

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE 29 JULY, 2011

JUNE 2011 QUARTERLY REPORT

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

Highlights:

- ✓ Diamond drilling started at the Kagera Nickel project in Tanzania on May 1st by Layne Drilling Tanzania Ltd and three holes totalling 1,099 metres have been completed.
- ✓ A total of 120 line/kilometres of surface TDEM survey (Crone Geophysics and Exploration Ltd) was completed over twelve targets. Data are under evaluation and a number of highly prospective anomalies have been identified.
- ✓ Crone TDEM Surface and BHEM surveys continue until August. 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.
- ✓ A re-evaluation of the VTEM airborne survey data completed by Castillian Resources Corp. in 2008 has resulted in identification of numerous additional airborne conductors that merit follow up.

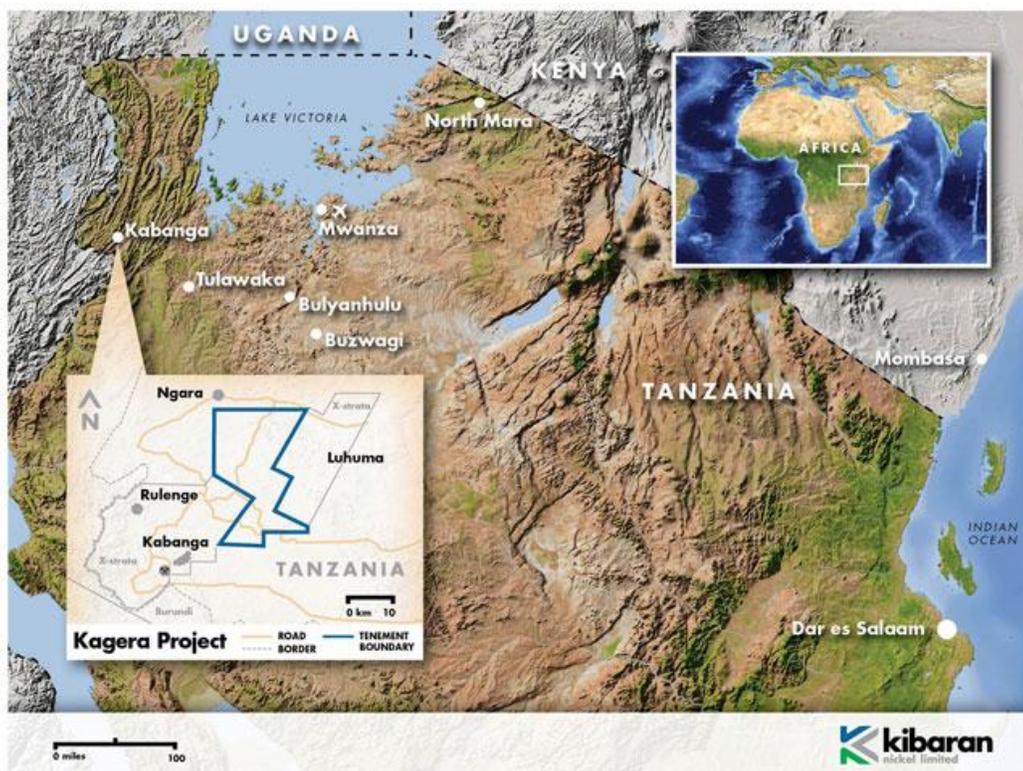


Figure 1: Location of the Kibaran Projects, Western Tanzania

Future Exploration Programs

Diamond drilling with a single drill will continue to test selected conductive and geochemical targets on the Kagera claim block located north of the Kabanga deposits. The ongoing interpretation of the VTEM airborne data continues to highlight a number of new conductive zones with the result that the ground geophysical and geochemistry programs will be expanded with the objective of upgrading these areas for future diamond drill testing.

In addition the Company holds mineral claims approximately 60 kilometers to the northeast of the Kagera claims and a review of the airborne geophysical data and geochemical data on this property indicates several compelling targets that will be evaluated for drilling. Initial field reviews will take place next quarter to be followed by grid establishment and ground geophysical surveys before year-end.

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 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.

One diamond drill hole executed over Nyamahwa target VTEM conductor, aligned with the lateral extension of Kabanga sedimentary units, intercepted metasediments (metapelites and quartzites) and a gabbro sill with more than 66 metres thickness containing disseminated sulphides (up to 3%) near the end of the hole.

The other two diamond drill holes were completed over the Shanga area conductors defined by the Surface TDEM survey, close to the Kabanga property boundary. These drill holes provided an initial assessment of the stratigraphic sequence over the area and allow comparison with the Kabanga Main and North Deposits sequences. The holes intercepted metasediments (metapelites, shales and quartzites) with zones containing 5 to 15% pyrrhotite (conductive zone) and several sills (4m average thickness) of dolerites to gabbro dolerites along the holes. These type of sills are located under the ultramafic unit that hosts the Ni mineralisation at the Kabanga Main and North Deposits. Partial assays have been received from the first diamond drill hole at the Shanga Target. Several strongly anomalous values have been noted including 1.0 meter grading 0.20% Copper (155.0 to 156.0m); 1.0 meter grading 0.13% Nickel (160.0 to 161.0m) and 1.0 meter grading 0.32% Nickel (162.0 to 163.0m).

The results of the ongoing EM surveys and the new targets being identified by reprocessing the VTEM airborne data also confirm the strong potential for discovery on this large property.

The Surface TDEM Survey commenced on March 19, 2011. To date 120 kilometres of surveying have been completed (Figure 3) and results are under evaluation. The Crone Pulse EM system is evaluating targets identified by the previous airborne VTEM survey and geological mapping/geochemical surveys and provides targets for diamond drill follow up.

Two diamond drill holes are planned to test two others High Conductance target showing Late-time response on Crone PEM system coincident with anomalous values of Cr soil samples and stronger Magnetic anomalies. These targets are located approximately two kilometres southwest of the first drilled areas of Shanga trend.

The exploration team is now focusing on a coincident Ni/Cr soil anomaly located north of the Shanga target area. This polymetallic signature is coincident with a geophysical anomaly defined by a strong magnetic and VTEM B-field feature. A detail Crone TDEM surface survey will be completed over this area. The Crone system will remain on site in order to conduct Borehole PEM surveys in support of the drilling program and TDEM Surface surveying will continue until August 2011.

All the drill core samples are submitted to ALS Chemex Labs. Results are pending.

The Kagera Nickel 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).

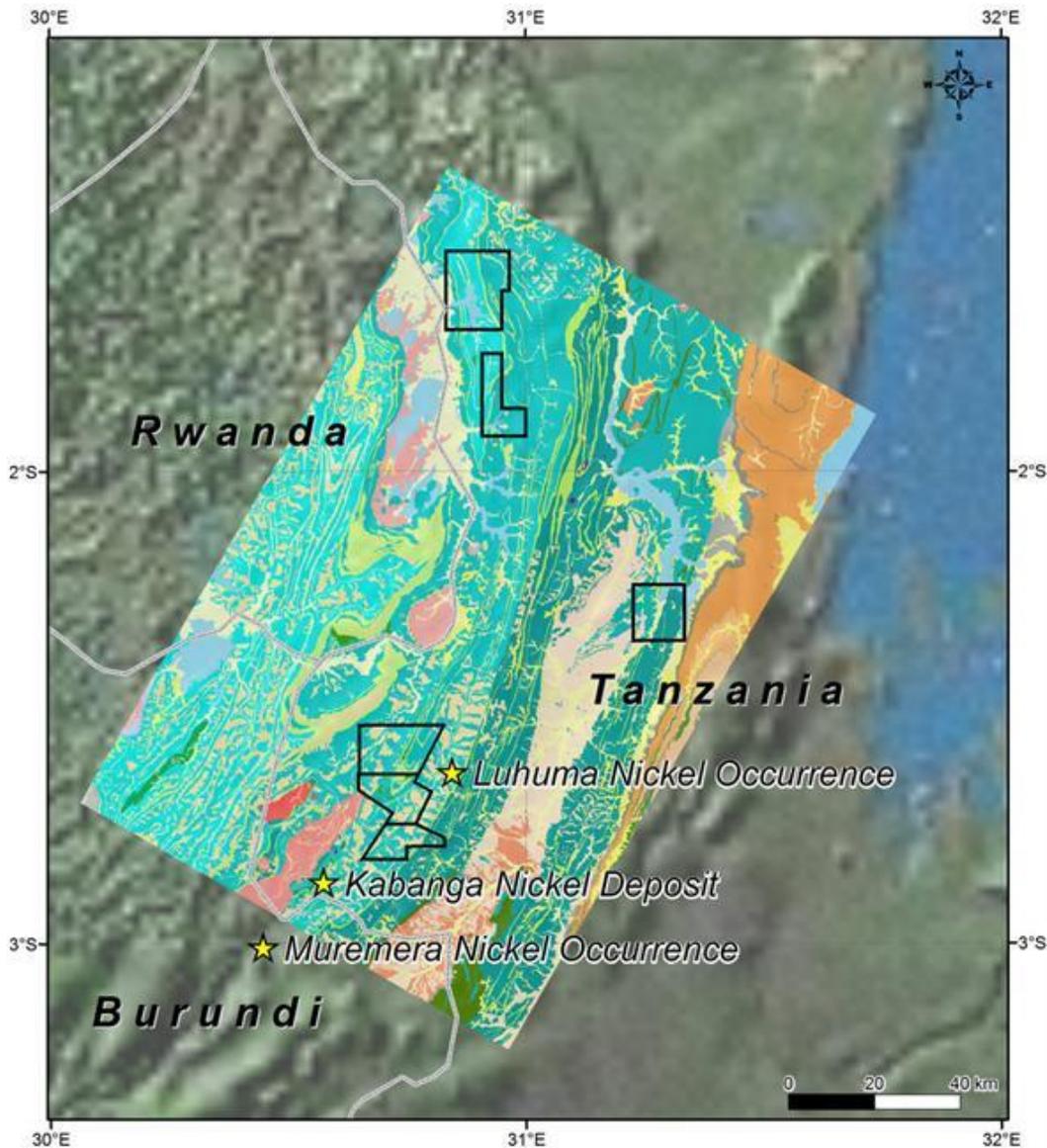


Figure 2: Location of Kibaran Nickel's Tenements, Western Tanzania. The southern tenements between Kabanga and Luhuma are the focus of the current work program.

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 Diego Verdugo, Kibaran Nickel's Director of Exploration.

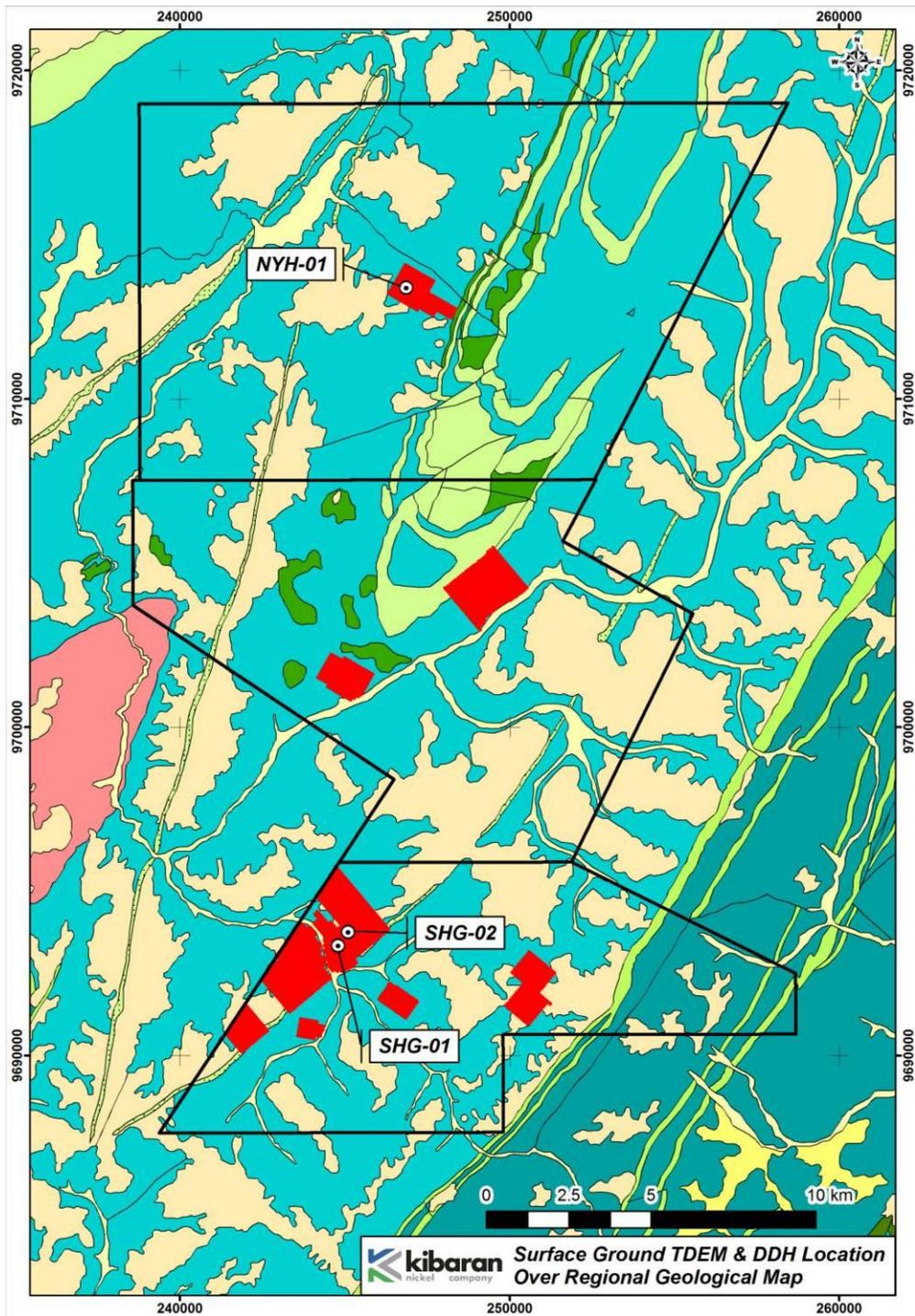


Figure 3: Surface Ground TDEM and DDH Location over Regional Geological Map. The red polygons indicate areas covered by the TDEM survey to date.

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

117 330 757

Quarter ended ("current quarter")

30 June 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 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	(796)	(1,646)
1.3 Dividends received	(89)	(460)
1.4 Interest and other items of a similar nature received	101	201
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(784)	(1,905)
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)	(784)	(1,905)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(784)	(1,905)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		4,010
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)		(558)
	Net financing cash flows		3,452
	Net increase (decrease) in cash held	(784)	1,547
1.20	Cash at beginning of quarter/year to date	3,522	1,191
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,738	2,738

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

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	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	930
4.2 Development	
4.3 Production	
4.4 Administration	125
Total	1,055

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	689	522
5.2 Deposits at call	2,049	3,000
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,738	3,522

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>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	33,285,917	33,285,917	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>	600,000 500,000 3,000,000 500,000 2,500,000 700,000 700,000 600,000 700,000		<i>Exercise price</i> \$0.20 \$0.40 \$0.20 \$0.20 \$0.25 \$0.25 \$0.35 \$0.30 \$0.40	<i>Expiry date</i> Exp 09/02/2012 Exp 02/02/2012 Exp 21/10/2014 Exp 30/06/2014 Exp 24/03/2015 Exp 31/03/2015 Exp 30/09/2015 Exp 31/03/2015 Exp 31/03/2016
7.8 Issued during quarter				

+ See chapter 19 for defined terms.

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:
(Director/Company secretary)

Date: 29 July 2011

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.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly 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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