



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE 31 JANUARY, 2012

DECEMBER 2011 QUARTERLY REPORT

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

Summary

- Final assay results were received from drill holes SHG-05, 06, 07 and 08, completing the pending assays from the previously reported drill program. The best results from these holes was 7.0 metres grading 0.11% Ni from 94 to 101 meters in drill hole SHF-07.
- During the quarter 2,173 soil samples were sent to ALS Chemex laboratory for preparation and analysis: 114 soil samples from Kasuru (KSU) target; 544 samples from Kumugamba (KUM) Target; and, 14 samples from Nampingwe (NAM) target surrounding the high Ni (700 ppm Ni) anomaly.
- Nine new High Priority Targets have been identified and highlighted using geophysics, geochemical surveys and Nickel Occurrence Trend.
- The incorporation of a wholly owned subsidiary in Tanzania is completed in order to effectively manage business in the country.
- The Rulenge exploration camp was closed in mid November to reduce costs through the rainy season and Christmas break. The office container, core and field gear are stored at the Catholic Diocese of Rulenge at no additional costs to Kibaran in order that a quick redeployment can be achieved.
- Compilation of the geochemical, geological and drill results and integration with the geophysical data continues, in order to assess the best approach for the next exploration program.

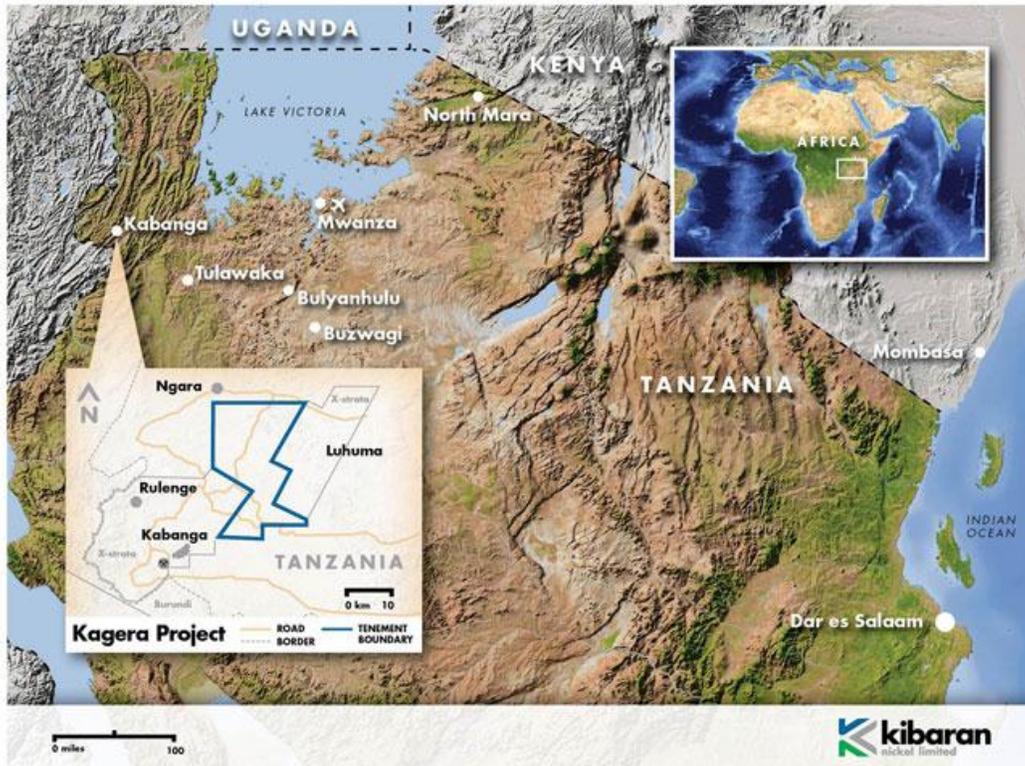


Figure 1: Location of the Kibaran Projects, Western Tanzania

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")'. Mr 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 1). The key tenements are located approximately 10 kilometres northeast of the Kabanga Nickel Deposits of Xstrata Nickel / Barrick Gold (one of world's largest undeveloped high grade nickel sulphide deposits) which is presently undergoing feasibility studies.

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

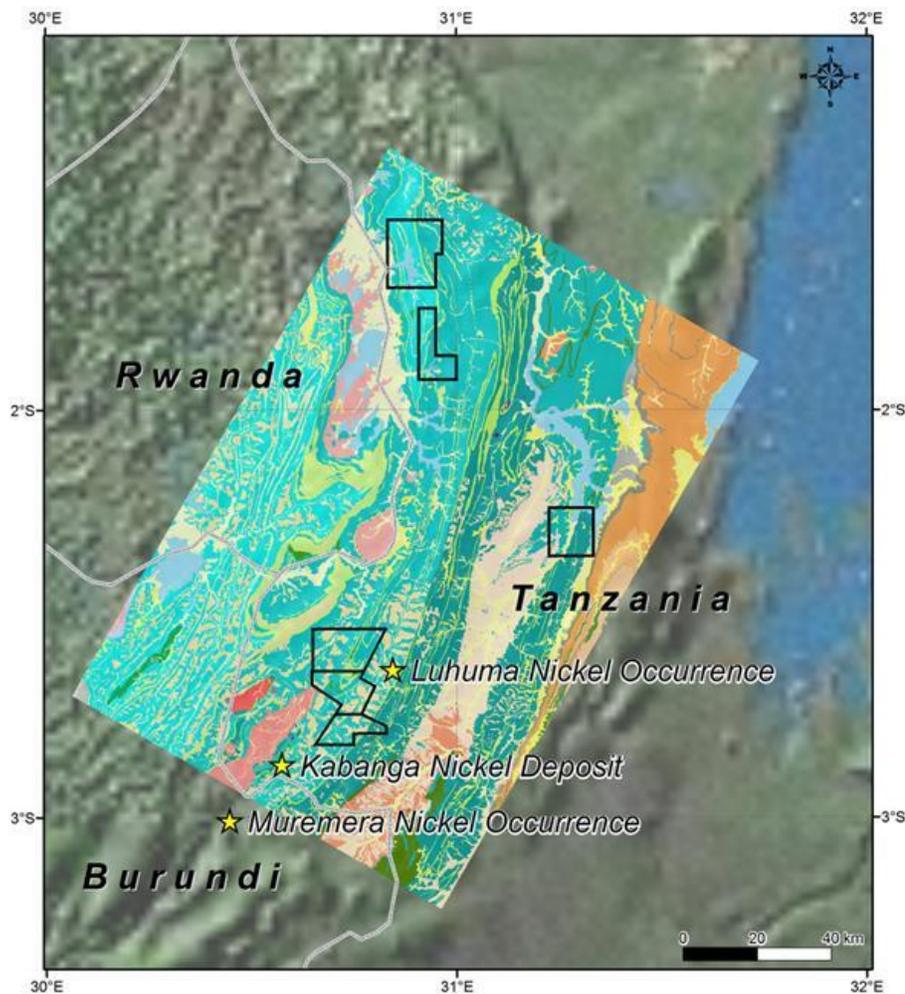


Figure 2: Location of Kibaran Nickel's Tenements, Western Tanzania. The southern tenements between Kabanga and Luhuma are the focus of the current work program.

Drilling Summary

During the previous quarter the initial scout phase of diamond drilling was completed. A total of 3,190.7 metres 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 3 below for drill hole locations. At the end of September results for only four of the drill holes had been received. During the present quarter final assay results were received from drill holes SHG-05, 06 and 07, completing the pending assays from the previously reported drill program. Unfortunately no mineralisation of economic interest was intersected by the remaining drill holes. The best results from these holes were 7.0 metres grading 0.11% Ni from 94 m- 101 m in drill hole SHF-07.

Based on the new information, along with the geophysical and mapping results, it is interpreted that the rocks related to the Kabanga deposits enter the Property to the northwest of this area where an interesting geophysical and structural target has been identified by the recent field program.

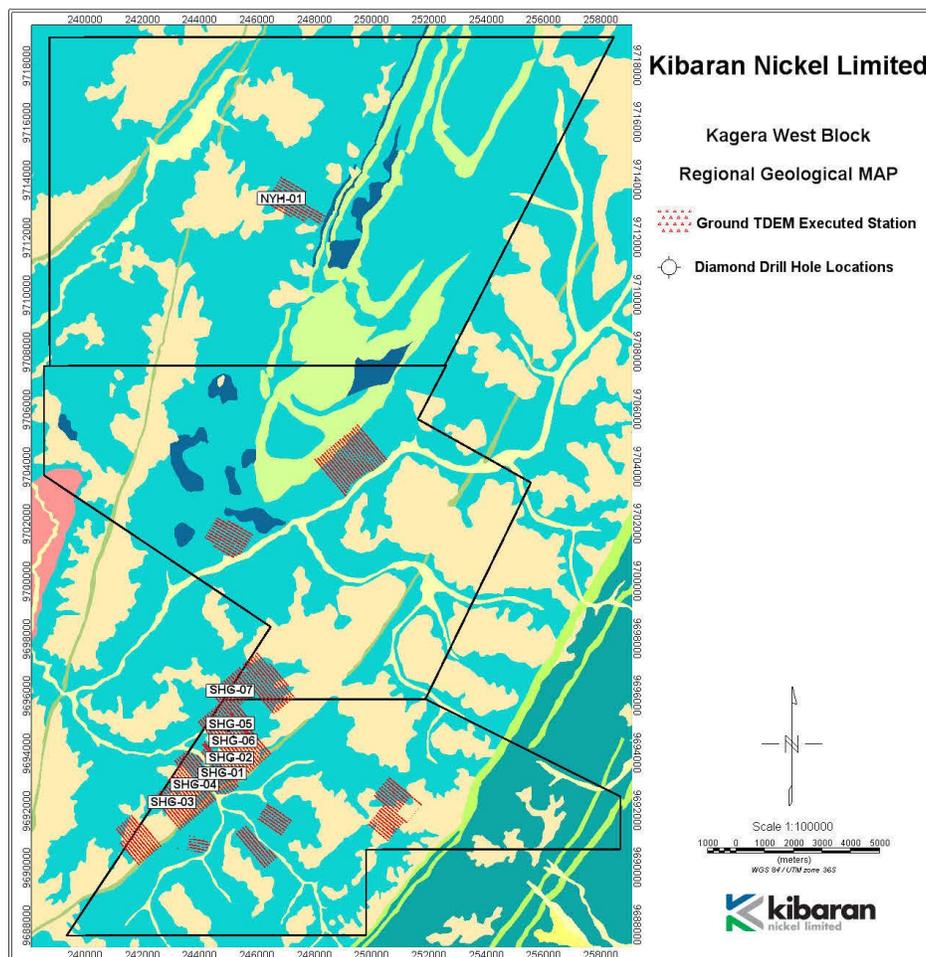


Figure 3: TDEM over Regional Geological Map. The red polygons indicate areas covered by the TDEM survey. Only limited coverage of the large claim was completed in the initial program.

Geology & Geochemistry

During the quarter soil samples were collected over priority EM targets: 226 samples on a new target called Kasuru (KSU); 673 samples in a new target called Kumungamba (KUM); 1,260 samples were collected over a series of VTEM conductors in the Nyamahwa area; and 14 samples from Nampingwe (NAM) target surrounding the soil Ni anomaly from 2008 to confirm its presence and dispersion. At year-end results for approximately 45% of the soil samples were pending. Results will be compiled and integrated with the geological mapping and geophysical data when received, in order to lay out the next exploration program.

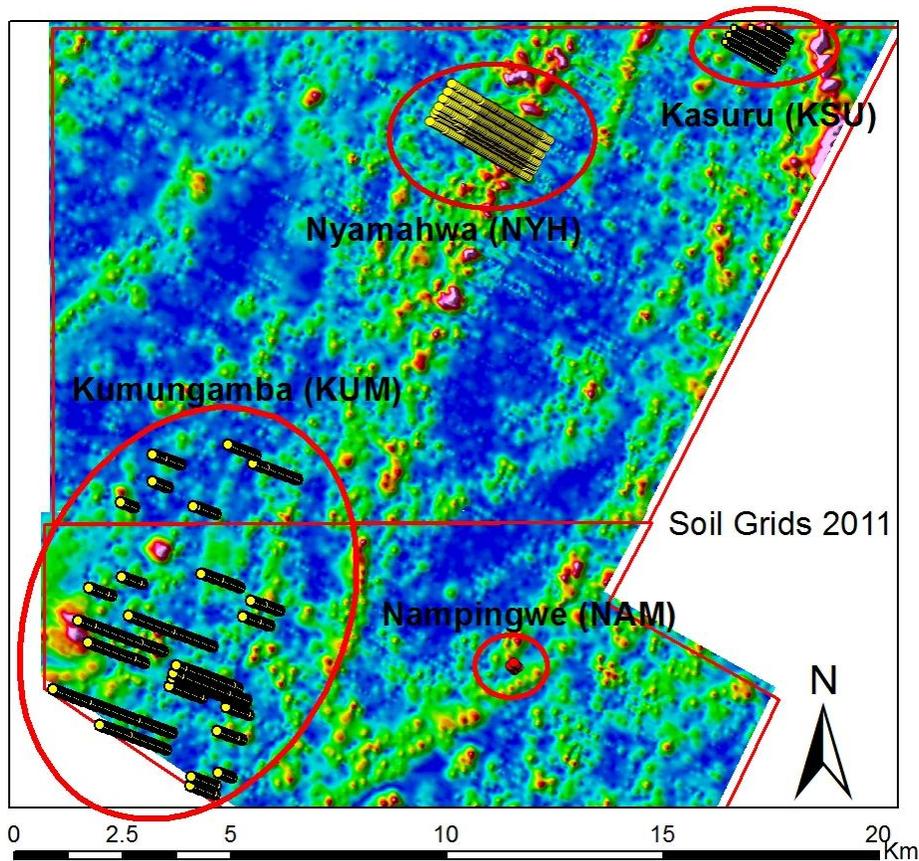


Figure 4: Soil grids, 2011 geochemistry surveys

Together with the soil sampling campaign geological transects were done over KUM and KSU targets to verify the presence of ultramafic rocks, gossans and others geological features that could help the prioritisation of the 3 targets for future ground geophysics and a new drilling phase.

The geology observed was the metasedimentary rocks of the Karagwe-Ankolean system, mainly quartzite and pelites, and the lateritic plateaus. This is common in the area where the mafic/ultramafic rocks tend to be recessive and more deeply weathered than the sedimentary sequences they intrude. Only one "gossan" rock fragment was observed in the KUM target in an area with gabbro boulders, there was no rocks outcropping in this area.

Following is a summary of the Exploration program:

Exploration Work	To date	Program	Completed
Drilling Campaign	3,190.70	3,000 m	106 %
Core Samples (MinChem)	3739	3,300	113 %
Soil Samples	2173	2,050	106 %

Regional Exploration Targets

Nine NEW High Priority Targets have been generated and highlighted using geophysical data, Nickel Occurrence Trends (Kabanga, Luhuma and Pongo) and geochemistry database. Geophysical data including the VTEM, GEOTEM, MAG and GAMMA airborne surveys. Geochemical database include stream sediments, flood sediments and soil samples and includes results from UNDP, BHP, Castillian and Kibaran Nickel in the database.

The large Kabanga deposit was originally highlighted by coincident stream sediment anomalies for Ni, Cu, Co and Cr. Correlation coefficients determined that Cu, Co and Cr show a strong correlation with Ni. The anomalies appear to focus immediately over the projected ultramafic rocks. The Luhuma prospect area where Ni bearing massive sulphide has been intersected by drilling exhibits similar coincident anomalies.

In terms of element anomaly threshold values observed proximal to the Kabanga deposits, the area exhibits a pronounced coincident Ni-Cu-Co-Cr anomaly as summarised below:

- **Ni > 100 ppm**
- **Cu > 50 ppm**
- **Co > 30 ppm**
- **Cr > 750 ppm**

In order to screen for the possibility of buried mineralisation that may have a more subtle soil geochemical expression than Kabanga, anomaly thresholds of the historical database available were set at > 96 or 97 element percentiles. Any identified anomaly was rated as significant if it was characterizes as a coincident multi-element feature.

The following figure shows the location of nine new high priority targets area that should be followed-up with geological mapping, geochemical ground soil sampling and ground TDEM geophysical survey.

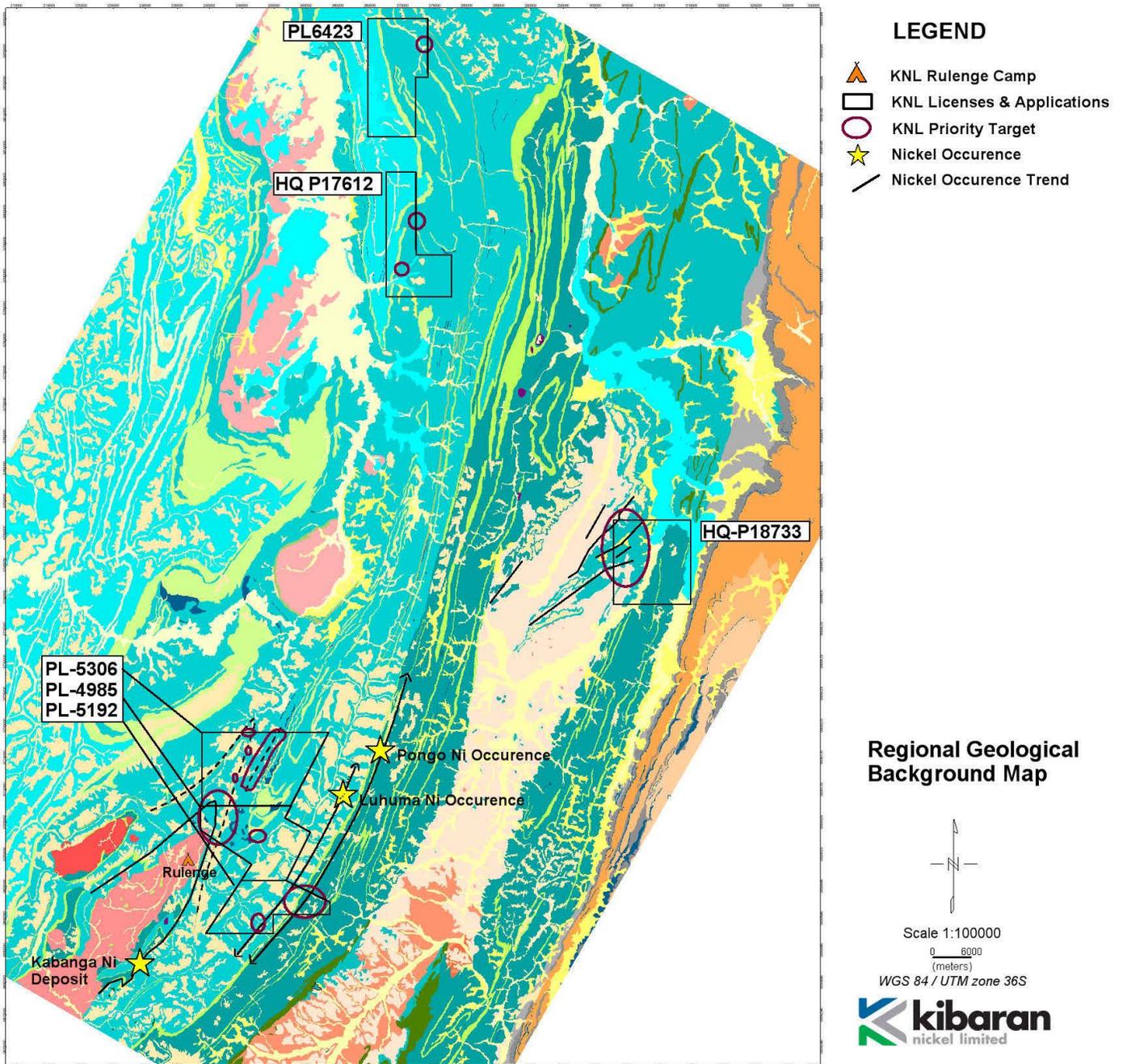


Figure 5: High Priority Targets overlying regional Geological map.

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.

Corporate Overview

Based on the cost reduction strategies adopted by the company including the mid-November closure of the Rulenge exploration camp through the rainy season and Christmas break, the company has sufficient cash resources to fund its activities over the next two quarters. In addition, the company is investigating various sources of additional capital to fund future exploration programs.



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")

31 December 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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	(564)	(1,943)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	34	40
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(662)	(2,170)
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)	(662)	(2,170)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(662)	(2,170)
	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	(662)	(2,170)
1.20	Cash at beginning of quarter/year to date	1,230	2,738
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	568	568

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	48
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 included in 1.23

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	50
4.2 Development	
4.3 Production	
4.4 Administration	100
Total	150

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	80	281
5.2 Deposits at call	488	949
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	568	1,230

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 <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 January 2012
(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.