

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE 6 JULY, 2011

EXPLORATION UPDATE,
KAGERA NICKEL PROJECT, TANZANIA

The Board of Kibaran Nickel Limited (“Kibaran” or “the Company”) (**KNL – ASX**) is pleased to provide an update of its ongoing diamond drilling campaign and surface TDEM survey at the Kagera Nickel project in Tanzania.

The Kagera Nickel Project is located in western Tanzania (see Figure 1). The key tenements are located approximately 10 kilometres northeast of the Kabanga Nickel Deposits of Xstrata Nickel / Barrick Gold (one of world’s largest undeveloped high grade nickel sulphide deposits) which is presently undergoing feasibility studies.

Highlights:

- ✓ The diamond drilling started on May 1st by Layne Drilling Tanzania Ltd and three holes totalling 1,099 metres have been completed to date;
- ✓ A total of 120 line/kilometres of surface TDEM survey (Crone Geophysics and Exploration Ltd) was completed over twelve targets. Data are under evaluation.
- ✓ Crone TDEM Surface and BHEM surveys continue until August. This is the same system that was used by Xstrata Nickel to explore and successfully discover new nickel sulphide deposits on the adjacent Kabanga Project; and
- ✓ A re-evaluation of the VTEM airborne survey data completed by Castillian Resources Corp. in 2008 has resulted in identification of numerous additional airborne conductors that merit follow up.

One diamond drill hole executed over Nyamahwa target VTEM conductor, aligned with the lateral extension of Kabanga sedimentary units, intercepted metasediments (metapelites and quartzites) and a gabbro sill with more than 66 metres thickness containing disseminated sulphides (up to 3%) near the end of the hole.

The other two diamond drill holes were completed over the Shanga area conductors defined by the Surface TDEM survey, close to the Kabanga property boundary. These drill holes provided an initial assessment of the stratigraphic sequence over the area and allow comparison with the Kabanga Main and North Deposits sequences. The holes intercepted metasediments (metapelites, shales and quartzites) with zones containing 5 to 15% pyrrhotite

(conductive zone) and several sills (4m average thickness) of dolerites to gabbro dolerites along the holes. These type of sills are located under the ultramafic unit that hosts the Ni mineralization at the Kabanga Main and North Deposits. Partial assays have been received from the first diamond drill hole at the Shanga Target. Several strongly anomalous values have been noted including 1.0 meter grading 0.20% Copper (155.0 to 156.0m); 1.0 meter grading 0.13% Nickel (160.0 to 161.0m) and 1.0 meter grading 0.32% Nickel (162.0 to 163.0m).

David Gower, P.Geo., Managing Director of Kibaran Nickel Ltd. commented, "We are very encouraged to see anomalous values and the appropriate geological sequences in the early drilling. The results of the ongoing EM surveys and the new targets being identified by reprocessing the VTEM airborne data also confirm the strong potential for discovery on this large property. We have a very clear geological model based on the nearby Kabanga deposits and this is the focus of the ongoing program."

The Surface TDEM Survey commenced on March 19, 2011. To date 120 kilometres of surveying have been completed (Figure 3) and results are under evaluation. The Crone Pulse EM system is evaluating targets identified by the previous airborne VTEM survey and geological mapping/geochemical surveys and provides targets for diamond drill follow up.

Two diamond drill holes are planned to test two others High Conductance target showing Late-time response on Crone PEM system coincident with anomalous values of Cr soil samples and stronger Magnetic anomalies. These targets are located approximately two kilometres southwest of the first drilled areas of Shanga trend.

The exploration team is now focusing on a coincident Ni/Cr soil anomaly located north of the drill area in Shanga target, stratigraphically above the unit's crosses in the executed holes. This polymetallic signature is coincident with a geophysical anomaly defined by a strong magnetic and VTEM B-field feature. A detail Crone TDEM surface survey will be completed over this area in the next days.

The Crone system will remain on site in order to conduct Borehole PEM surveys in support of the drilling program and TDEM Surface surveying will continue until August 2011.

All the core samples were submitted to ALS Chemex Labs. Results are pending.

The Kagera Nickel Project comprises a large land position covering 864 square kilometres along the western border of Tanzania (Figure 2). The Kabanga-Musongati mafic-ultramafic belt occurs in the Meso-proterozoic Kibaran Orogenic Belt which extends 350km along a northeast-southwest trend, exposed in Burundi, Rwanda, southwest Uganda and northwest Tanzania. The intrusions were emplaced into pelitic sediments of the rift basin that accumulated during the early rift phase of the Kibaran orogeny and contain important Nickel



Suite 4, Level 9
341 George Street
Sydney, NSW 2000
Phone (612) 9299 9690
Facsimile (612) 9299 9629

sulphide ores at the Kabanga Nickel Deposit (Tanzania) and reef-type PGE concentrations at Musongati (Burundi).

The geophysical surveys are being supervised by Isabelle Dumas, Ing. Kibaran Nickel's Chief Geophysicist and a qualified person as defined by NI 43-101 and JORC. The technical program is managed by Diego Verdugo, Kibaran Nickel's Director of Exploration. This release has been reviewed and approved by David Gower, P.Geol. Kibaran Nickel's Managing Director and a Qualified Person as defined by NI 43-101.

ABOUT KIBARAN NICKEL LIMITED

Kibaran Nickel Ltd. is an ASX listed exploration company that trades under the symbol KNL. The Company is focused on exploring the highly prospective Kagera Nickel project which is adjacent to the Kabanga Nickel Projects which are among the largest undeveloped, high grade nickel sulphide deposits in the world.

For further information please contact:

Enquiries: David Gower – Director
Telephone: + 1 416 356 4839 – Toronto Canada
Andrew Bursill – Company Secretary
Telephone: + 612 9299 9690 – Sydney Australia

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr David Gower, who is a member of the Association of Professional Geoscientists of Ontario. Mr Gower is a consultant of Kibaran Nickel Limited. Mr Gower has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code")'. Dr Gower consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Figure 1: Location map for Kibaran Nickel Ltd.'s Kagera Nickel Project, Western Tanzania.

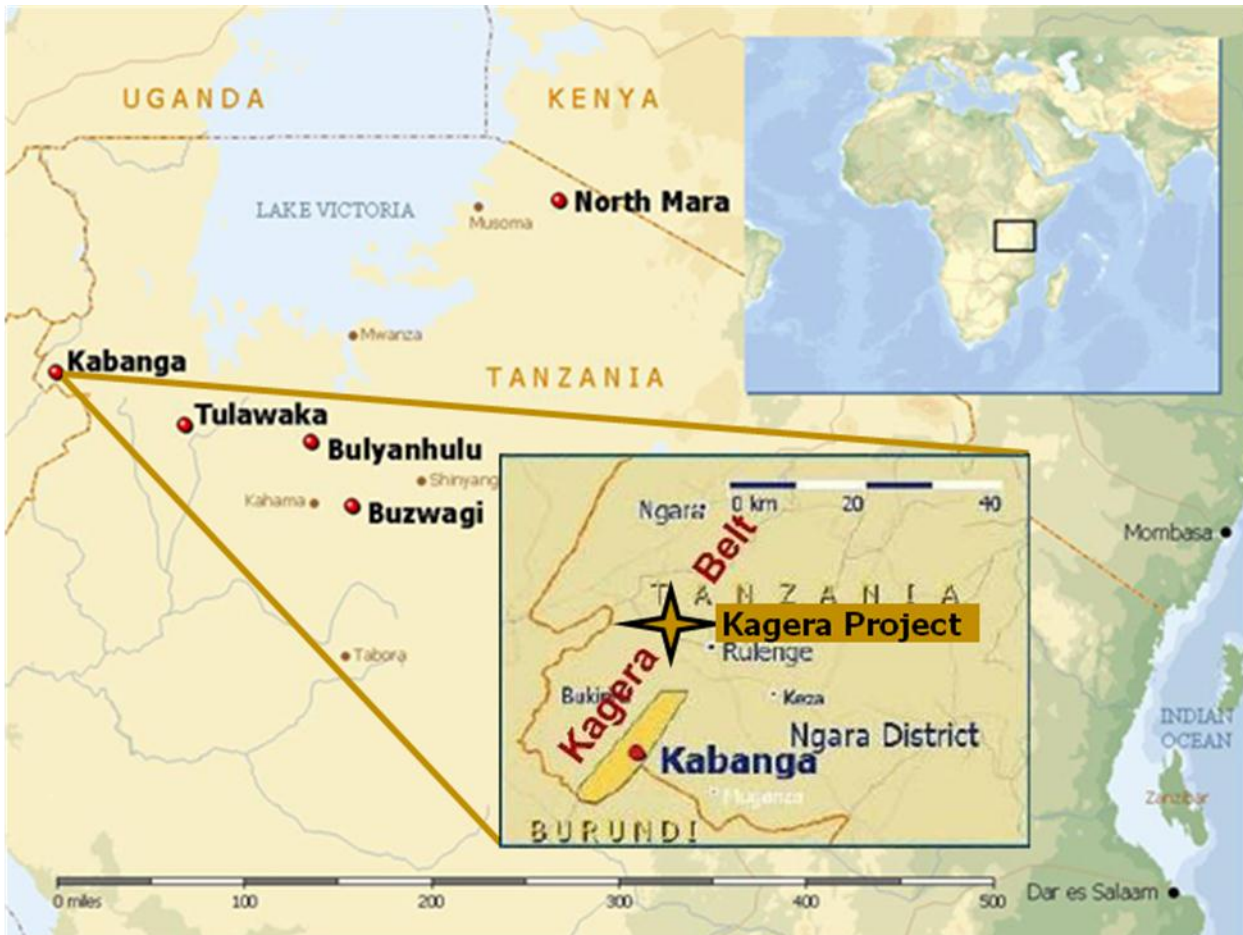


Figure 2: Location of Kibaran Nickel's Tenements, Western Tanzania. The southern tenements between Kabanga and Luhuma are the focus of the current work program.

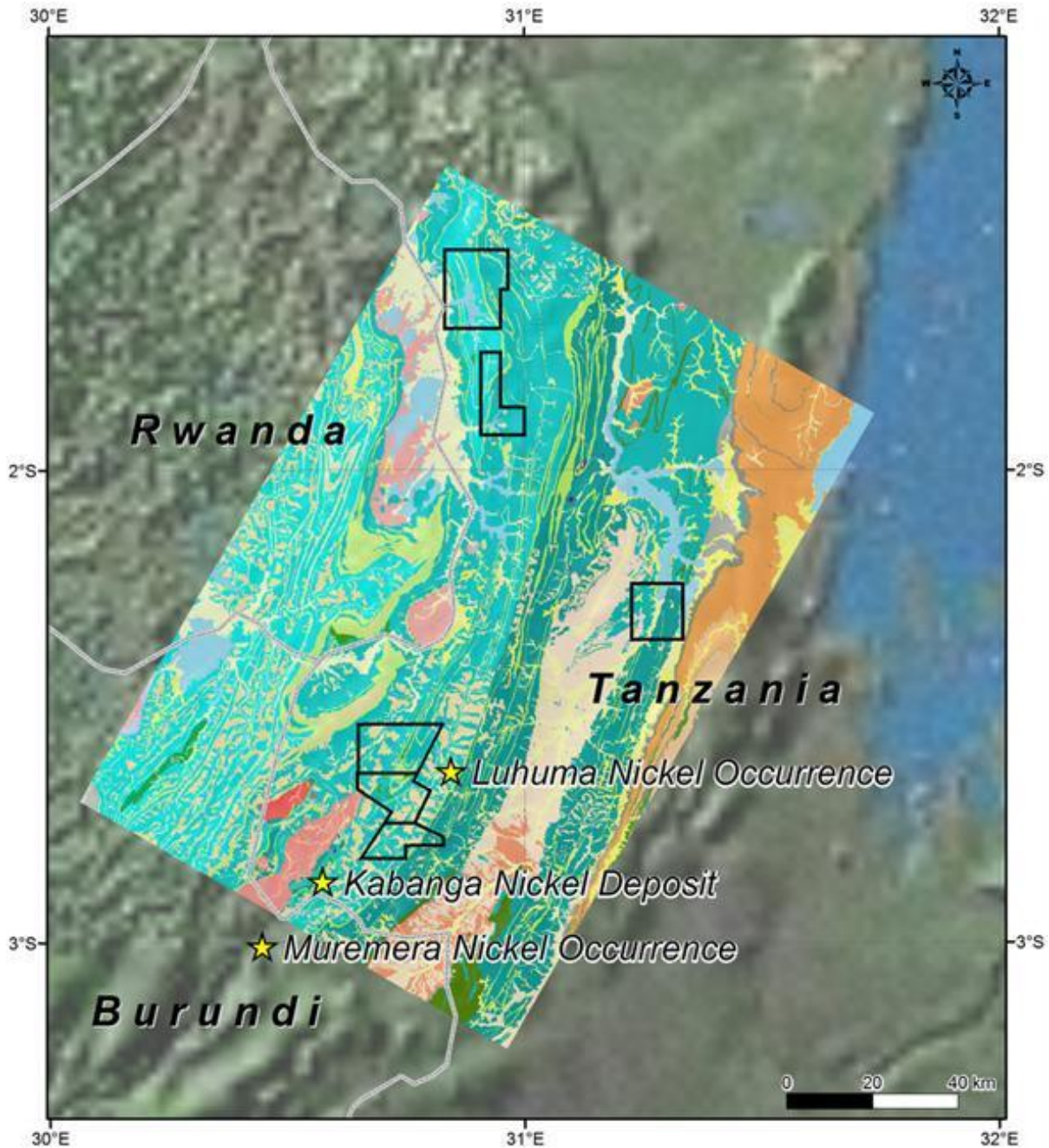


Figure 3: Surface Ground TDEM and DDH Location over Regional Geological Map. The red polygons indicate areas covered by the TDEM survey to date.

