

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE 31 OCTOBER, 2011

SEPTEMBER 2011 QUARTERLY REPORT

The Directors of Kibaran Nickel Limited (ASX:KNL) (“Kibaran” or “Company”) are pleased to present its September, 2011 quarterly report.

Highlights:

- ✓ The initial planned 3,000 meter diamond drill program was completed during the quarter. Eight drill holes totalling 3,190.7 meters were completed during the program.
- ✓ The first phase Time Domain Electromagnetic (TDEM) survey using the Crone system was completed over several limited target areas. A total of 205.9 line km of surveying was completed using the Crone system (Crone Geophysics and Exploration Ltd) Data processing continues.
- ✓ Crone Bore hole Electromagnetic (BHEM) surveys were completed on seven diamond drill holes. 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
- ✓ Interpretation of the VTEM airborne survey data and integration with the geochemical and geological data collected during the recent field campaign has resulted in identification of additional priority targets that merit follow up.
- ✓ Geological and geochemical follow up are ongoing.



Figure 1: Geophysical crews operating at Kibaran Nickel's Kagera Project, Tanzania

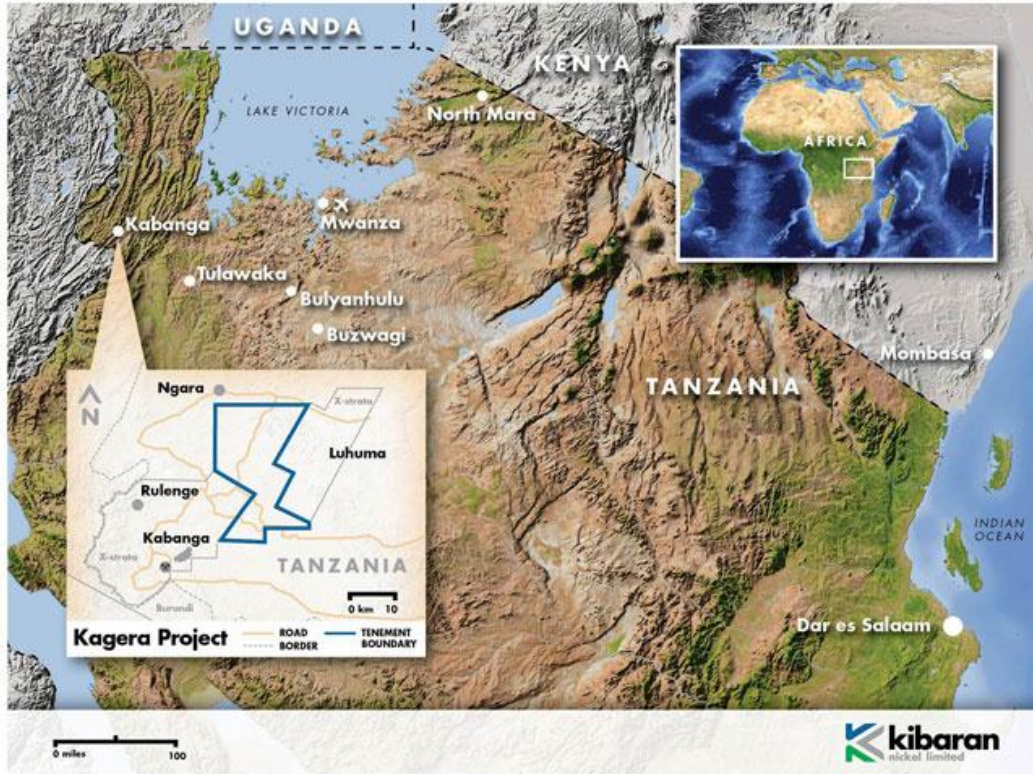


Figure 2: Location of the Kibaran Projects, Western Tanzania

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:

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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.

The Kagera Nickel Project

The Kagera Nickel Project is located in western Tanzania (see Figure 2). 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 Kagera Nickel Project comprises a large land position covering 864 square kilometres along the western border of Tanzania (Figure 3). 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 sulphide ores at the Kabanga Nickel Deposit (Tanzania) and reef-type PGE concentrations at Musongati (Burundi).

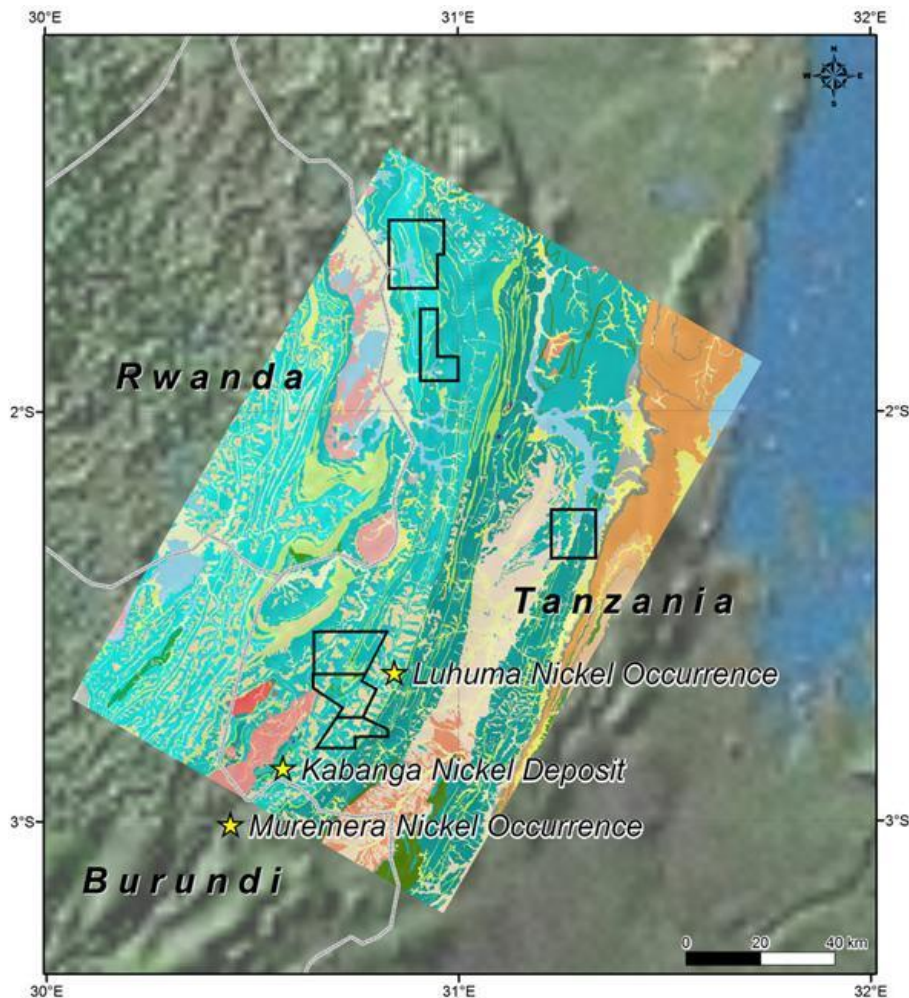


Figure 3: Location of Kibaran Nickel's Tenements, Western Tanzania. The southern tenements between Kabanga and Luhuma are the focus of the current work program.

During the quarter ending September 30, 2011 the initial scout phase of diamond drilling was completed. A total of 3,190.7 meters of drilling was completed in eight diamond drill holes. Seven of the eight drill holes were completed on the Shanga trend which is an eight kilometre long series of geophysical anomalies that was interpreted to represent the extension of the Kabanga trend to the south. One hole was drilled on the extensive Nyamahwa Target area. See Figure 5 below for drill hole locations.

To date geochemical results have been received for four drill holes, assays remain pending for the final three drill holes. Sulphide minerals, primarily pyrrhotite, were intersected in all drill holes but generally associated with sedimentary units. Assays to date have not resulted in ore grade intercepts and results suggest limited potential for the Shanga trend to host a major nickel deposit.

Based on new information it is likely the rocks related to Kabanga enter the Property to the northwest of this area where an interesting geophysical and structural target has been identified by the recent field program. In the final three drill holes for which assays are pending there are several mineralized zones associated with mafic intrusive rocks. These intercepts are not expected to be ore grade, however if they should have anomalous nickel values may warrant follow up as disseminated mineralization of the type observed in the drill holes commonly occurs peripheral to nickel deposits in the area. The significance of this mineralization will only be determined once assays are received. Following is a summary of the drilling program:

| | Completed | Planned | Variance |
|---------------------|------------------|----------------|-----------------|
| Drilling Campaign | 3,190.70 m | 3,000 m | 106 % |
| Rock Samples (Core) | 3739 | 3,300 | 113 % |

Table 1: Drilling Program

The results of the TDEM surveys and the new targets being identified by processing the VTEM airborne data continues to confirm the strong potential for discovery on this large property. Figure 4 below shows that only a very small portion of the property has been evaluated using the TDEM system, with a strong emphasis on the Shanga target area in support of the drill program there. Continued interpretation of the airborne data and integration with new and historical geological and geochemical data has highlighted a number of additional priority targets (Figure 4) for further follow up and drilling. This compilation work continues and will be the basis for recommendations for the next phase of exploration.

A total of 205.9 line kilometers of TDEM was completed on various targets, summarized in the table below. In addition Borehole TDEM surveys was completed on the seven drill holes. The new TDEM data continues to be interpreted. A number of the priority targets from the limited coverage to date have been drill tested.

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 Ram Betancourt, Kibaran Nickel's Director of Exploration. This report

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.



Figure 4: TDEM over Regional Geological Map. The red polygons indicate areas covered by the TDEM survey. Only limited coverage of the large claim was completed in the initial program.

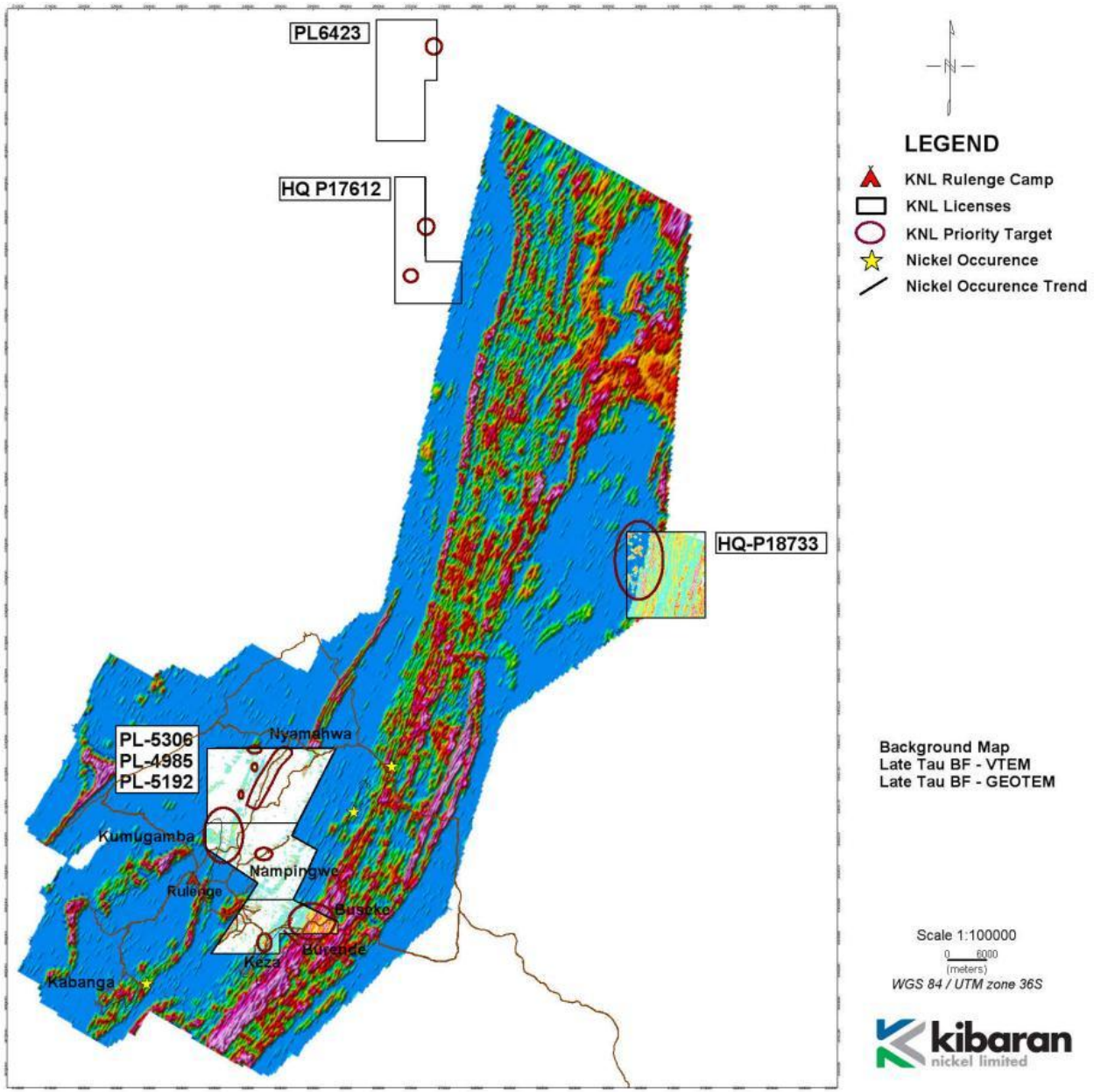


Figure 5: Targets identified for future follow up on Kibaran Nickel's tenements.

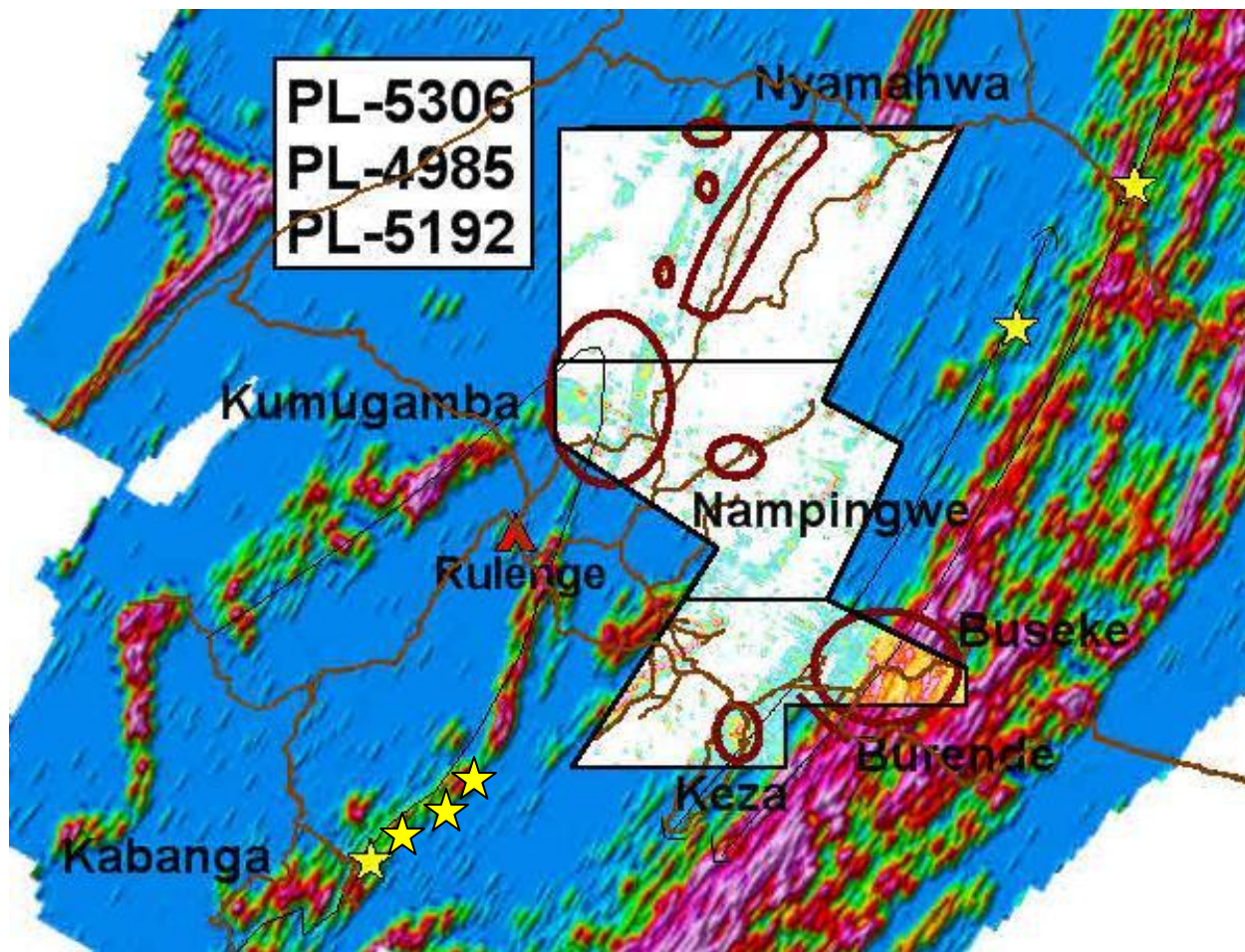


Figure 6: Untested priority target areas on the key West Block tenements in the area of the Kabanga Deposits. The stars represent Nickel Sulphide Occurrences in the area.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

KIBARAN NICKEL LIMITED

ABN

15 117 330 757

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--|----------------------------|---------------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | | |
| 1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration | (1,379) | (1,379) |
| 1.3 Dividends received | (135) | (135) |
| 1.4 Interest and other items of a similar nature received | 6 | 6 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Other (provide details if material) | | |
| | (1,508) | (1,508) |
| Net Operating Cash Flows | | |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets | | |
| 1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets | | |
| 1.10 Loans to other entities | | |
| 1.11 Loans repaid by other entities | | |
| 1.12 Other (provide details if material) | | |
| | - | - |
| Net investing cash flows | | |
| 1.13 Total operating and investing cash flows (carried forward) | (1,508) | (1,508) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|---------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1,508) | (1,508) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | | |
| 1.15 | Proceeds from sale of forfeited shares | | |
| 1.16 | Proceeds from borrowings | | |
| 1.17 | Repayment of borrowings | | |
| 1.18 | Dividends paid | | |
| 1.19 | Other (share issue costs) | | - |
| | Net financing cash flows | - | - |
| | Net increase (decrease) in cash held | (1,508) | (1,508) |
| 1.20 | Cash at beginning of quarter/year to date | 2,738 | 2,738 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | Cash at end of quarter | 1,230 | 1,230 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 65 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | |

1.25 Explanation necessary for an understanding of the transactions

Directors fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | | |
| 3.2 Credit standby arrangements | | |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 200 |
| 4.2 Development | |
| 4.3 Production | |
| 4.4 Administration | 130 |
| Total | · 0 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 281 | 689 |
| 5.2 Deposits at call | 949 | 2,049 |
| 5.3 Bank overdraft | | |
| 5.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | 1,230 | 2,738 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|-----------------------|---|--|----------------------------------|
| 6.1 | | Interests in mining tenements relinquished, reduced or lapsed | | |
| 6.2 | | Interests in mining tenements acquired or increased | | |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|---|---------------|---|--|
| 7.1 Preference + securities <i>(description)</i> | Performance shares Class A 7,500,000 Class B 7,500,000 Class C 7,500,000 | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 +Ordinary securities | 33,285,916 | 33,285,916 | Fully paid | Fully paid |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 +Convertible debt securities <i>(description)</i> | | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | <i>Unquoted</i> 450,000 150,000 500,000 3,000,000 500,000 2,500,000 200,000 200,000 600,000 200,000 | | <i>Exercise price</i> \$0.20 \$0.20 \$0.40 \$0.20 \$0.20 \$0.25 \$0.25 \$0.35 \$0.30 \$0.40 | <i>Expiry date</i> Exp 08/02/2012 Exp 29/11/2012 Exp 01/02/2012 Exp 12/09/2014 Exp 12/09/2014 Exp 24/03/2015 Exp 31/03/2015 Exp 30/09/2015 Exp 31/03/2015 Exp 31/03/2016 |

+ See chapter 19 for defined terms.

| | | | | | |
|------|--------------------------------------|--|--|--|--|
| 7.8 | Issued during quarter | | | | |
| 7.9 | Exercised during quarter | | | | |
| 7.10 | Expired during quarter | | | | |
| 7.11 | Debentures (totals only) | | | | |
| 7.12 | Unsecured notes (totals only) | | | | |

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31 October 2011
(~~Director~~/Company secretary)

Print name: Andrew Bursill

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.