is fair and reasonable to the Kenai Shareholders (collectively, the "**Final Order**").

31. The hearing of the application for the Final Order will be held on July 10, 2013 at 9:45 a.m.

32. If the application for the Final Order does not proceed on the date set forth in the Notice of Petition, and is adjourned, only those parties having previously filed a Response to

Petition in accordance with the preceding paragraph of this Interim Order need be served with notice of the adjourned date.

33. The only persons entitled to notice of any further application in this proceeding, shall be the solicitors for Kenai and persons who have previously filed a Response to Petition in accordance with the paragraph 30 of this Interim Order.

34. The Petitioner shall not be required to comply with Rules 8-1 and 16-1 of the *Supreme Court Civil Rules* in relation to the hearing for the Final Order approving the Plan of Arrangement.

35. Based on the Court's approval of the Plan of Arrangement in the Final Order, the Petitioners will rely on section 3(a)(10) of the United States *Securities Act* of 1933, as amended, for an exemption from the registration requirements of the United States *Securities Act of 1933* with respect to the issuance of securities pursuant to the Plan of Arrangement.

Variance

36. Kenai shall have leave to apply to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

APPROVED AS TO FORM:

Signature of Zachary J. Ansley
Solicitor for the Petitioner

BY THE COURT

~~DEPUTY~~ REGISTRAR

APPENDIX 4

NOTICE OF HEARING OF PETITION

No. S- 134006
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE BRITISH COLUMBIA *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING KENAI RESOURCES LTD., 0968222 B.C. LTD. AND SERABI GOLD PLC

KENAI RESOURCES LTD.

PETITIONER

PETITION TO THE COURT

This proceeding has been started by the Petitioner for the relief set out in Part 1 below.

If you intend to respond to this petition, you or your lawyer must

(a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and

(b) serve on the Petitioner

i. 2 copies of the filed response to petition, and

ii. 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

Time for response to petition

A response to petition must be filed and served on the Petitioner,

(a) if you reside anywhere within Canada, within 21 days after the date on which a copy of the filed petition was served on you,

(b) if you reside in the United States of America, within 35 days after the date on which a copy of the filed petition was served on you,

(c) if you reside elsewhere, within 49 days after the date on which a copy of the filed petition was served on you, or

(d) if the time for response has been set by order of the court, within that time.

(1)	The address of the registry is:	800 Smithe Street Vancouver BC V6Z 2E1
(2)	The ADDRESS FOR SERVICE of the Petitioner is:	Owen Bird Law Corporation 29th Floor, Three Bentall Centre 595 Burrard Street

		Vancouver BC V7X 1J5 Attention: Zachary J. Ansley
	Fax number address for service (if any) of the Petitioner is:	604-632-4441
	Email address for service (if any) of the Petitioner is:	zansley@owenbird.com
(3)	The name and office address of the Petitioner's lawyer is:	Owen Bird Law Corporation 29th Floor, Three Bentall Centre 595 Burrard Street Vancouver BC V7X 1J5 Attention: Zachary J. Ansley

CLAIM OF THE PETITIONER

PART 1: ORDERS SOUGHT

1. The Petitioner, Kenai Resources Ltd. ("**Kenai**") applies to this Court pursuant to sections 288 and 291 of the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended ("**BCA**"), Rules 16-1, 4-4, 4-5 and 2-1(2)(b) of the Supreme Court Civil Rules and the inherent jurisdiction of this court for:

   a) An order (the "**Interim Order**") in the form attached to this Petition as Schedule "A" authorizing, *inter alia*, the procedures for approval of an arrangement under the BCA by the Petitioner;

   b) An order (the "**Final Order**") in the form attached to this Petition as Schedule "B" approving the Arrangement as may be authorized, approved and agreed by a special resolution of Kenai made in accordance with the Interim Order; and

   c) Such further and other relief as this Honourable Court may deem just.

PART 2: FACTUAL BASIS

Parties to the Arrangement

1. Kenai is a company duly incorporated pursuant to the laws of British Columbia and has a registered and records office at 2900 – 595 Burrard Street, Vancouver, British Columbia V7X 1J5.

2. Kenai is a Canadian company focused on precious mineral project exploration and development. Its principal current activity is at the Sao Chico project in Brazil.

3. The authorized and voting share capital of Kenai consists of an unlimited number of common shares without par value and without special rights or restrictions attached (the "**Kenai Shares**"). As of May 27, 2013, 105,906,734 Kenai Shares were issued and outstanding as fully paid and non-assessable shares free of any pre-emptive rights. The outstanding Kenai Shares are listed and posted for trading on the TSX Venture Exchange under the stock symbol "KAI" and Kenai is a reporting issuer in British Columbia and Alberta.

4. As of the record date, May 27, 2013, there will be no warrants outstanding to purchase Kenai Shares.

5. As of May 27, 2013, there were options outstanding (the "**Kenai Options**") which, if fully vested, would entitle their holders to acquire a total of 2,980,700 Kenai Shares at prices between $0.25 and $0.265 with various expiry dates between October 1, 2015 and June 7, 2016.

6. Serabi Gold PLC ("**Serabi**") is a company duly incorporated under the laws of England and Wales. Serabi is a gold exploration and development company focused on the Tapajos geological region in northern Brazil.

7. Serabi's shares are listed and posted for trading on the TSX under the stock symbol "SBI" and on the London-AIM under the stock symbol "SRB" and Serabi is a reporting issuer in British Columbia, Alberta and Ontario.

The Arrangement

8. Kenai and Serabi have entered into an arrangement agreement dated as of May 3, 2013 (the "**Arrangement Agreement**") under which Kenai will amalgamate with a wholly owned subsidiary of Serabi ("**Subco**") pursuant to a plan of arrangement (the "**Plan of Arrangement**") under section 288 of the BCA or any equivalent section or sections of any corporate legislation that may supersede the BCA (the "**Arrangement**"), and pursuant to which the outstanding common shares in the capital of Kenai ("**Kenai Shares**") will be exchanged for ordinary shares of Serabi ("**Serabi Shares**") and the outstanding options to acquire common shares of Kenai ("**Kenai Options**") will be exchanged for options to acquire ordinary shares of Serabi ("**Replacement Options**") as described in the Plan of Arrangement.

9. Capitalized terms used but not otherwise defined in this Petition shall have the meanings ascribed to them in the draft management information circular attached as Exhibit A to the Affidavit #1 of Paul Larkin, affirmed May 30, 2013 (the "**Information Circular**").

10. Under the terms of the Arrangement, as described in more detail at paragraph 13 below, the Kenai Shareholders will receive 0.85 of a Serabi Share in respect of each Kenai Share, and the Kenai Options will be exchanged for Replacement Options as is equal to the product (rounded to the nearest whole number) of: (A) the number of Kenai Shares subject to the Kenai Options immediately before the Effective Date; and (B) 0.85.

11. The Arrangement is subject to obtaining the necessary approvals, including the approval by the Kenai Shareholders at a special meeting of Kenai (the "**Kenai Meeting**") scheduled to be held on July 5, 2013 in accordance with section 289 of the BCA.

12. The Arrangement must be approved by at least two-thirds of the votes cast by Kenai Shareholders on the special resolution in respect of the Arrangement in substantially the same form as attached as Appendix A to the Information Circular (the "**Arrangement Resolution**").

13. The Plan of Arrangement provides that, among other things, that at the Effective Time, each of the following shall occur and shall be deemed to occur in the sequence set out below without any further act or formality:

a) Each Kenai Share held by a registered Kenai Shareholder that has duly exercised his, her or its rights of dissent (**"Dissent Rights"**) in respect of the Arrangement as described in the Plan of Arrangement (the **"Dissenting Shareholder"**) will be, and will deemed to be, transferred by the holder thereof, free from any claims, to Subco and thereupon each Dissenting Shareholder shall have the rights set out in the Plan of Arrangement;

b) Each of the issued and outstanding Kenai Shares (except those held by Dissenting Shareholders) will be and will deemed to be acquired by Subco, free from any claims, in exchange for 0.85 Serabi Shares;

c) Subco will issue to Serabi one Subco Share for each Serabi Share issued, and Subco will add to the stated capital account maintained for the Subco Shares the fair market value of such Serabi Shares;

d) Each Kenai Option will be exchanged for a Replacement Option issued by Serabi, with such Replacement Option being exercisable to acquire the number (rounded down to the nearest whole number) of Serabi Shares equal to the product of (A) the number of Kenai Shares subject to the Kenai Options immediately before the Effective Date; and (B) 0.85; and

e) Subco and Kenai will amalgamate to form Amalco, which will be a wholly-owned subsidiary of Serabi.

Conditions

14. The obligations of the parties to complete the Arrangement are subject to a number of conditions including, among other things, the satisfaction of certain mutual conditions such as the approval of the Kenai Shareholders in accordance with the Interim Order and the receipt of the Final Order of this Court in connection with the Arrangement.

15. The Arrangement Agreement also provides that the obligations of the parties to complete the Arrangement are subject to satisfaction of other conditions, including that:

a) the Kenai Shareholders will not have exercised such right of dissent with respect to greater than 5% of the aggregate number of outstanding Kenai Shares, or if dissent rights are exercised by Eldorado Gold Corp. ("**Eldorado**"), that holders of no more than 3% of the outstanding Shares have exercised Dissent Rights other than Kenai Shares in respect of which Eldorado has exercised Dissent Rights;

b) all appropriate approvals and consents will have been obtained; and

c) no Material Adverse Effect or Material Adverse Change, as defined in the Arrangement Agreement, shall have occurred in respect of Kenai.

Creditor Impact

16. The Arrangement does not contemplate a compromise of any debt or debt instruments of Kenai and no creditor of Kenai will be negatively affected by the Arrangement.

Dissent Rights

17. The Plan of Arrangement contemplates that the Interim Order granted will grant registered Kenai Shareholders a right to dissent and the Interim Order includes a right of dissent similar to that granted under Division 2 of Part 8 of the BCA.

Background to the Arrangement

18. The provisions of the Plan of Arrangement are the result of arm's length negotiations between the representatives of Kenai and Serabi and their respective legal and financial advisors.

Reasons and Support for the Arrangement

19. The Kenai Board has unanimously concluded the Arrangement is fair to the Kenai Shareholders and Kenai Optionholders and is in the best interests of Kenai and

authorised its submission of the Kenai Shareholders and to the Court for approval. The Kenai Board has unanimously recommended that the Kenai Shareholders vote in favour of the Arrangement.

20. In making its recommendation, the Kenai Board believes the Arrangement has the following benefits:

a) *Premiums to Kenai Shareholders*: the consideration under the Arrangement represents and premium of 87% and 152% to the closing share price and 30 day volume-weighted average price of Kenai Shares, respectively, as at May 3, 2013, the business day before the Arrangement was publicly announced;

b) *Financing*: the Arrangement obviates Kenai's need to complete new financing in a relatively adverse market for junior mining exploration companies;

c) *Liquidity*: the completion of the Arrangement should result in increased liquidity for Kenai Shareholders based upon the greater market capitalization of Serabi on completion of the Arrangement;

d) *Strengths of Serabi*: upon completion of the Arrangement, Kenai Shareholders will continue to have access to management with a significant depth of executive experience in exploration, finance, resource conversion, project development and mining. Further, Serabi has the expertise to increase the potential for further discoveries on Kenai's Sao Chico Gold Project, advance the existing resource potential and complete the necessary feasibility studies, financing and construction to progress the Sao Chico Gold Project to completion, if deemed desirable; and

e) *Lock-up Agreements*: the directors and officers of Kenai, as well as Gold Anomaly Limited ("**GAL**") (collectively, the "**Lock-Up Shareholders**"), have entered into a Voting Agreement with Serabi pursuant to which they agreed to vote in favour of the Arrangement Resolution.

Interests of Certain Persons

21. As of May 27, 2013, the directors and senior officers of Kenai, along with GAL, collectively beneficially owned or had voting control or direction over 28,566,142 Kenai Shares representing 27.0% of the Kenai Shares and 2,110,000 Kenai Options representing 70.8% of the Kenai Options. This results in their holding 27.0% of the number of votes to be cast at the meeting.

22. As described above, the directors and senior officers of Kenai, as well as GAL, have entered into Voting Agreements with Serabi whereby they have agreed, among other things, to vote any Kenai Shares held by them, or over which they have control or direction, as of the date of the Meeting in favour of the Arrangement Resolution.

United States Securities Laws

23. The Petitioner intends to rely upon the exemption from registration contained in section 3(a)(10) of the United States *Securities Act of 1933*, as amended (the "**1933 Act**"), for the issuance of securities to U.S. resident Securityholders under the Arrangement. Section 3(a)(10) of the 1933 Act provides an exemption from registration for securities issued in exchange for one or more *bona fide* outstanding securities pursuant to an arrangement where the terms and conditions of such issuance and exchange are approved by any court (including this Honourable Court), after a hearing on the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear and receive timely notice thereof.

Fairness of the Arrangement

24. Kenai and Serabi will rely on this Court's approval and declaration of fairness of the Arrangement, including the terms and conditions thereof and the issuances and exchanges of securities contemplated therein to the Kenai Shareholders and Kenai Optionholders to whom Serabi Shares and Serabi Options, respectively, will be issued, upon hearing such matters at which the Kenai Shareholders and Kenai Optionholders will have the right to appear, to form the basis of an exemption from the registration

requirements of the 1933 Act, as amended, pursuant to section 3(a)(10) thereof for the issuance of securities contemplated in connection with the Arrangement.

25. Therefore, should this Court make the Final Order approving the Arrangement, the issuance of the resulting Serabi Shares and Serabi Options, respectively, will be exempt from registration under the 1933 Act.

26. Obtaining an exemption from the registration requirements of the 1933 Act eliminates substantial costs and delay that would be associated with the registration of the securities be issued pursuant to the Arrangement under the 1933 Act.

PART 3: LEGAL BASIS

1. Sections 288 and 291 of the BCA;

2. Rules 2-1(2)(b), 4-4, 4-5 and 16-1 of the *Supreme Court Civil Rules*; and,

3. The Inherent Jurisdiction of this Court.

PART 4: MATERIALS TO BE RELIED ON

At the hearing of this Petition will be read:

1. The Affidavit #1 of Paul Larkin, made May 30, 2013; and

2. Such further affidavits and other documents as counsel for Kenai may advise.

The Petitioner estimates that the hearing of the petition will take 30 minutes.

DATED at Vancouver, British Columbia this 30th day of May, 2013

This PETITION TO THE COURT is delivered by Zachary J. Ansley of Owen Bird Law Corporation, whose place of business and address for delivery is 29th Floor, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, V7X 1J5.

Signature of Zachary J. Ansley
Solicitor for the Petitioner

ZJA02919

APPENDIX 5

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

SERABI GOLD PLC

PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)
(Expressed in United States Dollars, except where specified otherwise)

MARCH 31, 2013

SERABI GOLD PLC
Pro Forma
Consolidated Income Statement
for the 12 month period ended
31 December 2012
(unaudited)

	Serabi US $	Kenai US $	Note	Pro –Forma Adjustments US $	Pro- Forma Consolidated US $
Revenue from ordinary activities	-	-		-	-
Operating expenses	477,961	-		-	477,961
Loss from operations	**477,961**	-		-	**477,961**
Administration expenses	2,513,272	692,428		-	3,205,700
Share based payments	128,882	92,093		-	220,975
Write-off of past exploration costs	267,703	790,054		-	1,057,757
Depreciation of plant & equipment	891,101	-		-	891,101
Gain on asset disposals	(18,456)	-		-	(18,456)
Depreciation of mine asset	-	-		-	-
Loss on ordinary activities before interest and other income	**4,260,463**	**1,574,575**		-	**5,835,038**
Foreign exchange (gain) / loss	(73,141)	2,528		-	(70,613)
Interest payable	555,835	3,344		-	559,179
Interest receivable	(6,171)	-		-	(6,171)
Loss on ordinary activities before taxation	**4,736,986**	**1,580,447**		-	**6,317,433**
Income tax expense	-	-		-	-
Loss for the period from continuing activities	**4,736,986**	**1,580,447**		-	**6,317,433**
Other comprehensive income (net of tax)					
Exchange differences on translating foreign operations	3,531,144	-		-	3,531,144
Total comprehensive loss for the period	**8,268,130**	**1,580,447**		-	**9,848,577**
Loss per share (basic and diluted)	**(5.29c)**	**(1.77c)**		-	**(3.42c)**

The accompanying notes are an integral part of these consolidated pro-forma financial statements.

SERABI GOLD PLC
Pro Forma
Consolidated Income Statement
for the 3 month period ended
31 March 2013
(unaudited)

	Serabi US $	Kenai US $	Note	Pro - Forma Adjustments US $	Pro- Forma Consolidated US $
Revenue from ordinary activities	-	-		-	-
Operating expenses	-	-		-	-
Loss from operations	-	-		-	-
Administration expenses	908,753	149,736		-	1,058,489
Share based payments	47,846	-		-	47,846
Write-off of past exploration costs	-	-		-	-
Depreciation of plant & equipment	107,667	-		-	107,667
Gain on asset disposals	-	-		-	-
Depreciation of mine asset	-	-		-	-
Loss on ordinary activities before interest and other income	**1,064,266**	**149,736**		**-**	**1,214,002**
Foreign exchange (gain) / loss	255,218	-		-	255,218
Interest payable	42,499	-		-	42,499
Interest receivable	(2,757)	(797)		-	(3,554)
Loss on ordinary activities before taxation	1,359,226	148,939		-	1,508,165
Income tax expense	-	-		-	-
Loss for the period from continuing activities	**1,359,226**	**148,939**		-	**1,508,165**
Other comprehensive income (net of tax)					
Exchange differences on translating foreign operations	(609,475)	-		-	(609,475)
Total comprehensive loss for the period	**749,751**	**148,939**		-	**898,690**
Loss per share (basic and diluted)	**(0.43c)**	**(0.14c)**		-	**(0.37c)**

The accompanying notes are an integral part of these consolidated pro-forma financial statements.

SERABI GOLD PLC
Pro Forma
Statement of Financial Position
as at 31 March 2013
(unaudited)

	Serabi US $	Kenai US $	Notes	Pro –Forma Adjustments US $	Pro- Forma Consolidated US $
NON-CURRENT ASSETS					
Development and deferred exploration costs	17,696,480	8,257,914	3	5,635,959	31,590,353
Property, plant and equipment	29,187,365	-		-	29,187,365
Other receivables	-	21,621		-	21,621
TOTAL NON-CURRENT ASSETS	**46,883,845**	**8,279,535**		**5,635,959**	**60,799,339**
CURRENT ASSETS					
Cash at bank and in hand	20,222,386	148,595		-	20,370,981
Trade and other receivables	182,018	22,420		-	204,438
Inventories	795,485	-		-	795,485
Prepayments and accrued income	681,188	21,467		-	702,655
TOTAL CURRENT ASSETS	**21,881,077**	**192,482**		-	**22,073,559**
CURRENT LIABILITIES					
Trade and other payables	2,295,152	115,749		-	2,410,901
Due to related parties	-	92,474		-	92,474
Accruals	408,540	-		-	408,540
TOTAL CURRENT LIABILITIES	**2,703,692**	**208,223**		-	**2,911,915**
NET CURRENT ASSETS	**19,177,385**	**(15,741)**		-	**19,161,644**
TOTAL ASSETS LESS CURRENT LIABILITIES	**66,061,230**	**8,263,794**		**5,635,959**	**79,960,983**
NON-CURRENT LIABILITIES					
Trade and other payables	131,230	-		-	131,230
Provisions for liabilities and charges	1,635,873	-		-	1,635,873
Deferred Taxation	-	-	3	1,430,000	1,430,000
Interest-bearing liabilities	386,729	-		-	386,729
TOTAL NON-CURRENT LIABILITIES	**2,153,832**	-		**1,430,000**	**3,583,832**
NET ASSETS	**63,907,398**	**8,263,794**		**4,205,959**	**76,377,151**
EQUITY					
Called up share capital	52,773,993	19,271,433	3	(12,042,591)	60,002,835
Share premium reserve	54,083,565	-	3	5,240,911	59,324,476
Option reserve	2,069,189	2,207,973	3	(2,207,973)	2,069,189
Other reserves	427,615	-		-	427,615
Translation reserve	(3,996,836)	-		-	(3,996,836)
Accumulated losses	(41,450,128)	(13,215,612)	3	13,215,612	(41,450,128)
EQUITY SHAREHOLDER'S FUNDS	**63,907,398**	**8,263,794**		**4,205,959**	**76,377,151**

The accompanying notes are an integral part of these consolidated pro-forma financial statements.

BASIS OF PRESENTATION

1. The accompanying unaudited pro-forma consolidated financial statements of Serabi Gold plc ("Serabi" or "the Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") from information derived from the consolidated financial statements of Serabi and the consolidated financial statements of Kenai Resources Ltd. ("Kenai"). The unaudited pro-forma consolidated financial statements have been prepared for inclusion in Kenai's Information Circular in conjunction with an Arrangement Agreement dated May 3, 2013 among Serabi, 0968222 B.C. Ltd. ("Subco"; Serabi's wholly owned B.C. subsidiary) and Kenai (the "Arrangement Agreement") relating to the proposed acquisition by Serabi of 100% of the issued and outstanding capital stock of Kenai (the "Arrangement" or "acquisition").

The unaudited pro-forma consolidated financial statements of the Company have been compiled from and include:

a) A pro forma condensed consolidated statement of financial position combining:

1. Serabi's unaudited consolidated statement of financial position as at March 31, 2013; and
2. Kenai's unaudited consolidated statement of financial position as at March 31, 2013.

b) A pro forma condensed consolidated statement of operations and comprehensive loss for the year ended December 31, 2012 combining:

1. Serabi's audited consolidated statement of operations and comprehensive loss for the year ended December 31, 2012; and
2. Kenai's audited consolidated statement of operations and comprehensive loss for the year ended December 31, 2012.

c) A pro forma condensed consolidated statement of operations and comprehensive loss for the three months ended March 31, 2013 combining:

1. Serabi's unaudited condensed consolidated interim statement of operations and comprehensive loss for the three months ended March 31, 2013; and
2. Kenai's unaudited condensed consolidated interim statement of operations and comprehensive loss for the three months ended March 31, 2013.

d) The additional information set out in Note 3.

The unaudited pro-forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the combined entities' financial position and results of operations that would have occurred if the acquisition had been in effect at the date indicated as set out in Note 3. Actual amounts recorded upon consummation of the agreement will likely differ from those recorded in the unaudited pro-forma consolidated financial statements. Similarly, the calculation and allocation of the purchase price has been prepared on a preliminary basis and is subject to change between the time such preliminary estimations were made and closing as a result of a number of factors.

The unaudited pro-forma consolidated statement of financial position gives effect to the acquisition of Kenai by Serabi as if it had occurred on March 31, 2013. The unaudited pro-forma consolidated statement of operations and comprehensive loss for the year ended December 31, 2012 gives effect to the acquisition as if it occurred on January 1, 2012 and the unaudited pro-forma consolidated statement of operations and comprehensive loss for the three month period ended March 31, 2013 gives effect to the acquisition as if it occurred on January 1, 2013.

The unaudited pro-forma consolidated financial statements should be read in conjunction with the audited consolidated financial statements of Serabi and Kenai for year ended December 31, 2012

and the unaudited interim condensed consolidated financial statements of Serabi and Kenai for the three months ended March 31, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation for these unaudited pro forma consolidated financial statements are those set out in Serabi's audited consolidated financial statements as at December 31, 2012. In preparing the unaudited pro-forma consolidated financial statements, a review was undertaken to identify accounting policy differences between Serabi and Kenai where the impact was potentially material. The significant accounting policies of Kenai conform in all material respects to those of Serabi.

3. PRO-FORMA TRANSACTION

Pursuant to the Amalgamation, Subco will amalgamate with Kenai, the amalgamated company will become a wholly-owned subsidiary of Serabi, and Serabi will issue securities of Serabi to the former security holders of Kenai. The Serabi securities are to be issued on an exchange ratio of 0.85 Serabi shares for every one Kenai share, so that Serabi is to issue an aggregate of 90,020,723 ordinary shares to the security holders of Kenai. In addition Serabi will issue a further 5,100,000 ordinary shares to Gold Anomaly Limited ("GOA") in satisfaction of a contingent payment obligation pursuant to a share purchase agreement between Kenai and GOA in respect of the Sao Chico Gold project. The Arrangement is subject to receipt of court approval and the approval of Kenai shareholders.

The 2,980,000 outstanding Kenai options will be replaced with 2,533,000 Serabi options ("Replacement Options"). The Replacement Options will expire on the earlier of (i) the original expiry date of the applicable Kenai option or (ii) one (1) year from the date upon which the Kenai option-holder ceases to be an Eligible Person (as such term is defined in the Kenai Stock Option Plan). The Company has considered the value of the Replacement Options and has determined that that given the expected option life and the exercise price of each option, the fair value of the Replacement Options is immaterial.

In connection with the Arrangement and pursuant to a Facility Agreement dated May 3, 2013, Serabi has provided a US$2.75 million secured non-revolving credit facility (the "Facility") to Kenai. Kenai is to use the Facility to fund certain expenditures, including those related to the continued exploration and development of the Sao Chico Gold Project, and in respect of expenses incurred in connection with the Arrangement. As at March 31, 2013, no amount was drawn down.

For the purpose of these unaudited pro forma consolidated financial statements, there were a total of 105,906,734 Kenai shares exchanged for 90,020,723 Serabi shares as of March 31, 2013 and a further 5,100,000 Serabi shares issued to GOA in satisfaction of the contingent payment obligation of Kenai.

The value of the Serabi shares issued was GB£0.08625 per share based on the closing price of Serabi common shares on March 31, 2013.

The following exchange rates have been used:

March 31,2013	US$:GB£ of 0.657925	US$:C$1.0171
Average for the 3 month period ended March 31, 2013		US$:C$1.0013
Average for the 12 month period ended December 31, 2012		US$:C$0.9996

The Transaction will be accounted for as a business combination under IFRS using the acquisition method, with Serabi as the acquirer of Kenai.

The allocation of the purchase price has been based upon management's preliminary estimates and certain assumptions with respect to the fair value increment associated with the assets to be

acquired and the liabilities to be assumed. The actual fair values of the assets and liabilities will be determined as of the date of acquisition and may differ materially from the amounts disclosed below in the assumed pro forma purchase price allocation because of changes in fair values of the assets and liabilities to the date of the transaction, and as further analysis is completed.

Consequently, the actual allocation of the purchase price can be expected to result in different adjustments to those in the unaudited pro forma condensed consolidated statements of financial position.

The consideration given by Serabi will be valued at the date of closing of the transaction and therefore the final consideration may be significantly different from that used in this pro forma information.

Therefore, it is likely that the purchase price and fair values of assets and liabilities acquired will vary from those shown below and the differences may be material. The determination of the acquisition cost for the purpose of these pro formal financial statements and the preliminary allocation of the acquisition cost is summarized as follows:

As at 31 March 2013	
Acquisition cost	**US$**
90,020,723 shares issued to exchange for 105,906,734 Kenai shares	11,801,174
5,100,000 shares issued in satisfaction of contingent payment to GOA	668,579
	12,469,753
Allocation of Acquisition cost	
Trade and other receivables	22,420
Prepayments and accrued income	21,467
Cash and cash equivalents	148,595
Other receivables	21,621
Development and deferred exploration costs	13,893,873
Trade and other payables	(115,749)
Due to related parties	(92,474)
Deferred Taxation	1,430,000
	12,469,753

The fair value ascribed to the Development and deferred exploration costs exceeds the book value by approximately US$4.206 million. A deferred tax liability equal to US$1.43 million has been established to reflect the differences that may arise in the future between the amortisation charges used for the company's financial reporting and that which may be claimed for tax purposes.

4. PRO FORMA SHARE CAPITAL

Pro forma share capital as at March 31, 2013 has been determined as follows:

	Number	**US$**
Serabi Ordinary Shares in issue	361,268,529	28,752,598
New Shares issued to Kenai Shareholders	90,020,723	6,841,260
New Shares issued to GOA	5,100,000	387,582
Total Serabi Ordinary Shares in issue	**456,389,252**	**35,981,440**
Serabi Deferred Shares in issue	140,139,065	24,021,395
Total Share Capital		**60,002,835**

5. PRO FORMA BASIC AND DILUTED LOSS PER SHARE

Pro forma basic and diluted loss per share for the three months ended March 31, 2013 and year ended December 31, 2012 has been calculated based on the assumed number of Serabi common shares issued.

	3 months ended 31 March 2013	**12 months ended 31 December 2012**
Weighted average number of Serabi shares in issue	313,268,529	89,552,955
Assumed number of Serabi shares to be issued under the transaction	95,120,723	95,120,723
Pro forma weighted average number of shares in issue	408,389,252	184,673,678
Pro-forma adjusted net loss	1,508,165	6,317,433
Pro-forma adjusted loss per share (basic and diluted)	(0.37c)	(3.42c)

As a result of the net loss, the dilutive effect of options and warrants has been excluded.

APPENDIX 6

DISSENT PROVISIONS OF THE BCBCA

SECTIONS 237 TO 247 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

Dissent Proceedings

Definitions and application

237 (1) In this Division:

"dissenter" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"notice shares" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"payout value" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291(2)(c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent

(e) under section 301(5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the

company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238(1)(a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with section 240(1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240(3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240(1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238(1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240(2)(b) or (3)(b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238(1)(h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1)(a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242(4)(c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1)(c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244(1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244(1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2)(a) of this section, the company must

(a) pay to each dissenter who has complied with section 244(1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1)(b) or (3)(b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 4) or (5), 245(4)(a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1)(b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244(6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

(c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.