



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 5 May 2011

## **DIAMOND DRILLING PROGRAM HAS COMMENCED AT THE KAGERA NICKEL PROJECT, TANZANIA**

*The Board of Kibaran Nickel Limited ("Kibaran" or "the Company") (ASX:KNL) is pleased to provide an update of field activities at the Kagera Nickel project in Tanzania and announce that it has awarded the initial diamond drilling contract.*

### **Highlights:**

- ✓ *Kibaran Nickel acquired 100% interest in the Kagera Nickel project in late 2010.*
- ✓ *Mobilization for field work commenced in January, 2011, starting with establishment of a fully functional field camp including satellite communications. The base of operations is located in the village of Rulenge.*
- ✓ *Grid establishment for the geophysical surveys has been ongoing since February 17 and 120 line kilometers have been completed to date.*
- ✓ *The Company initiated Surface TDEM (Time Domain Electro Magnetic) surveys over priority targets in mid-March under a contract with Crone Geophysics and Exploration Ltd. PEM system. This is the system that was used by Xstrata Nickel to explore and successfully discover new nickel sulphide deposits on the adjacent Kabanga Project. The survey continues.*
- ✓ *Two high conductance targets have already been identified for diamond drill follow up.*
- ✓ *Re-evaluation of the 2008 VTEM airborne survey data has identified numerous priority airborne targets for evaluation.*
- ✓ *The contract for Diamond drilling has been awarded to Layne Drilling Tanzania Ltd. and commenced on May 02<sup>nd</sup>.*

*The Kagera Nickel Project is located in western Tanzania. The key tenements are located approximately 10km 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.*

*David Gower, P.Geo., Managing Director of Kibaran Nickel Ltd. commented. "We are very encouraged to see strong targets developing early in the geophysical program. The strong conductor with gossan material at surface is similar to the expression of the deposits at the Kabanga deposit on the adjacent property. We look forward to seeing the drill results on these targets."*

*The initial diamond drill contract for a minimum of 3000 meters of diamond drilling has been awarded to Layne Drilling Tanzania Ltd. based in Mwanza, Tanzania with drilling having commenced on May 2, 2011. The initial drill holes will be on conductors identified at the Shanga target which is closest to the boundary of the adjacent Kabanga property of Xstrata/Barrick.*

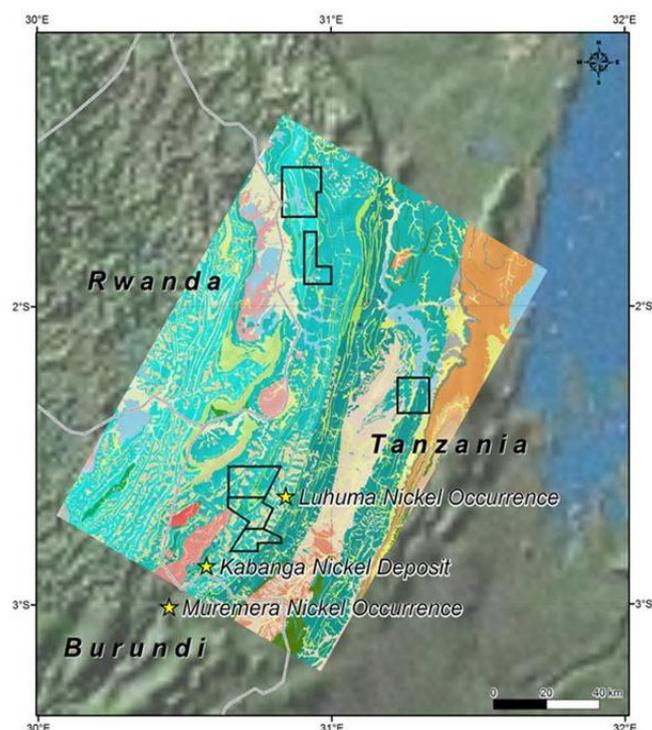
## Kagera Nickel Project

The Kagera Nickel Project comprises a large land position covering 864 square kilometers along the western border of Tanzania (See Figure 1).



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

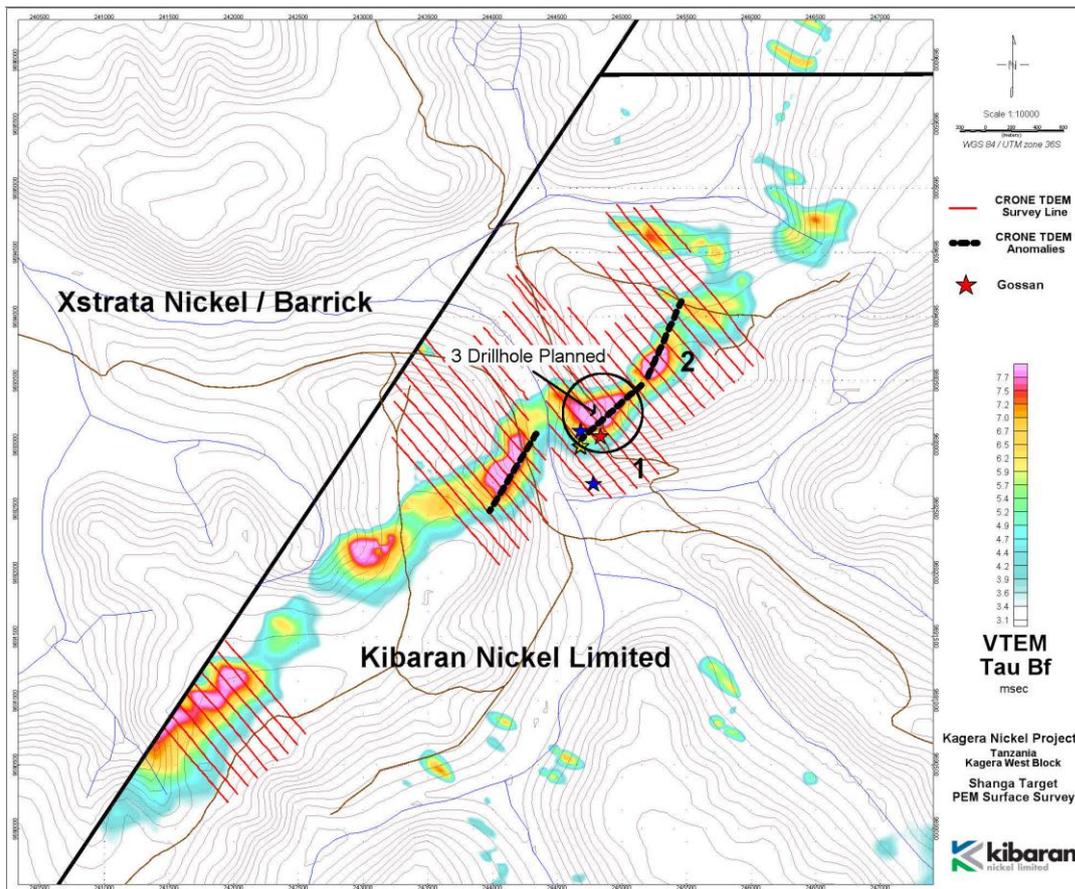
The Kabanga-Musongati mafic-ultramafic belt occurs in the Mesoproterozoic Kibaran Orogenic Belt which extends 350km along a northeast-southwest trend, exposed in Burundi, Rwanda, southwest Uganda and northwest Tanzania. The intrusions were emplaced into pelitic sediments of the rift basin that accumulated during the early rift phase of the Kibaran orogeny and contain important Nickel sulphide ores at the Kabanga Nickel Deposit (Tanzania) and reef-type PGE concentrations at Musongati (Burundi).



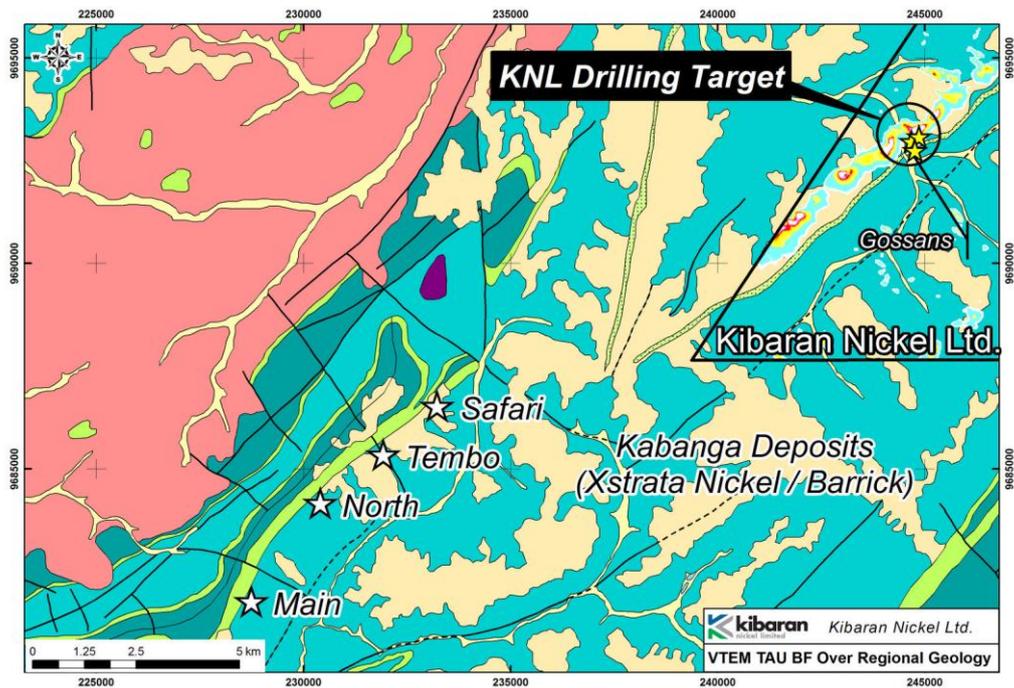
**Figure 2: Location of Kibaran Nickel's Tenements, Western Tanzania. The southern tenements between Kabanga and Luhuma are the focus of the current work program.**

The Surface TDEM Survey commenced on March 19, 2011. To date 60 kilometers of the planned 100 kilometers of surveying have been completed. Based on the review of the airborne data it is likely other areas will be surveyed upon completion of the initial program. The Crone Pulse EM system is evaluating targets identified by the previous airborne and geological mapping / geochemical surveys and provides precise targets for diamond drill follow up. Anomalies have been identified at the Shanga target as follows (Figures 3 and 4):

- a) Target 1: High conductance target showing Late-time response on Crone PEM system Crone anomalies coincide with strong B-field Airborne VTEM anomalies, Anomalous Ni/Cr geochemical rock sample anomalies and a Magnetic feature. The conductor extends 750 meters along strike with a stronger conductance section extending for 300 meters in the center. Gossans have been identified at the up dip projection at surface. Center top of the conductive plate is located at approximately 100 meters depth based on the geophysical modeling.
- b) Target 2: A high conductance target identified from the ongoing surface Crone PEM Step response survey. Conductor, extending for 600 meters dipping N-NW, is associated with a Magnetic feature and strong VTEM B-field anomalies and coincides with anomalous Ni Soil sample.



**Figure 3: Location of Shanga Target and Late-Time Crone TDEM anomalies.**



*Figure 4: Location of Kibaran Nickel's initial drill targets relative to the Kabanga nickel deposits to the southwest.*

The Crone system will remain on site in order to conduct Borehole PEM surveys in support of the upcoming drill program. Surface surveying will continue until July 2011. A re-evaluation of the airborne survey data completed by Castillian Resources Corp. in 2008 has resulted in identification of numerous additional airborne conductors that merit follow up.

The geophysical surveys are being supervised by Isabelle Dumas, Ing. who is the Chief Geophysicist for Kibaran Nickel and a qualified person as defined by NI 43-101 and JORC (is this necessary in Australia). The technical program is managed by Mr. Diego Verdugo, Kibaran Nickel's Director of Exploration, this release has been reviewed and approved by David Gower, P.Geo. Kibaran Nickel's Managing Director and a Qualified Person as defined by NI 43-101.

## **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.

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*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.*