



ACN 117 330 757

RIGHTS ISSUE OFFER DOCUMENT

A non-renounceable rights issue to existing shareholders of one (1) new share at an issue price of \$0.07 for every three (3) shares held to raise approximately \$900,000 before the costs of the Offer.

The closing date for applications is 2 July 2012

This rights issue is fully underwritten by Taylor Collison Limited ABN 53 008 172 450

THIS DOCUMENT IS NOT A PROSPECTUS. THIS DOCUMENT DOES NOT CONTAIN ALL OF THE INFORMATION THAT AN INVESTOR MAY REQUIRE TO MAKE AN INFORMED DECISION REGARDING THE NEW SHARES OFFERED BY THIS DOCUMENT.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY.

IF YOU HAVE ANY QUERIES PLEASE CONSULT YOUR STOCKBROKER OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.



Important Notice

The offer made pursuant to this Offer Document (**Offer**) is for a non-renounceable pro-rata rights issue (**Rights Issue**) of continuously quoted securities (as defined in the Corporations Act) of Kibaran Nickel Limited (**Company**).

The Offer is fully underwritten by Taylor Collison.

As part of the Underwriting Agreement, Taylor Collison may appoint sub-underwriters on such terms as it thinks fit, not inconsistent with those in the Underwriting Agreement.

Mr Simon O'Loughlin (via a related company), Mr Robert Greenslade (via a related company) and Mr David Argyle, all of whom are directors of the Company, have agreed to participate in sub-underwriting of the shortfall (if any) from the Rights Issue up to a maximum of 1,190,476 Shares or \$83,333.32 each (i.e. for a total shortfall pool of \$250,000) in accordance with their respective obligations to the Company under signed (or to be signed) sub-underwriting agreements. Mr David Gower, being a director of the Company, is not participating in sub-underwriting of the shortfall (if any) from the Rights Issue.

This Offer Document is not a disclosure document for the purposes of Chapter 6D of the Corporations Act. The Company is offering the securities under this Offer Document without disclosure to investors under Chapter 6D of the Corporations Act, but rather in accordance with the requirements of section 708AA of the Corporations Act. Accordingly, the level of disclosure contained in this Offer Document is less than that required under a prospectus that is prepared in accordance with the disclosure requirements of Chapter 6D of the Corporations Act. Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made by or about the Company to the ASX, and should consult their professional advisers before deciding whether to accept the Offer.

This Offer Document is dated 1 June 2012 and was lodged with the ASX on 1 June 2012. Neither ASX nor any of its officers take any responsibility for the content of this Offer Document.

This Offer Document does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Offer, or the New Shares to be issued thereunder, or otherwise permit the offering of New Shares in any jurisdiction outside Australia and New Zealand.

By lodging a completed Entitlement and Acceptance Form an investor is taken to have warranted as to its ability to participate in the Offer without breach of the law, and related matters in their respective jurisdiction. The Company reserves the right to treat as invalid any Entitlement and Acceptance Form that appears to have been submitted by an Ineligible Shareholder.

In particular, neither the Offer nor this Offer Document constitutes or evidences an offer for sale of the New Shares or any Right to a security in the United States or to U.S. persons (as defined for the purposes of the Securities Act 1933 of the United States). The New Shares and Rights have not been, and will not be, registered under the Securities Act 1933 and must not be offered or sold within the United States or to U.S. persons unless they are registered under the Securities Act 1933 or an exemption from the registration required under the Securities Act 1933 is available.

This Offer Document includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements. These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

The postal acceptance rule does not apply to the Offer.

This document is important and requires your attention. It should be read in its entirety.



TABLE OF CONTENTS

LETTER FROM THE CHAIRMAN.....	1
DETAILS OF THE OFFER.....	2
INFORMATION ABOUT KIBARAN NICKEL LIMITED.....	6
ACTION REQUIRED BY SHAREHOLDERS.....	9
UNDERWRITING AGREEMENT AND DIRECTOR SUB-UNDERWRITING AGREEMENTS	11
RISKS.....	18
IMPORTANT ADDITIONAL INFORMATION	23
DEFINITIONS.....	24
ANNEXURE 1 - ASX RELEASE MADE 9 MAY 2012.....	26

Letter from the Chairman

1 June 2012

Dear Shareholder

I am pleased to invite you to participate in a 1 for 3 non-renounceable fully underwritten rights issue at \$0.07 per Share to be made by the Company (**Rights Issue**). This Offer Document outlines the details of the Rights Issue.

The proceeds from this Rights Issue will be used to fund the Company's acquisition of Tanzgraphite Pty Limited (**Tanzgraphite**) as announced on 9 May 2012 and ongoing exploration requirements for both its nickel and graphite projects. On the basis of these commitments, the Board has decided to raise approximately \$900,000, before costs, in new capital by way of a non-renounceable, fully underwritten pro-rata rights issue.

The acquisition of Tanzgraphite is subject to the satisfaction of various conditions precedent including satisfactory completion of legal and technical due diligence, which is currently being undertaken by the Company and its advisors, and the approval by the Company's shareholders of the issue of the ordinary shares and performance shares (**Consideration Shares**) to the vendors of Tanzgraphite. Should the Company not be satisfied by the due diligence outcome, shareholder approval not be forthcoming for the issue of the Consideration Shares or any other condition precedent not be satisfied, the acquisition of Tanzgraphite may not proceed and any capital raised through this Rights Issue will be used as ongoing funding of the Company's existing nickel project.

A personalised Entitlement and Acceptance Form is attached and you will need to complete that Form and return it with payment by the Closing Date and otherwise in accordance with the instructions provided in your personalised Entitlement and Acceptance Form, in order to participate in the Rights Issue. The Closing Date for acceptance and payment is 5.00 pm (Sydney time) on Monday, 2 July 2012.

The New Shares will, from allotment, rank equally with existing Shares. No dividend is expected to be paid on Shares in the Company in respect of the year ending 30 June 2012.

To the extent that you do not take up your pro-rata Entitlement, your interest in the Company will be diluted.

The Company has appointed Taylor Collison as underwriter of this Offer. Further details on the terms of the Underwriting Agreement with Taylor Collison are contained within Section 4 of this Offer Document.

The New Shares proposed to be issued under the Rights Issue will be fully paid and will rank equally with the Company's existing Shares. The Company will make an application to the ASX for official quotation of all New Shares.

The number of New Shares to be issued under the Rights Issue is 12,759,601 which will raise approximately \$900,000, prior to deduction of the costs associated with the Offer. At the conclusion of the Rights Issue the total issued Shares will be 51,038,404.

Details of the Rights Issue and other matters required by law to be disclosed are set out in this Offer Document, together with a summary of the risks of investing in the Company. Your Directors draw your attention to the courses of action available to you as set out in Section 3 of this Offer Document.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Simon O'Loughlin', is written over a faint dotted line.

Simon O'Loughlin

Chairman

1. DETAILS OF THE OFFER

1.1 The Offer

This Offer Document invites Eligible Shareholders to participate in a pro-rata, non-renounceable, fully underwritten offer of 12,759,601 New Shares (**Offer**). Each Eligible Shareholder is being offered 1 New Share for every 3 Shares held by that Eligible Shareholder as at 5:00 pm (Sydney time) on the Record Date (being 12 June 2012). The Offer Price is \$0.07 per New Share.

The New Shares will rank equally with existing Shares.

1.2 Underwriting and Directors' Sub-Underwriting

The Offer is fully underwritten by Taylor Collison pursuant to the Underwriting Agreement described in Section 4 of this Offer Document (**Underwriting Agreement**). Under the terms of the Underwriting Agreement, Taylor Collison will receive a management fee of 2% of the underwritten amount and an underwriting fee of 4% of the underwritten amount.

Mr Simon O'Loughlin (via a related company), Mr Robert Greenslade (via a related company) and Mr David Argyle, all of whom are directors of the Company, have agreed to participate in sub-underwriting of the shortfall (if any) from the Rights Issue up to a maximum of 1,190,476 Shares or \$83,333.32 each (i.e. for a total shortfall pool of \$250,000) in accordance with their respective obligations to the Company under signed (or to be signed) sub-underwriting agreements described in Section 4 of this Offer Document. The Directors will not receive an underwriting fee, a management fee or any other remuneration in respect of their sub-underwriting commitments. Mr David Gower, being a director of the Company, is not participating in sub-underwriting of the shortfall (if any) from the Rights Issue.

1.3 Indicative Timetable

Lodge Appendix 3B with ASX	1 June 2012
Send notice to shareholders, containing details required in Appendix 3B	4 June 2012
Ex Date for Entitlement to New Shares	5 June 2012
Record Date to determine your Entitlement to New Shares	12 June 2012
Expected date of despatch of Offer Document and Entitlement and Acceptance Form	18 June 2012
Last day for acceptance and payment in full (Closing Date)	2 July 2012
Securities to be quoted on a deferred settlement basis	3 July 2012
Notify ASX of under subscriptions	5 July 2012
Expected date of allotment and despatch of Holding Statements for New Shares	10 July 2012
First day of trading of New Shares	11 July 2012

Note: The above dates are subject to change and are indicative only. The Company reserves the right to amend this indicative timetable. In particular, the Company reserves the right, subject to the Corporations Act and the Australian Securities Exchange Listing Rules, to extend the Closing Date or to withdraw the Rights Issue without prior notice. Any extension of the Closing Date is likely to cause a delay on the date for the issue of New Shares. Any change in any of the abovementioned dates will be notified to ASX for public disclosure on the Company's ASX Announcements platform and web-site.

1.4 Record Date and entitlement

The entitlement of Eligible Shareholders to participate in the Offer is to be determined on the Record Date. Your entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

1.5 Opening and Closing Dates

The Offer opens on the Opening Date, namely 18 June 2012. The Company will accept Entitlement and Acceptance Forms until 5.00 pm (Sydney time) on the Closing Date or such other time and date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

1.6 Issue and despatch

The expected dates for issue of New Shares offered by this Offer Document and despatch of holding statements is expected to occur on the dates specified in the timetable set out in Section 1.3 above.

It is the responsibility of each Applicant to determine their respective allocation prior to trading in the New Shares.

Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

1.7 ASX official quotation

Application will be made to ASX for the official quotation of the New Shares. If ASX does not grant quotation to the New Shares, the Company will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer.

1.8 Foreign Shareholders

Neither the Offer nor this Offer Document constitutes an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Offer, or the New Shares to be issued under the Offer, or otherwise permit the offering of New Shares, in any jurisdiction outside Australia and New Zealand.

By lodging a completed Entitlement and Acceptance Form an investor is taken to have warranted to and for the benefit of the Company that it is able to participate in the Offer without breach of the law, and related matters in their respective jurisdiction. The Company reserves the right to treat as invalid any Entitlement and Acceptance Form that appears to have been submitted by an Ineligible Shareholder.

In particular, this Offer Document does not constitute an offer for sale of the New Shares or any Right to a security into the United States or to U.S. persons (as defined for the purposes of the Securities Act 1933). The New Shares and Rights have not been, and will not be, registered under the U.S. Securities Act 1933 and must not be offered or sold within the United States or to U.S. persons unless they are registered under the U.S. Securities Act 1933 or an exemption from the registration required under the U.S. Securities Act 1933 is available.

1.9 Taxation Implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with, and prior to, subscribing for New Shares under this Offer Document.

1.10 CHESS and issuer sponsored holdings

The Company participates in the security transfer system known as CHESS. ASX Settlement Pty Limited ACN 008 504 532 (**ASTC**), a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASTC Settlement Operating Rules. Under CHESS,

Eligible Shareholders will not receive a Share certificate but will be issued a statement of holding of Shares.

If your holding is broker-sponsored, and you take up all or part of your Entitlement, ASTC will send you a CHESS holding statement. The CHESS holding statement will set out the number of New Shares issued to you under this Offer Document and provide details of your holder identification number and the participant identification number of the sponsor.

If you are registered on the issuer sponsored sub-register, and you take up all or part of your Entitlement, your statement will be despatched by the Share Registry and will contain the number of New Shares issued to you under this Offer Document and a security holder reference number (SRN).

A CHESS statement or issuer-sponsored statement will routinely be sent to security holders at the end of any calendar month during which the balance of their security holding changes. Security holders may request a statement at any other time. However, a fee may be charged for additional statements.

If investors have enquiries about CHESS, they should contact their broker or ASX.

1.11 Capital structure

Once the Rights Issue is fully subscribed, the effect of the Rights Issue on the capital structure of the Company will be as follows:

Shares currently on issue	Number of Shares to be issued under this Offer Document (subject to rounding)	Total Shares on issue after the completion of the Rights Issue
38,278,803	12,759,601	51,038,404

The above table assumes no Options are exercised prior to the Record Date.

If the Company's acquisition of Tanzgraphite proceeds, and subject to obtaining shareholder approval, an additional 7,143,000 Shares and 15,930,000 performance shares will be issued to Tanzgraphite and/or its nominees.

Eligible Shareholders who take up their full Entitlements will not have their shareholdings diluted as a result of the Rights Issue. Eligible Shareholders who do not participate in full or at all will have their holdings diluted, and the holdings of Ineligible Shareholders will be diluted. See also the description in Section 2.3 below as to the effect of dilution of the holdings of existing Shareholders.

Any New Shares that are not taken up by an Eligible Shareholder will be taken up by Taylor Collison as the Underwriter and/or its sub-underwriters.

There are currently 9,800,000 Unlisted Options on issue. Each Option entitles the holder, upon payment of the applicable exercise price, to subscribe for one Share.

Details of these Options are:

Unlisted Options

Exercise Price (cents)	Expiry Date	Number as at 15 May 2012
\$0.20	21 September 2015	600,000

\$0.40	21 September 2015	500,000
\$0.20	21 October 2014	3,500,000
\$0.25	24 March 2015	2,500,000
\$0.25	31 March 2015	700,000
\$0.35	30 September 2015	700,000
\$0.30	31 March 2015	600,000
\$0.40	31 March 2016	700,000
		9,800,000

If the Company's acquisition of Tanzgraphite proceeds, and subject to obtaining shareholder approval, an additional 3,500,000 Unlisted Options will be issued to Taylor Collison and/or its nominees, each with an exercise price of \$0.10 and an exercise period expiry date of 30 June 2015.

Only if Options have been exercised and the Shares issued before the Record Date in accordance with the terms of those Options, will the holders of those Shares be permitted to participate in the Rights Issue. The number of New Shares issued may therefore increase if some or all of the Options are exercised prior to the Record Date. If all of the Options are exercised, the number of Shares on issue prior to the New Shares being issued will increase by 9,800,000.

However, the Company notes that because the exercise price of each of the above Options is in excess of the prevailing purchase price at which Shares have been trading immediately prior to the despatch of this Offer Document, it does not expect any of the above Options to be exercised prior to the Record Date.

1.12 Effect on control

Section 606 of the Corporations Act provides that a person must not acquire a relevant interest in issued voting shares in a listed company if that person's or someone else's voting power in the company:

- (a) increases from 20% or less to above 20%; or
- (b) increases by any amount, if that person's voting power is between 20% and 90%,

(the **Section 606 Prohibition**).

Section 611 of the Corporations Act sets out a number of exemptions to the Section 606 Prohibition. In particular, section 611 of the Corporations Act provides that an increase to a person's voting power which results from that person accepting a pro-rata entitlement issue (such as this Offer) is exempt from the Section 606 Prohibition.

1.13 Investment decision

This Offer Document does not take into account the individual investment objectives, financial situation and particular needs of any Shareholder.

Before deciding to take up New Shares, you should consider whether the New Shares are a suitable investment for you and if you have any queries you should consult your stockbroker or other professional adviser without delay.

2. INFORMATION ABOUT KIBARAN NICKEL LIMITED

2.1 Business Information

The Company's focus is 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, and, subject to the satisfaction of various conditions precedent, completing the acquisition of Tanzgraphite which has the rights to the Mahenge and Arusha projects in Tanzania that are considered prospective for graphite mineralisation.

The Kagera Nickel Project

The Kagera Nickel Project is located in western Tanzania. 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.

The project comprises a large land position covering 864 square kilometres along the western border of Tanzania. The Kabanga-Musongati mafic-ultramafic belt occurs in the Meso-proterozoic Kibaran Orogenic Belt which extends 350 kilometres along a northeast-southwest trend, exposed in Burundi, Rwanda, southwest Uganda and northwest Tanzania.

Graphite Projects

On 9 May 2012 the Company announced the execution of a Heads of Agreement for the acquisition of Tanzgraphite.

A copy of the announcement is attached at Appendix 1 of this Offer Document. In consideration for the acquisition the Company has agreed to pay \$250,000 in cash and:

- a) issue and allot 7,143,000 fully paid ordinary shares; and
- b) issue and allot 15,930,000 performance shares,

to Tanzgraphite and/or its nominees.

The acquisition of Tanzgraphite is subject to the satisfaction of various conditions precedent including satisfactory completion of legal and technical due diligence, which is currently being undertaken by the Company and its advisors, and the approval by the Company's shareholders of the issue of the Consideration Shares to the vendors of Tanzgraphite. Should the Company not be satisfied by the due diligence outcome, shareholder approval not be forthcoming for the issue of the Consideration Shares or any other condition precedent not be satisfied, the acquisition of Tanzgraphite may not proceed and any capital raised through this Rights Issue will be used as ongoing funding of the Company's existing Kagera Nickel Project.

2.2 Reliance on Offer Document

This Offer Document has been prepared in connection with section 708AA of the Corporations Act. In general terms, section 708AA relates to rights issues by certain companies that do not require the provision of a Prospectus or other disclosure document and accordingly, the level of disclosure in this Offer Memorandum is considerably less than the level of disclosure required in a Prospectus. Section 708AA requires companies to

lodge with the ASX a “cleansing notice”. Among other things, the cleansing notice is required to:

- a) set out certain price sensitive information about the Company (if any) which the Company has not previously disclosed to the ASX; and
- b) state the potential effect the issue of New Shares under the Offer will have on the control of the Company, and the consequences of that effect.

The Company lodged a Cleansing Notice with the ASX on 1 June 2012.

In deciding whether or not to accept the Offer, you should rely on your own knowledge of the Company, refer to the disclosures made and other documents lodged by the Company with the ASX (which are available for inspection on the ASX website at www.asx.com.au and on the Company’s website at www.kibarannickel.com.au) and seek the advice of your stockbroker or professional adviser.

2.3 Potential effect of the Offer on control of Company

The Offer is a pro-rata offer, so that if all Shareholders take up their Entitlements, their relative and proportionate voting power will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Offer on the control of the Company.

However, if a Shareholder does not take up its Entitlement in full, there will be a dilutionary effect on that Shareholder’s proportional Shareholding.

The Offer has been fully underwritten by Taylor Collison and sub-underwritten by three of the Directors of the Company. Mr Simon O’Loughlin (via a related company), Mr Robert Greenslade (via a related company) and Mr David Argyle, all of whom are directors of the Company, have agreed to participate in sub-underwriting of the shortfall (if any) from the Rights Issue up to a maximum of 1,190,476 Shares or \$83,333.32 each (i.e. for a total shortfall pool of \$250,000) in accordance with their respective obligations to the Company under signed (or to be signed) sub-underwriting agreements. Mr David Gower, being a director of the Company, is not participating in sub-underwriting of the shortfall (if any) from the Rights Issue.

Table 1 indicates the change in percentage voting power by the Company’s substantial shareholders assuming no Shareholders take up their Entitlement in the Rights Issue.

Table 1

SIGNIFICANT HOLDER	PRE RIGHTS ISSUE		COMMITMENTS	POST RIGHTS ISSUE		Movement in voting power
	No of Shares	Voting Power	No of Shares	No of Shares	Voting Power	
CA STILLIAN RESOURCES GROUP	5,000,000	13.06%	0	5,000,000	9.80%	-3.27%
GP SECURITIES PTY LTD	1,875,000	4.90%	0	1,875,000	3.67%	-1.22%
TAYLOR COLLISON SUB UNDERWRITING	0	0.00%	9,188,173	9,188,173	18.00%	18.00%
DIRECTORS SUB UNDERWRITING	2,900,000	7.58%	3,571,428	6,471,428	12.68%	5.10%
ALL OTHER SHAREHOLDERS	28,503,803	74.46%	0	28,503,803	55.85%	-18.62%
Total	38,278,803	100.00%	12,759,601	51,038,404	100.00%	

Table 2 indicates the change in percentage voting power by the three sub-underwriting Directors assuming no Shareholders take up their Entitlement in the Rights Issue.

Table 2

COMMITTED SHAREHOLDERS/DIRECTORS	PRE RIGHTS ISSUE		COMMITMENTS	POST RIGHTS ISSUE		Movement in voting power
	No of Shares	Voting Power		No of Shares	No of Shares	
DAVID ARGYLE	0	0.00%	1,190,476	1,190,476	2.84%	2.84%
DAVID GOWER	125,000	0.33%	0	125,000	0.30%	-0.03%
ROBERT GREENSLADE	2,175,000	5.68%	1,190,476	3,365,476	8.04%	2.36%
SIMON O'LOUGHLIN	600,000	1.57%	1,190,476	1,790,476	4.28%	2.71%
ALL OTHERS SHAREHOLDERS	35,378,803	92.42%	0	35,378,803	84.54%	-7.89%
Total	38,278,803	100.00%	3,571,428	41,850,230	100.00%	

Table 3 indicates the change in percentage voting power by the Company's substantial shareholders assuming no Shareholders take up their Entitlement in the Rights Issue and an additional 7,143,000 Shares are issued to Tanzgraphite and/or its nominees in part consideration of the Company's acquisition of Tanzgraphite.

Table 3

SIGNIFICANT HOLDER	PRE RIGHTS (INCLUDING PROPOSED SHARES TO TANZGRAPHITE)		COMMITMENTS	POST RIGHTS ISSUE		Movement in voting power
	No of Shares	Voting Power		No of Shares	No of Shares	
CASTILLIAN RESOURCES GROUP	5,000,000	11.01%	0	5,000,000	8.59%	-2.41%
GP SECURITIES PTY LTD	1,875,000	4.13%	0	1,875,000	3.22%	-0.91%
TAYLOR COLLISON SUB UNDERWRITING	0	0.00%	9,188,173	9,188,173	15.79%	15.79%
DIRECTORS SUB UNDERWRITING	2,900,000	6.38%	3,571,428	6,471,428	11.12%	4.74%
TANZGRAPHITE &/OR NOMINEE	7,143,000	15.73%	0	7,143,000	12.28%	
ALL OTHER SHAREHOLDERS	28,503,803	62.75%	0	28,503,803	48.99%	-13.76%
Total	45,421,803	100.00%	12,759,601	58,181,404	100.00%	

3. ACTION REQUIRED BY SHAREHOLDERS

3.1 What you may do

The number of New Shares to which you are entitled under the Rights Issue (your **Entitlement**) is shown on the accompanying Entitlement and Acceptance Form. You may either:

- (a) take up **all** of your Entitlement;
- (b) take up part of your Entitlement and allow the balance to lapse;
- (c) not take up any of your Entitlement and allow it to lapse.

3.2 If you wish to take up ALL of your Entitlement

If you wish to take up all of your Entitlement, complete the accompanying Entitlement and Acceptance Form for New Shares in accordance with the instructions set out in that form.

You should then forward your completed Entitlement and Acceptance Form together with your application money or alternatively make your payment via BPay in accordance with sections 3.5 and 3.6 to reach the Company's Share Registry no later than 5:00 pm (Sydney time) on the Closing Date.

3.3 If you wish to take up PART of your Entitlement and allow the balance to lapse

If you wish to take up only part of your Entitlement, follow the instructions on the accompanying Entitlement and Acceptance Form to apply for the number of New Shares you wish to take up and follow the steps detailed in section 3.2. The balance of your Entitlement will lapse.

3.4 If you do not wish to take up ANY of your Entitlement

If you decide not to accept any of your Entitlement or fail to do so by the Closing Date, your Entitlement will lapse.

3.5 Payment

Entitlement and Acceptance Forms must be accompanied by payment in full of \$0.07 per New Share subscribed for.

Payments must be made by 5.00 pm (Sydney time) on the Closing Date and must be in Australian currency and by:

- cheque drawn on and payable at any Australian bank; or
- bank draft drawn on and payable at any Australian bank.

Cheques or bank drafts must be made payable to 'Kibaran Nickel Limited' and crossed 'Not Negotiable'. Cash payments and money orders will not be accepted and receipts for payment will not be provided.

Alternatively, payment can be made via BPay by following the instructions on the enclosed Entitlement and Acceptance Form.

Please note that should you choose to pay by BPay:

- you do not need to submit the enclosed Entitlement and Acceptance Form but are taken to make the declarations, warranties, representations and agreements on that Form; and

- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your payment.

It is the responsibility of the Applicant to ensure funds submitted through BPay are received by 5.00 pm (Sydney time) on the Closing Date. You should be aware that your financial institution may implement earlier cut off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

3.6 Send To

Completed Entitlement and Acceptance Forms and accompanying payments must be returned to the Share Registry at the following address and received no later than 5.00 pm (Sydney time) on the Closing Date.

The Company's Share Registry address is:

Hand Delivery (do not use this address for mailing purposes)

Link Market Services Limited
1A Homebush Drive
Rhodes NSW 2138

Mailing Address

Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

3.7 Enquiries

For further information please call the Company on (02) 9299 9690 (within Australia) or +61 2 9299 9690 (outside Australia) during business hours in Sydney.

4. UNDERWRITING AGREEMENT AND DIRECTOR SUB-UNDERWRITING AGREEMENTS

4.1 Underwriting Agreement

The Company and Taylor Collison are parties to an Underwriting Agreement dated on or about 31 May 2012 (**Underwriting Agreement**), under which Taylor Collison, subject to the satisfaction of certain conditions precedent, has agreed to underwrite the shares the subject of the Offer (**Offer Shares**). The Company acknowledges that Taylor Collison may, without the approval of the Company, enter into sub-underwriting commitments in respect of the Offer Shares.

(a) **Shortfall**

The Company will calculate the shortfall by deducting from 12,759,601 (**Underwritten Shares**) the number of Offer Shares in respect of which Valid Applications are received by the Company before 5:00 pm on the Closing Date (**Shortfall**). If the Company has complied with all the material obligations of the Underwriting Agreement, Taylor Collison has not terminated the Underwriting Agreement and the Company has provided Taylor Collison with written notice of the Shortfall within three Business Days after the Closing Date (**Shortfall Notice Deadline Date**), Taylor Collison must by no later than 5:00 pm on the fifth Business Day after the Shortfall Notice Deadline Date, lodge or cause to be lodged with the Company an Application Form(s) and appropriate Application Money to subscribed for the Offer Shares comprising the Shortfall.

(b) **Fees**

The Company has agreed to pay Taylor Collison the fees described below in consideration of Taylor Collison performing its obligations under the Underwriting Agreement:

- (i) underwriting fee of 4% of the underwritten amount; and
- (ii) a management fee of 2% of the underwritten amount.

The Company must also, whether or not completion of the Offer occurs, pay Taylor Collison certain costs and expenses, including, but not limited to, legal fees and marketing and promotional expenses related to the Offer, up to a maximum of \$25,000.

(c) **Representations, warranties and undertakings**

The Company gives certain representations, warranties and undertakings in a form that is usual for agreements of this kind.

(d) **Indemnity**

Subject to certain exclusions relating to, among other things, the wilful default or gross negligence of the person claiming the indemnity and any penalties or fines which Taylor Collison is liable to pay in respect of a breach of the Corporations Act by Taylor Collison or its directors, officers, employees and agents (**Related Party**), the Company agrees to keep Taylor Collison and its Related Parties indemnified from certain expenses and losses incurred or suffered in connection with the Offer and the Underwriting Agreement.

(e) **Termination Rights**

Taylor Collison, in its sole discretion, may terminate its obligations under the Underwriting Agreement if:

- (i) **(Documents)**: the Company does not lodge this Offer Document on the respective lodgement date (or other date agreed to by Taylor Collison) or the Offer is withdrawn by the Company;
- (ii) **(No Listing Approval)**: Listing Approval has not been granted by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified;
- (iii) **(Corrective Disclosure)**:
 - (A) Taylor Collison, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph 4.1(e)(ix)(D), forms the view on reasonable grounds that a corrective document should be lodged with ASX to comply with the Corporations Act and the Company fails to lodge a corrective document in such form and content and within such time as Taylor Collison may reasonably require; or
 - (B) the Company lodges a corrective document without the prior written agreement (such agreement not to be unreasonably withheld) of Taylor Collison;
- (iv) **(Non compliance with disclosure requirements)**: it transpires that this Offer Document does not contain all the information required by the Corporations Act;
- (v) **(Misleading Documents)**: it transpires that there is a statement in this Offer Document that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from this Offer Document or if any statement in this Offer Document becomes misleading or deceptive or likely to mislead or deceive or if the issue of this Offer Document is or becomes misleading or deceptive or likely to mislead or deceive;
- (vi) **(Restriction on allotment)**: the Company is prevented from allotting the Underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;
- (vii) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Offer, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (viii) **(Market Movement)**: the ASX All Ordinaries Index is, for two consecutive Business Days, at a level which is 90.0% or less than the level at the close of

trading on the date of the Underwriting Agreement;

(ix) **(Termination Events)**: any of the following events occurs:

- (A) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (B) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
- (C) **(Contravention of constitution or Act)**: a contravention by the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (D) **(Adverse change)**: an event occurs which gives rise to a material adverse effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of the Company;
- (E) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (F) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a new proposal to introduce, into the Parliament of Australia or the State of New South Wales any new Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State of New South Wales authority adopts or announces a new proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not previously been publicly disclosed;
- (G) **(Prescribed Occurrence)**: one of the following prescribed occurrences occurs:
 - i. the Company converting all or any of its shares into a larger or smaller number of shares;
 - ii. the Company resolving to reduce its share capital in any way;
 - iii. the Company:
 - 1. entering into a buy back agreement; or
 - 2. resolving to approve the terms of a buy back agreement under section 257C or 257D of the Corporations Act;

- iv. the Company making an issue of, or granting an option to subscribe for, any of its shares or any other securities, or agreeing to make such an issue or grant such an option, other than the issue of securities in accordance with the Offer, any securities issued or granted pursuant to any incentive plan or scheme for the issue of securities to employees or officers of the Company, any securities issued as a result of a pro rata offering to existing shareholders of the Company, any securities issued on conversion of convertible securities that are on issue at the date of the Underwriting Agreement and any securities issued with the prior written consent of Taylor Collison;
 - v. the Company issuing, or agreeing to issue, convertible notes;
 - vi. the Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
 - vii. the Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
 - viii. the Company resolving that it be wound up;
 - ix. the appointment of a liquidator or provisional liquidator of the Company;
 - x. the making of an order by a court for the winding up of the Company;
 - xi. an administrator of the Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
 - xii. the Company executing a deed of company arrangement; or
 - xiii. the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company;
- (H) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (I) **(Event of Insolvency):** an event of insolvency occurs in respect of the Company;
- (J) **(Judgment against the Company):** a judgment in an amount exceeding \$100,000 is obtained against the Company and is not set aside or satisfied within seven days;
- (K) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company;

- (L) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the issue of the Underwritten Shares without the prior written consent of the Underwriter, which consent will not be unreasonably withheld or delayed;
- (M) **(Indictable offence)**: a director or senior manager of the Company is charged with an indictable offence;
- (N) **(Change in shareholdings)**: a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (O) **(Timetable)**: there is a delay in any specified date in the timetable which is greater than 3 Business Days, without the prior written consent of Taylor Collison, such consent will not be unreasonably withheld or delayed;
- (P) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven days occurs;
- (Q) **(Certain resolutions passed)**: the Company passes or takes any steps to pass a resolution under section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of Taylor Collison, such consent will not be unreasonably withheld or delayed;
- (R) **(Capital Structure)**: the Company alters its capital structure in any manner not contemplated by this Offer Document;
- (S) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (T) **(Hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Russia or the Peoples Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries; or
- (U) **(Adverse Change in Financial Markets)** there occurs any material adverse change or material adverse disruption to the political or economic conditions of financial markets in Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions.

In the event of the happening of any event referred to in paragraphs 4.1(e)(iv), (v) and (ix), Taylor Collison is not entitled to terminate the Underwriting Agreement unless, in the reasonable opinion of Taylor Collison reached in good faith, the event has or is likely to have, or those events together have, or could reasonably be expected to have, a material adverse effect or could give rise to a liability of Taylor Collison under the Corporations Act.

4.2 Director Sub-Underwriting Agreements

Taylor Collison and each of Yoix Pty Ltd (a company related to Mr Simon O'Loughlin), Greenslade Holdings Pty Ltd (a company related to Mr Robert Greenslade) and Mr David Argyle (each the **Sub-Underwriter** and together the **Sub-Underwriters**) are parties, or will be parties, to a Sub-Underwriting Letter Agreement (each a **Sub-Underwriting Agreement**) under which each Sub-Underwriter has agreed to underwrite 1,190,476 shares (**Sub-Underwritten Shares**) (for a sub-underwritten amount of \$83,333.32) the subject of the Offer.

The Sub-Underwriters are not entitled to assign, transfer, lay-off, sub-syndicate or in any other manner deal with their rights or obligations under the Sub-Underwriting Agreement, without the prior written agreement of Taylor Collison.

(a) **Shortfall**

Taylor Collison will calculate the shortfall amount by first dividing the total issue price of the Sub-Underwritten Shares (\$83,333.32) by the total issue price of the Underwritten Shares (\$900,000), and then multiplying that figure by the Shortfall (**Sub-Underwritten Shortfall Shares**). Each Sub-Underwriter is required to lodge with Taylor Collison on or before 2:00 pm (Sydney time) on 10 July 2012 a valid application for the Sub-Underwritten Shortfall Shares, with the applicable subscription monies.

(b) **Fees**

The Sub-Underwriters will not receive an underwriting fee, a management fee or any other remuneration in respect of their sub-underwriting commitments.

(c) **Representations, warranties and undertakings**

The Sub-Underwriters each give certain representations, warranties and undertakings in a form that is usual for agreements of this kind.

(d) **Indemnity**

Each Sub-Underwriter agrees to keep Taylor Collison, the Company and each of their related bodies corporate and their respective officers, employers and advisers (each an **Indemnified Party**) indemnified and to hold them harmless from and against all claims, demands, damages, losses, costs, expenses and liabilities suffered or incurred directly or indirectly by any Indemnified Party in any way relating to or arising out of any breach by that Sub-Underwriter of its acknowledgments, representations and warranties under the Sub-Underwriting Agreement.

(e) **Termination Rights**

A Sub-Underwriter has no right to terminate the Sub-Underwriting Agreement or the Underwriting Agreement.

Taylor Collison is entitled at its sole discretion to exercise any of its rights under the Underwriting Agreement, including its rights to vary or terminate the Underwriting Agreement, without providing any notice to the Sub-Underwriters and without any liability to the Sub-Underwriters arising out of the exercise of that discretion.

If the Offer does not proceed or the Underwriting Agreement is terminated, the Sub-Underwriting Agreements will terminate.

(f) **Limitation of Liability**

To the extent permitted by law, and subject to the rights and remedies which the Sub-Underwriters may have under the Corporations Act, the *Australian Securities and Investments Commission Act 2001* (Cth) and similar laws which cannot be excluded, Taylor Collison, the Company and their respective officers, employees, servants, agents and advisers (**Related Persons**) disclaim all responsibility, and will have no liability to the Sub-Underwriters or any other person for any loss or damage directly or indirectly arising out of or in connection with:

- (i) the Sub-Underwriting Agreement;
- (ii) the issue and allotment of the shares the subject of the Sub-Underwriting Agreement; or
- (iii) any information provided to the Sub-Underwriters by Taylor Collison, the Company or their respective Related Persons, or for action taken by the Sub-Underwriters on the basis of such information, whether as a result of negligence, breach of contract or otherwise.

5. RISKS

Activities in the Company, as in any business, are subject to risks which may impact on the Company's future performance.

Prior to deciding whether to take up their Entitlement, Shareholders should read the entire Offer Document and review announcements made by the Company to the ASX in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

Shareholders should also consider the following summary of risk factors which the Directors believe represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company. The following risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

5.1 Non-Completion of the Acquisition of Tanzgraphite Pty Limited

The Company's acquisition of Tanzgraphite is subject to the satisfaction of various conditions precedent including satisfactory completion of legal and technical due diligence, which is currently being undertaken by the Company and its advisors, and the approval by the Company's shareholders of the issue of the Consideration Shares to the vendors of Tanzgraphite. Should the Company not be satisfied by the due diligence outcome, shareholder approval not be forthcoming for the issue of the Consideration Shares or any other condition precedent not be satisfied, the acquisition of Tanzgraphite may not proceed.

5.2 General Risks

General risks associated with investment in the Company may include:

- (a) fluctuation of the price at which the Company's Shares trade due to market factors;
- (b) price volatility of the Company's Shares in response to factors such as:
 - (i) additions or departures of key personnel;
 - (ii) litigation and legislative change;
 - (iii) press newspaper or other media reports; and
 - (iv) actual or anticipated variations in the Company's operating results.

5.3 Exploration

Exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

5.4 Development and Mining

Possible future development of mining operations is also subject to numerous risks. The Company's operations may be delayed or prevented as a result of weather conditions,

mechanical difficulties, shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with extraction and production activities, unexpected shortages or increase in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding.

If the Company commences production, its operations may be curtailed or disrupted by a number of risks beyond its control such as environmental hazards, industrial accidents and disputes, technical failures, unusual or unexpected geological conditions, adverse weather conditions, fires, explosions and other accidents.

The Company's operations may be adversely affected by higher than anticipated ore treatment costs, worse than anticipated metallurgical conditions, fluctuations in base and metal prices or lack of availability of smelter capacity.

No assurance can be given that the Company will achieve commercial viability through development of its nickel and graphite projects.

5.5 Limited Operating Experience and Reliance on Key Personnel

While its Directors and management team have significant experience in the mining exploration industry, the Company has only very limited operating experience. If growth objectives are to be met, this will depend on the ability of the Directors and management to implement the current exploration strategies and to adapt, where necessary, to accommodate and manage any unforeseen difficulties. Initially, the Company will rely heavily on the experience of its existing management team and Directors. The loss of the services of certain personnel could have an adverse effect on the Company and its activities.

5.6 Resource Estimations

Resource estimates are inherently imprecise as they are expressions of judgement at a particular time based on available information, interpreted using experience and resource modelling techniques. The estimates, while made by qualified professionals, may change over time as other information becomes available which differs from information known or predicted by past drilling, sampling and geological interpretation. Estimates remain subject to change which may adversely affect the Company's operations or the commercial viability of its nickel and graphite projects.

5.7 Commodity and Currency Price Volatility

Commodity prices are subject to influencing factors beyond the control of the Company and can be subject to significant fluctuations. Just some of these influencing factors include:

- (a) world demand for particular commodities;
- (b) the level of production costs in major commodity producing regions; and
- (c) expectations regarding inflation, interest rates and US dollar exchange rates.

Any significant and/or sustained fluctuation in exchange rates or commodity prices could have a materially adverse effect on the Company's operations and its financial position.

5.8 Tanzanian Customary / Village Title

The Tanzanian Village Land Act 1999 recognises certain customary and/or village rights of indigenous persons over land where those rights have not been extinguished. These rights,

where they exist, may impact on the ability of the Company to carry out exploration or obtain production tenements. In applying for certain production tenements, the Company must observe the provisions of Village Land legislation (where applicable) which protects customary and village rights to compensation for crops and unexhausted improvement on the land.

In certain circumstances the consent of registered village claimants must be obtained prior to carrying out certain activities on land to which their claim relates. It is possible that the individual occupiers or village Title holders may restrict the Company's ability to gain access to its tenements and conduct exploration, development and mining operations, or that the conditions imposed by customary or village Title claimants on such consent may be on terms unacceptable to the Company. However, if the title holders or occupiers unreasonably withhold their consent the Company may apply to the minister to overrule the occupiers or village title holders.

5.9 Tenure and Access

Mining and exploration tenements are subject to periodic renewal. Where a licensee has met the terms of the grant renewal will not be denied. However, if development conditions are not met there is no guarantee that current or future tenements or future applications for production tenements will be approved.

The renewal of the terms of a granted tenement is statutorily provided and not subject to the discretion of the relevant minister. Renewal conditions are also provided in the licence including expenditure and work commitments or compulsory relinquishment of areas of the tenements.

5.10 Compulsory Work Obligations

Tenements in Tanzania are subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. These commitments may not be varied as they are provided for in Regulations. If there is failure to meet the commitments, this could lead to forfeiture of the tenement.

5.11 Environmental

Should the Company proceed to development of one or more mines, it could be expected that such developments would have a number of environmental impacts which would require various statutory approvals to be put in place. There is no guarantee that such approvals would be granted. The Company intends to conduct its operations in an environmentally responsible manner and in accordance with relevant legislation. However, the Company is unable to predict the effect of future changes to environmental legislation or policy and the cost effect of such changes on its operations and financial position.

5.12 Shortage of Funding

The funds raised by the Offer will be used to fund the Company's acquisition of Tanzgraphite and ongoing exploration requirements for both its nickel and graphite projects. If the Company incurs unexpected costs, does not (for any reason) acquire Tanzgraphite, or is unable to generate sufficient operating income, further funding may be required. The Company may require additional funding to carry out further exploration, undertake feasibility studies, develop mining operations and/or acquire new projects. Any additional financing through share issues may dilute shareholdings acquired under this Offer Document. Debt financing may not be available to support the scope and extent of

proposed developments. If available, it may impose restrictions on operating activities or anticipated expansion of the Company's operations.

5.13 Joint Ventures

The Company may wish to undertake future projects through joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to, the Company could be affected by the failure or default of any of the joint venture participants.

5.14 Government Policy

Changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and the return to investors.

5.15 Insurance Risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

5.16 Competition Risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

5.17 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

5.18 Foreign Exchange Risk

The Company operates internationally and is therefore exposed to the effects of changes in currency exchange rates. In particular, commodity prices (and therefore potential future

revenues of the Company) are typically denominated in United States dollars, whereas a portion of the Company's costs (capital and revenues) are incurred in other currencies. The Company does not currently hedge these currency risks.

5.19 Country Risk

The Company has exploration projects in Tanzania. The Company's operations may be subject to the following matters in Tanzania:

- (a) the risk of political and economic instability;
- (b) the possible imposition of restrictive trade regulations and tariffs;
- (c) the risk of reduced protection for intellectual property rights under applicable law; and
- (d) the risk of unexpected changes in regulatory requirements (such as those relating to taxation, import and export tariffs, environmental obligations and other matters).

No assurances can be given regarding the future stability in Tanzania or any other country in which the Company operates. Whilst the Company is mindful of this risk issue and takes it into account in respect of assessing the relative merits of opportunities and in management of and exit planning for assets, its investments may be materially adversely affected by political instability.

6. IMPORTANT ADDITIONAL INFORMATION

6.1 No authority for statements

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied upon as having been authorised by the Company, the Directors or any other person in connection with the Offer.

6.2 Privacy Act

As a Shareholder, the Company and the Share Registry have already collected certain personal information from you. If you apply for New Shares, the Company and the Share Registry may update that personal information or collect additional personal information. The Company and the Share Registry will collect, hold and use such information to assess your Application, service your needs as an Applicant, provide facilities and services that you request, and carry out appropriate administration.

Tax and company law require some of the information to be collected in connection with your Application. If you do not provide the information requested, your Application may not be able to be processed efficiently or at all.

The Company and the Share Registry may disclose your personal information for purposes related to your proposed investment to their agents and service providers, including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth) (Privacy Act):

- the Share Registry, in order to assess your Application and for ongoing administration of the Share Register;
- ASTC and CHESS; and
- the printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You may request access to your personal information by emailing, faxing or by telephoning the Share Registry as follows:

Link Market Services

Tel: 1300 554 474

Fax: 02 9287 0309

Email: privacy.officer@linkmarketservices.com.au

7. DEFINITIONS

In this Offer Document the following terms and abbreviations have the following meanings unless otherwise stated:

Applicant refers to a person who submits an Entitlement and Acceptance Form in order to apply for New Shares;

Application refers to an Entitlement and Acceptance Form that has been submitted to the Company;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited;

Board means the Directors convened and acting as a board of directors;

Closing Date means 5:00 pm (Sydney time) on 2 July 2012, or such other date as is specified in accordance with the terms of the Offer;

Company means Kibaran Nickel Limited ABN 15 117 330 757;

Corporations Act means the *Corporations Act 2001* (Cth);

Directors means the directors of the Company from time to time;

Eligible Shareholder means a Shareholder who is under Sections 1.4 and 1.8 eligible to accept the Offer and participate in the Rights Issue;

Entitlement means an entitlement of a Shareholder to submit an Application for 1 New Share for every 3 Shares held by that Shareholder on the Record Date, and otherwise under the Rights Issue;

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document;

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder, being a Shareholder in any place in which, or being any person to whom, it would not be lawful to make this Offer;

Listing Rules means the Listing Rules of ASX;

New Share means a new Share proposed to be issued pursuant to this Offer;

Offer means the non-renounceable pro rata and fully underwritten offer to subscribe for New Shares pursuant to this Offer Document by paying \$0.07 for each New Share that is the subject of an Entitlement and pursuant to this Offer Document;

Offer Document means this Offer Document dated 1 June 2012;

Opening Date means 18 June 2012;

Option means the right to acquire a Share;

Record Date means 12 June 2012;

Right means the right of an Eligible Shareholder to subscribe for New Shares under the Offer;

Section means a section of this Offer Document;

Share means a fully paid ordinary share in the capital of the Company, and includes a **New Share**;

Share Registry means Link Market Services Limited ACN 083 214 537;

Shareholder means a shareholder whose details appear on the Company's register of shareholders as at the Record Date;

Underwriting Agreement means the Underwriting Agreement dated on or about 31 May 2012 between the Company and Taylor Collison;

Taylor Collison means Taylor Collison Limited ABN 53 008 172 450; and

Unlisted Option means an Option that is not quoted on the official list of ASX.

Appendix 1: ASX Release made 9 May 2012

ASX Announcement: Kibaran Adds Graphite to its Tanzanian Exploration Activities

9 May 2012

Highlights:

- Execution of a Heads of Agreement for the acquisition of Tanzgraphite Pty Ltd (TGP), who have secured options over the Mahenge and Arusha projects that are considered prospective for graphite mineralisation.
- Combined ground holding of 1,308 km² covers previously known graphite occurrences and favourable geological settings for the discovery of new graphite deposits.
- Significant increase in land position in Tanzania with a combined ground holding of 2,173km² (previously 864km²).
- Mahenge project hosts the Ndololo, Epanko and Kasita graphite prospects. Graphite with flake sizes ranging between 1.5 and 8.5 mm in size observed at Ndololo and similar graphitic schists observed at Epanko and Kasita.
- Ndololo graphite prospect has a potential Exploration target of between 3.5Mt and 7Mt of graphitic schist grading between 10% and 15.5% Carbon¹. Previous exploration work conducted at Ndololo in 1945 reported results of 15.5% Carbon and 97.5% recovery of flake graphite. TGP has a geological team on the ground and previous work carried out at Ndololo was by the former director of the Geological Survey of Tanganyika (Tanzania).
- Arusha graphite project contains several graphite occurrences within graphitic schists.
- Geological exploration programme continuing and updates on this work will be released over coming weeks.

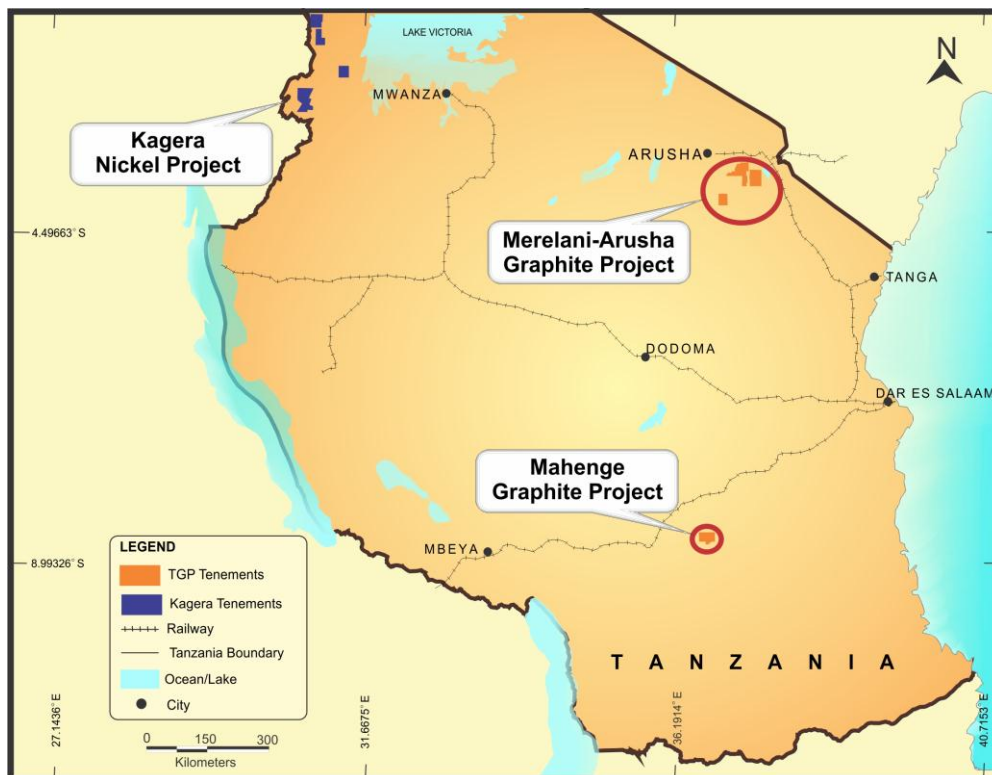


Figure 1 – Location of Tanzanian Project

¹ The potential quantity and grade of the exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource calculated in accordance with the JORC code.

The Directors of Kibaran Nickel Limited (ASX:KNL) (**Kibaran** or the **Company**) are pleased to announce the execution of a Heads of Agreement (**HoA**) for the acquisition of TGP.

TGP has secured the rights to a portfolio of strategic graphite properties in Tanzania, East Africa. Tanzania is an emerging province for the occurrence and development of graphite and TGP is early mover in securing its mineral package.

Graphite Projects

TGP have secured options over the Graphite Projects listed below. The combined ground holding in these two projects of 1,308 km² covers previously known graphite occurrences and favourable geological settings for the discovery of new graphite deposits.

The Mahenge Ndololo Graphite Project is the most prospective of the tenements. Previous exploration and technical work undertaken on this tenement during the 1940's reported graphite mineralisation, grading 15.5% carbon and an estimated recovery of 97.5%.



Outcropping flake graphite within graphitic schist at Ndololo prospect

Further details regarding Mahenge Ndololo and the other projects is contained in the Project Summary attached to this announcement.

Consideration

The HoA contains a number of conditions precedent before completion, including KNL legal and technical due diligence and the transaction is subject to review by the ASX in accordance with Chapter 11 of the ASX Listing Rules. KNL and TGP will now work together to negotiate a sale and purchase agreement and to prepare the necessary documentation for a KNL shareholders meeting to approve the issue of KNL shares to the vendors of TGP, which is expected to occur before 31 August 2012.

KNL have agreed to pay the vendors a non-refundable deposit of TGP \$25,000 within 5 days of signing the HoA. On completion of the transaction KNL will provide the vendors of TGP or their nominees with the following consideration:

- \$225,000 in cash; and
- 7.143 million KNL shares issued at \$0.07 per share.

KNL will also reimburse the vendors for any exploration expenditure incurred by TGP from the date the HoA was signed until completion of the transaction, up to a maximum of \$90,000 unless agreed by both parties. The issuance of the KNL shares will be subject to approval by KNL shareholders.

A further 15.93 million Performance Shares will be issued to the vendors of TGP, with each Performance Share converting into 1 ordinary share in KNL if any of the following occur on or before 3 April 2015:

- The transfer of tenement HQ-P 24975 by the appropriate Tanzanian regulatory authorities to TGP or its nominee; or

- An Inferred Resource calculated in accordance with the JORC code being defined on the Mahenge-Epanko or Arusha-Merelani tenements of at least 3.5 million tons of flake graphite grading at least 10%.

The issue of the performance shares will be subject to shareholder approval and confirmation by the ASX under Chapter 6.1 and 6.2 and the ASX Listing Rules.

In addition to the above consideration, the tenements are subject to option payments payable to the tenement holder. To complete the acquisition of the tenements as follows:

Mahenge Ndololo

- | | |
|---|---------------|
| • Purchase 100% within 12 months | US\$1,500,000 |
| • Option to extend at 12 months for further 6 months | US\$ 250,000 |
| • Purchase 100% within 18 months | US\$2,000,000 |
| • Option to extend at 18 months for further 6 months | US\$ 500,000 |
| • Purchase 100% within 24 months | US\$2,000,000 |
| • Option to extend at 24 months for further 12 months | US\$ 750,000 |
| • Purchase 100% within 36 months | US\$3,000,000 |

The option periods noted above commenced on 4 April 2012.

Mahenge Epanko

- | | |
|--|-------------|
| • Payment on the grant of the tenement | US\$ 20,000 |
|--|-------------|

Arusha Merelani

- | | |
|---------------------------------|--------------|
| • Purchase 100% within 6 months | US\$ 120,000 |
|---------------------------------|--------------|

The option period noted above commenced on 2 February 2012.

It is noted that neither TGP nor the tenement holders are related parties of the Company for the purposes of ASX Listing Rule 10.1.

Capital Raising

The Company has appointed Taylor Collison to assist it with raising the equity required to complete the transaction and to fund its ongoing exploration requirements for both its Nickel and Graphite projects.

Taylor Collison has agreed to immediately place 5.0 million shares at \$0.07 per share to raise an initial \$350,000 under the Company's 15% placement allowance and will be followed by a rights issue to raise up to \$900,000 at \$0.07 per share. Shareholders will receive further details of the rights issue in coming weeks.

The Company has set a preliminary exploration budget for the next 12 months of \$375,000 in relation to its Kagera nickel project and \$880,000 in relation to the proposed graphite project, including the expected cash acquisition costs of \$480,000, but excluding any payments required to exercise the options noted above.

Appointment of Non-Executive Director

The Company is pleased to advise that Andrew Spinks, one of the vendors of the TGP shares has agreed to join the Board of KNL.

Andrew Spinks, is a geologist with over 20 years professional experience in nickel, gold, coal, iron ore and diamonds in Australia and Africa. Andrew has performed in diverse roles from grass roots exploration through to senior management in exploration, project development and mining. Andrew is a co-founder of Tanzgraphite Pty Ltd and was responsible for the strategy, target generation and acquisitions of that company. Andrew holds a B.App.Sc (Geol), Grad.Dip (Mining), W.A. Quarry Managers Certificate and is a member of the AusIMM.

Simon O'Loughlin, Kibaran's Chairman said. "These projects present an attractive opportunity for us to participate in the exploration and development of graphite in Tanzania, where the Company already has substantial exploration expertise from its ongoing exploration of Kagera Nickel deposit."

Further details on the proposed transaction will be provided in documentation to be sent to shareholders seeking approval for completion of this transaction and the associated capital raising.

ABOUT KIBARAN NICKEL LIMITED

Kibaran Nickel is an ASX listed exploration company that trades under the symbol KNL. The Company 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

PROJECT SUMMARY

The tenement listing currently under contract by TGP is as follows:

PROJECT	TENEMENT ID	APPLICATION DATE	GRANT DATE	AREA (km ²)
Mahenge Ndololo	HQ-P 24975	15/12/2011	Pending	292.41
Mahenge Epanko	HQ-P 25260	21/02/2012	TBA	32.55
Arusha Merelani	HQ-P 24782	18/11/2011	Pending	121.40
	HQ-P 24783	18/11/2011	Pending	197.10
	HQ-P 24784	18/11/2011	Pending	60.50
	HQ-P 24785	18/11/2011	Pending	132.64
	HQ-P 24786	18/11/2011	Pending	190.90
	HQ-P 24789	18/11/2011	Pending	92.99
	HQ-P 24790	18/11/2011	Pending	187.50

Mahenge Graphite Project

The Mahenge graphite project consists of 2 tenements and covers an area of 325.5 km² and is located 245 km SW of Morogoro. Morogoro has population of 0.2 million and is located 190 km west of Dar es Salaam. It is the capital of the Morogoro Region and has good infrastructure including a railway. The Mahenge project hosts the Ndololo, Epanko and Kasita graphite prospects. The Ndololo prospect is located 15km north of Epanko and Kasita.

The Ndololo prospect was first recognised in early 1930's. A geological paper titled "Ndololo Graphite Deposit" dated 1945 by Mr G.M. Stockley provides the first geological description and discussion of metallurgical results of the prospect. The paper was published within the Geological Survey of Tanganyika Mineral Resources Pamphlet No. 44. Mr Stockley was formerly a director of the Geological Survey of Tanganyika (Tanzania).

The Ndololo graphite prospect stretches from close to the top of the scarp on the Mahenge road and descends gradually to the old road to the south and was represents (refer Figure 2).

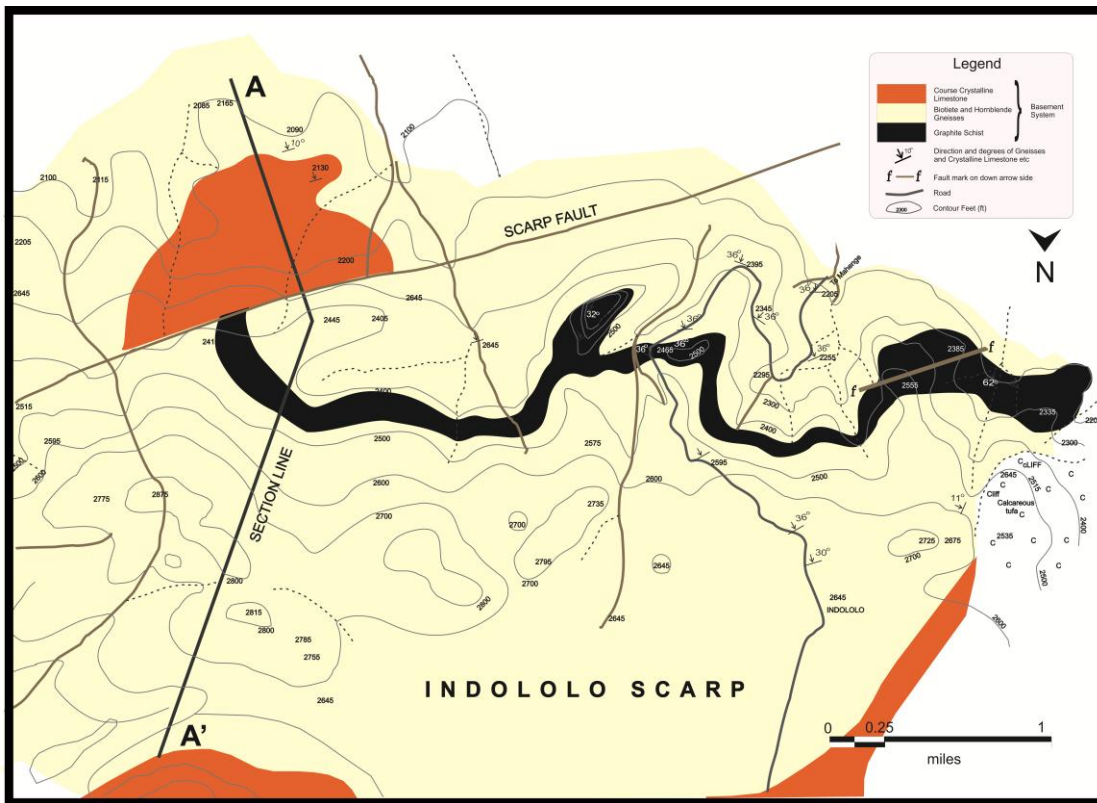


Figure 2 - Geological plan of the Ndololo prospect (after Mr G.M Stockley, 1945)

The best exposures of the graphite-schist are found in the cuttings of the road and on the spurs jutting out from the eroded scarp face. Stockley reported “a trench was dug over a distance of 50 feet on the steep face of the hill side above the motor road and a continuous section of the schist was obtained. From an inspection it appears that the graphite is fairly uniformly distributed throughout the schist with occasional richer streaks and layers”

The graphite mineralisation is hosted by graphitic schist within Neoproterozoic high grade mafic and felsic granulite, gneiss and migmatite, interlayered with amphibolites, marble quartzite and mylonite.

Recent mapping by TGP's geologists has observed and confirmed the presence of coarse graphite with flake sizes ranging between 1.5 and 8.5 mm in size at Ndololo, The graphite is in form of flat plate like crystal with irregular edges disseminated throughout the schist. The graphite is hosted within graphitic schist that is in contact with voluminous marble. The mapping also confirms the dip of the graphitic schist is 36 degrees to the south-east by south and that the angle increases at the eastern end and dips of up to 62 degrees (refer Figure 3).

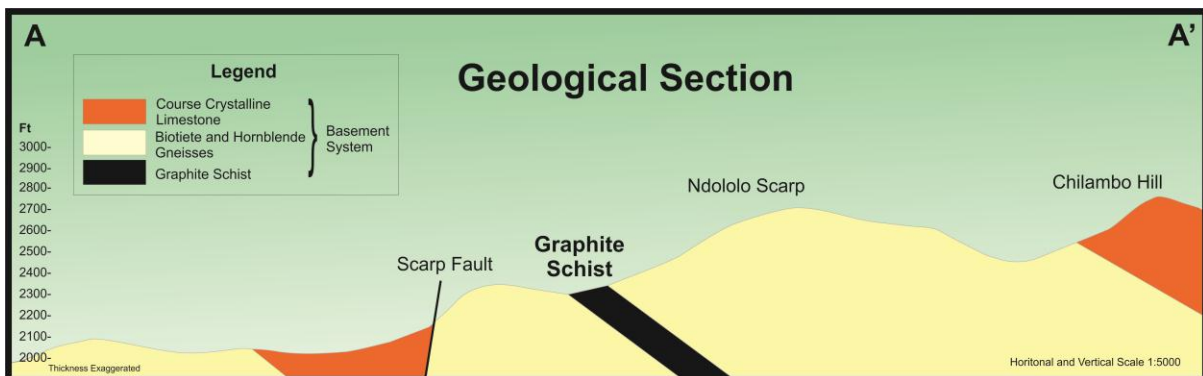


Figure 3 - Geological section of the Ndololo prospect (after Mr G.M Stockley, 1945)

Work carried out by TGP's geologists in conjunction with the technical data provides sufficient information to estimate a potential Exploration Target of between 3.5 million tonnes and 7 million tonnes² of graphitic schist grading between 10% and 15.5% Carbon for the Ndololo prospect based on a technical review of the 1945 report, and follow-up technical analysis and field work identifying a strike length of 5km and projected to a depth of 40m from surface.

The 1945 report also reported the results from a sample taken across the graphite-schist and submitted for crucible-grade flake testwork. The conclusions made from the testwork stated that the sample carries sufficient graphite for commercial exploitation and crucible-grade flake can be extracted. The testwork results are summarised below.

Carbon Content Of Heads	15.7%
Extraction of Graphite	95.7%

TGP's geologists have recognised the potential for further graphite mineralization to occur within the tenement area. The graphitic schist has been mapped at the Epanko and Kasita prospects which are not included in the Ndololo exploration target (refer figure 4).

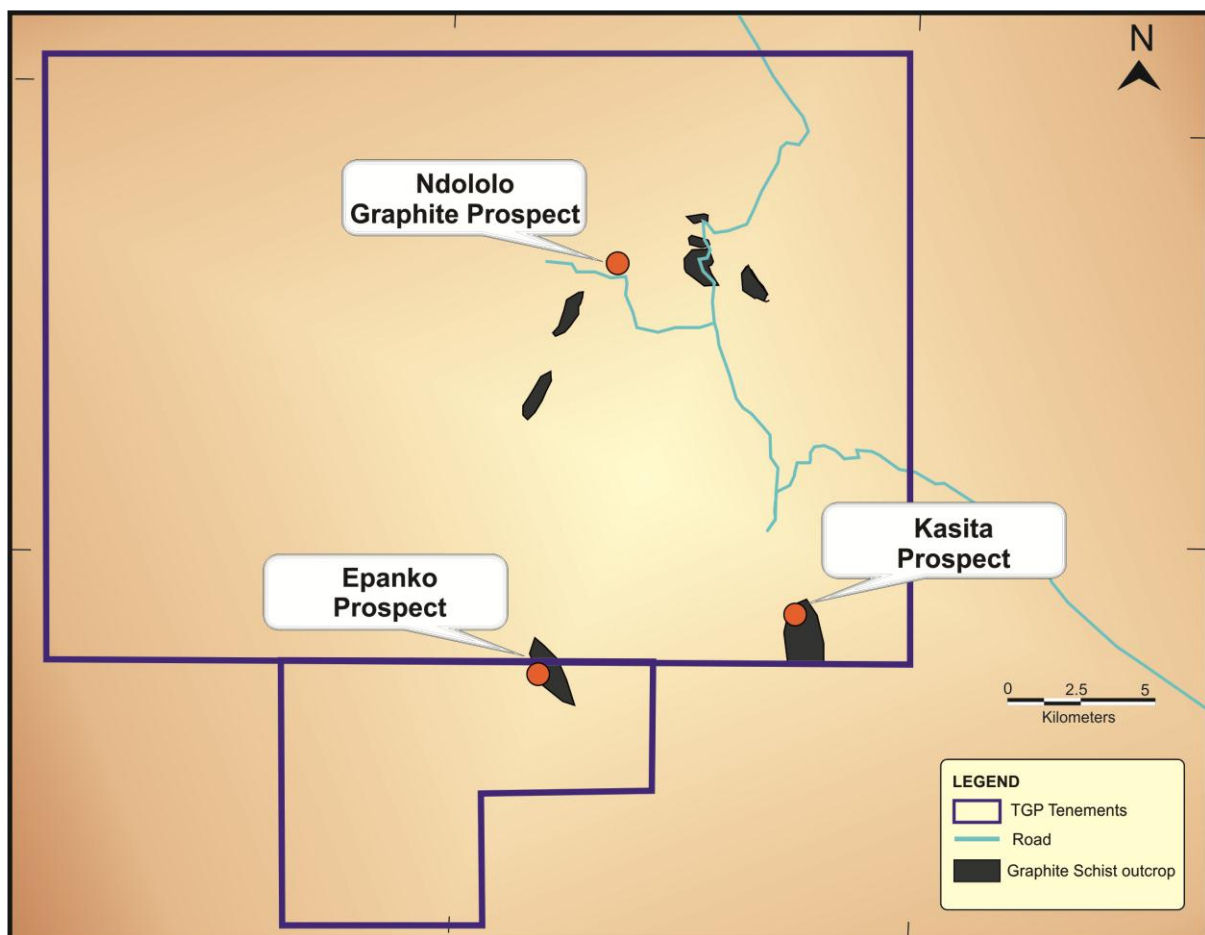


Figure 4 – Mahenge Graphite project.

² The potential quantity and grade of the exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource calculated in accordance with the JORC code.

Arusha Graphite Project

The Arusha graphite project consist of 7 tenements and covers an area of 973.4 km², the project is located 55 km SE of Arusha. Arusha is a city in northern Tanzania. It is the capital of the Arusha Region, which claims a population of 1.3 million. The primary industry of the region is agriculture and gemstones.

The Arusha province is best known for the occurrence of Tanzanite which occurs in boundinaged pegmatite veins and hydrothermally altered graphite - bearing diopside gneiss (refer Merelani Tanzanite Mine). Tanzanite is the blue/purple variety of the mineral zoisite (a calcium aluminium hydroxy silicate) which was discovered in the Merelani Hills of Northern Tanzania in 1967 and is used as a gemstone. During 2002 the mine conducted feasibility studies on the recovery of graphite that was associated with the Tanzanite's.

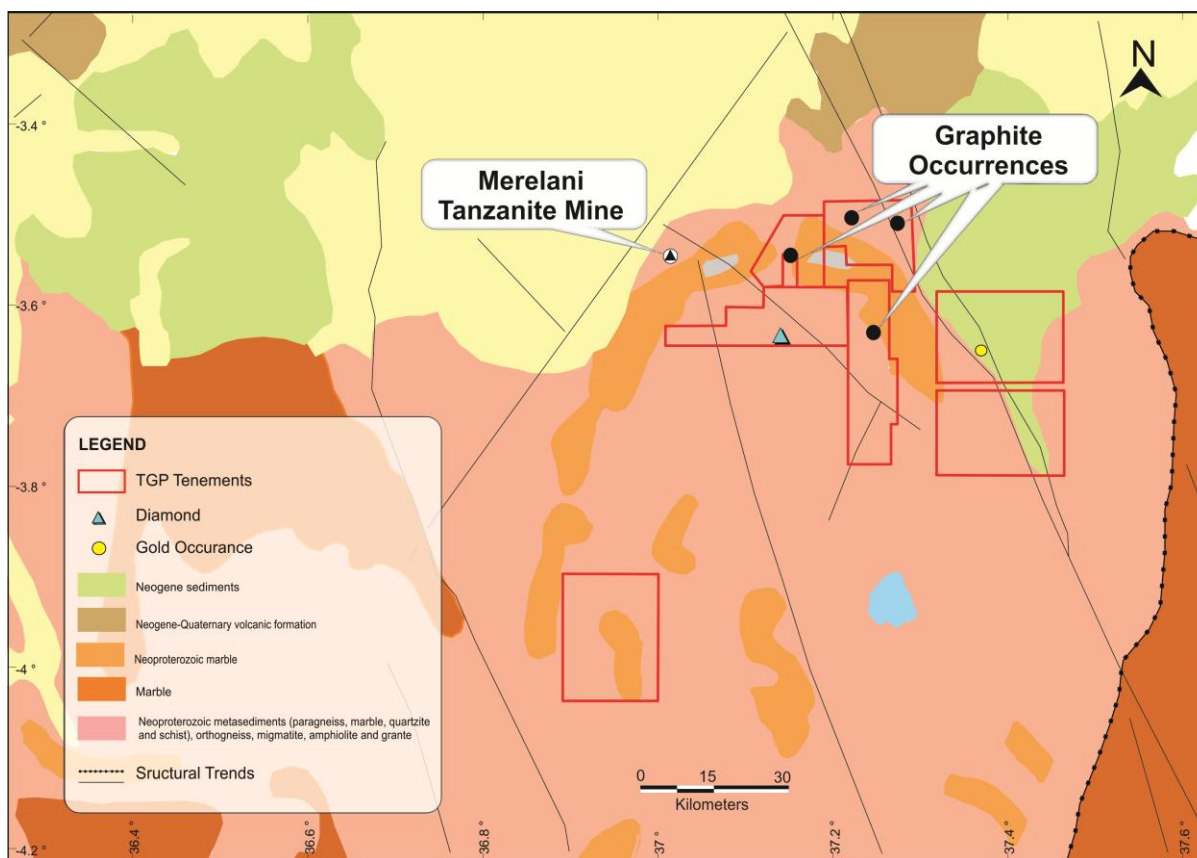


Figure 5 – Arusha Graphite project.

During recent site visits, TGP's geologists have identified several graphite occurrences within the Arusha Graphite Project (refer Figure 5) based on physical observation with the grade unknown. The graphite mineralisation was observed to be hosted by graphitic schist. The area is considered to have significant potential given the size of the tenement holding and presence of graphite schist over large areas.

Geological Exploration Programme

The company plans to provide exploration updates, as TGP's geological team continues its planned geological work programme. TGP currently have a geological exploration team on the ground and is mapping and sampling the Ndololo prospect. Under the terms of the HOA the company has agreed to reimburse TGP exploration costs of up to \$90,000 to the completion date.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew Spinks, who is a Member of The Australasian Institute of Mining and Metallurgy included in a list promulgated by the ASX from time to time. Andrew Spinks is a consultant of Tanzgraphite Pty Ltd and 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". Andrew Spinks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.