

ASX Announcement: GEOLOGICAL WORK PROGRAMME

31 May 2012

The Directors of Kibaran Nickel Limited (ASX:KNL) (Company) are pleased to provide an update on the geological and exploration activities in Tanzania undertaken by Tanzgraphite Pty Ltd.

KEY HIGHLIGHTS;

- Geological mapping at Ndololo prospect has delineated the graphitic schist to occur over a 17.4 km strike length which is 3 times greater than historically recorded of 5.0 km.
- Large flake graphite (up to 9mm diameter) is continuous along strike length.
- A total of 64 rock chip samples submitted to SGS Johannesburg for carbon and graphite analysis.
- 13.6 km strike length of graphitic schist mapped at the Kasita and Epanko prospects.
- Mapping has indentified flake graphite (up to 10mm diameter) at Merelani-Arusha project and widths of the graphite bearing rock being up to 200 metres over 1.5 km strike length.
- Metallurgical (50kg) samples from the Ndololo prospect and Merelani-Arusha project are in transit to SGS metallurgical facility at Johannesburg for mineralogy, size analysis and floatation testwork.
- Drill planning at Ndololo is underway. The programme will be designed to delineate an inferred mineral resource and assist a revised exploration target potential for the Mahenge graphite project.

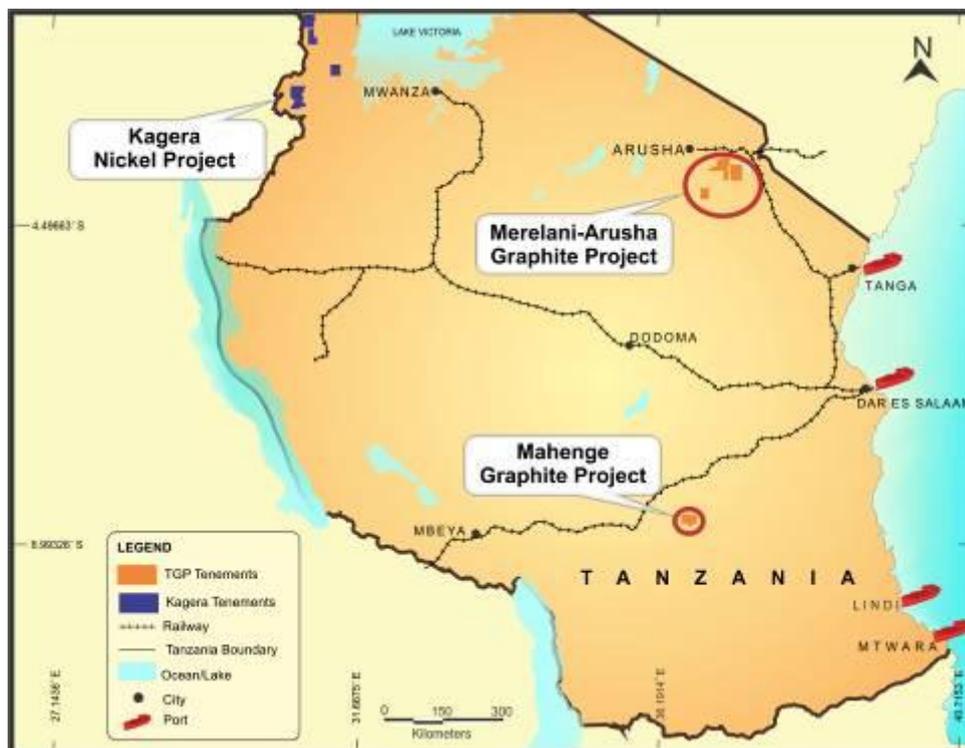


Figure 1 – Location of Tanzanian Project

MAHENGE GRAPHITE PROJECT

The Mahenge graphite project consists of 2 tenements covering an area of 325.5 km², located 245 km SW of Morogoro. The Mahenge project hosts the Ndololo, Epanko and Kasita graphite prospects.

A total of 38 graphitic schist samples have been collected from the Project and submitted to SGS laboratory for analysis for total carbon and graphitic carbon analysis. The Ndololo graphite is hosted within graphitic schist that is in contact with voluminous felsic rock. The graphitic schist hosts large flake graphite (up to 9mm diameter) which is continuous along the strike length of the Ndololo prospect. The graphite is in form of flat plate like crystal with irregular edges disseminated throughout the schist (refer photo's).

Geological mapping at the Mahenge graphite project has revealed the graphitic schist to occur over greater distances than previously reported with 17.4 km strike length at Ndololo prospect and a further 13.6 km strike length at the Kasita and Epanko prospects.

This graphite schist occurrence is far greater than previously recorded, with significant upside potential to increase the company's previously reported exploration target potential.

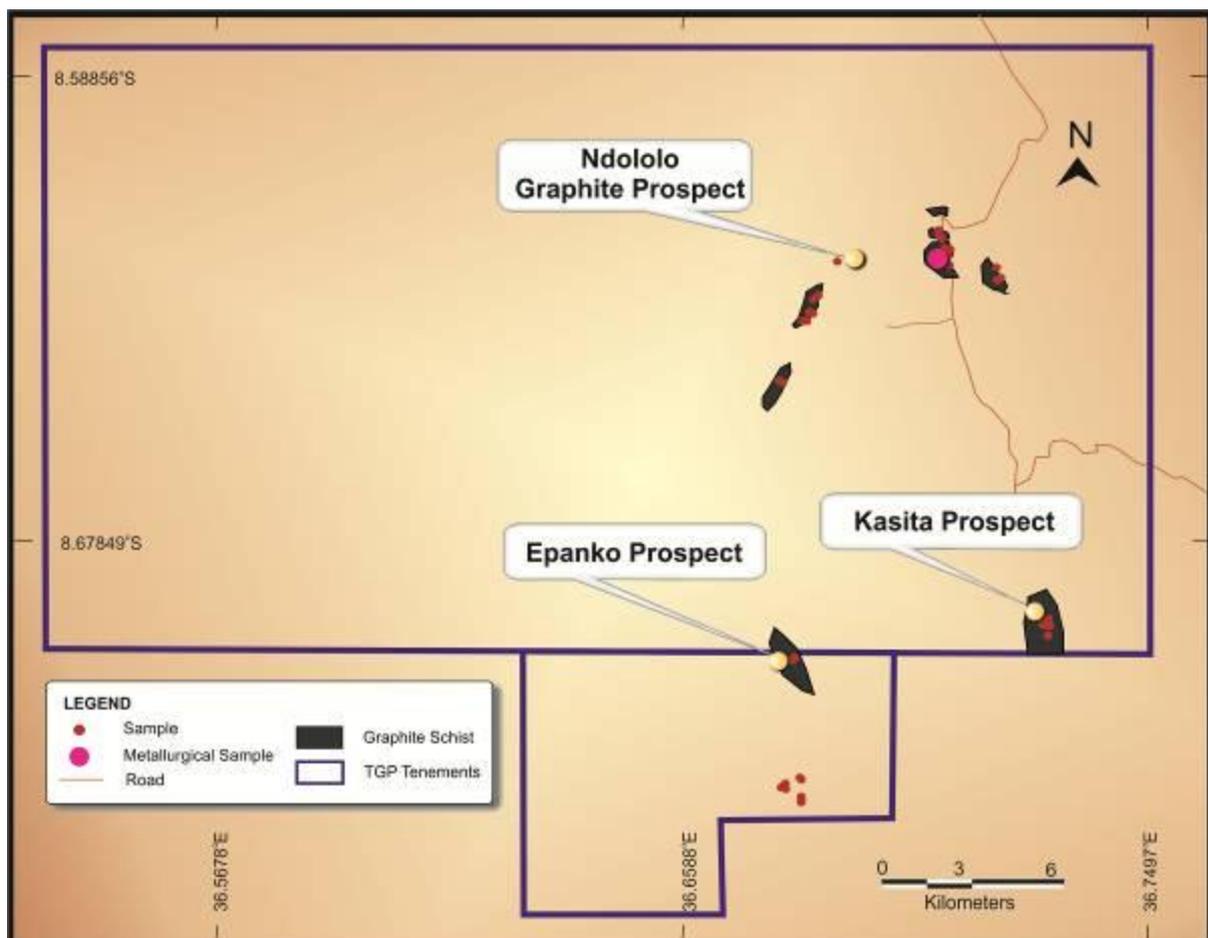


Figure 2 – Mahenge project showing sample locations including 50kg metallurgical sample.

Previously reported (refer 9 May 2012) work carried out by Tanzgraphite'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 tonnes¹ of graphitic schist grading between 10% and 15.5% Carbon for the Ndololo Graphite Project 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.



Outcropping flake graphite within graphitic schist at Ndololo prospect

MERELANI-ARUSHA GRAPHITE PROJECT

The Merelani-Arusha graphite project consists of 7 tenements covering an area of 973.4 km², the project is located 55 km SE of Arusha.

A total of 26 graphitic schist samples have been collected from the Project. Flake graphite within the graphitic schist has been observed up to 10 mm, disseminated within strongly sheared felsic unit.



Outcropping flake graphite from Merelani-Arusha project.

Recent geological mapping has only been carried out in one of the Merelani-Arusha tenements. The geological mapping has observed graphitic schist over 1.5 km long with 200 m average width has been mapped within the PL. The graphitic schist is striking at ESE and shallow dipping to the west with average dips of 38 degrees.

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.

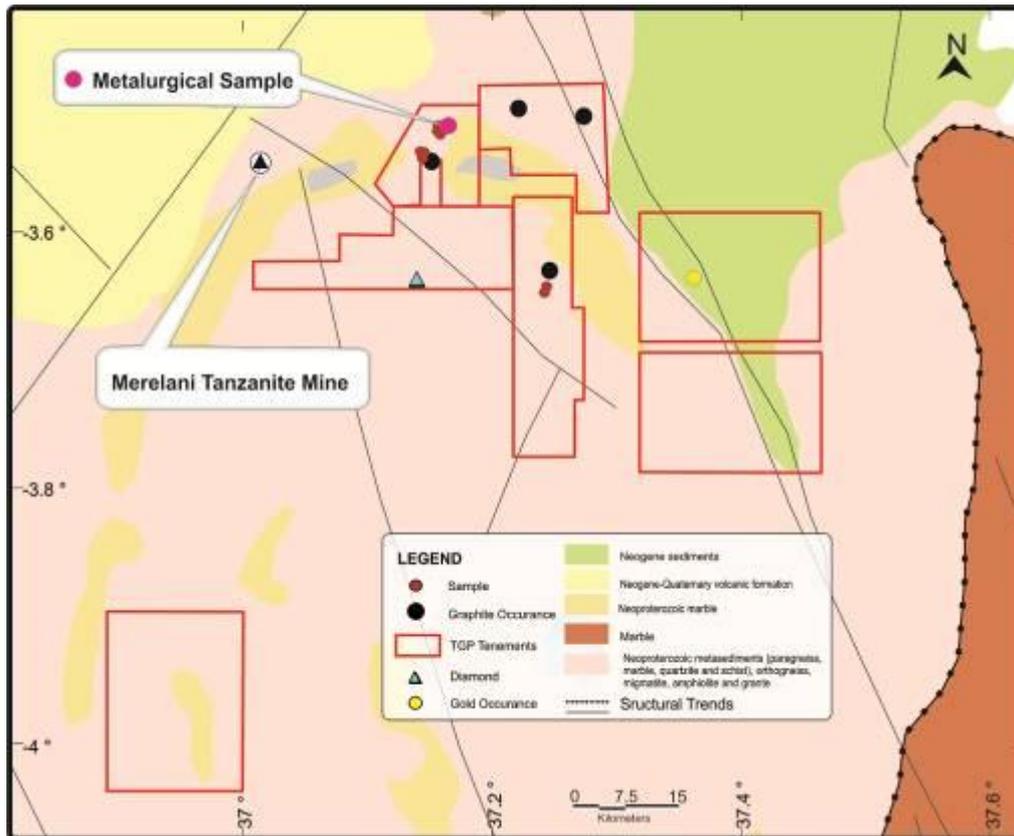


Figure 3 – Merelani-Arusha project showing sample locations including 50kg metallurgical sample.

METALLURGICAL TESTWORK

Metallurgical (50kg) samples have been taken from the Ndololo prospect (Sample MHP_MT_001) and Arusha graphite project (Sample AMP_MT_001). The Ndololo metallurgical sample been taken across the scarp of the outcropping graphite. The Ndololo sample will be used to confirm the previous analysis (refer announcement dated 9 May 2012) where conclusions made from the testwork stated that the sample carries sufficient graphite for commercial exploitation and crucible-grade flake can be extracted. The historic testwork results reported 15.5% Carbon and 97.5% recovery of flake graphite.

The samples are currently being shipped to the SGS metallurgical facility at Booyens, Johannesburg. The sample will be staged crushed to a coarse grind minus 4mm. Optical mineralogy will be used to determine liberation size and other minerals present. Chemical analysis to determine the graphitic carbon, major elements and trace elements. Size by size analysis for graphitic C distribution. Flotation testwork will follow once the liberation size is determined.

DRILL PLANNING

Geological planning is underway to plan the inaugural drilling programme at Ndololo. It is envisaged that the first programme will commence after the completion of due diligence. Meterage and drill spacings are still being finalised, however it is likely the programme will consist of 60 RC holes for a planned 3,000 metres. The drilling is planned to delineate an

inferred mineral resource and assist a revised exploration target potential for the Mahenge graphite project.

The company will provide further updates as explorations results are received.

PROJECT LOCATION AND INFRASTRUCTURE.

The Mahenge and Merelani-Arusha graphite projects are located in Tanzania. Tanzania is a stable, mining friendly country with good Infrastructure which includes rail and port. The projects can be accessed by the Tanzania Railway Corporation (TRC) which has two lines.

The Mahenge project is 160kms from the central line from Dar es Salaam to Tabora with two branches, one to Kigoma in the west along lake Tanganyika and one from Tabora to Mwanza port on Lake Victoria. The Merelani- Arusha project can access the other line which runs from Ruvu northward to Korogwe and then branches to Tanga port on the Indian Ocean.

The Tanzania Harbours Authority administers the Dar es Salaam, Tanga, Lindi and Mtwara harbours which are ocean ports; Dar es Salaam is a natural deep-water harbour and is the largest in the country. A major project to increase the efficiency of the port and its annual through-put capacity from 3.7 million metric tons was undertaken in the late 1980s

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 and is completing the acquisition of Tanzgraphite Pty Ltd which has the rights to the Mahenge and Arusha projects in Tanzania that are considered prospective for graphite mineralisation.

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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 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.