

**Nyota Minerals Limited ('Nyota' or the 'Company')**

**Quarterly Report 30 September 2010**

**Highlights**

**Tulu Kapi Project, Ethiopia**

- Further positive drill results received from 51 additional reverse circulation and 9 diamond drill holes, with positive results for expansion drilling to the west, north, south and at depth of the existing resource as well as intersection of new Lode 0 to the west
- Highlights of other drill intersections include 5m at 20.57g/t gold, 8m at 6.44g/t gold and 7.75m at 5.03g/t gold
- Further metallurgical test work demonstrates potential for high gold recoveries and low operating costs at Tulu Kapi, with average recovery results of in excess of 95% achieved
- Additional drill and metallurgical data provided to SRK Consulting (South Africa) (Pty) Limited to support Preliminary Economic Assessment ("PEA") Feasibility study for Tulu Kapi

**Regional Ethiopian gold exploration**

- Regional airborne geophysical survey contract signed with UTS-Aeroquest and 44,700 line kilometre survey commenced over Nyota's entire 3,550 sq km land holding in Ethiopia
- Regional exploration programme also to include rock, stream sediment and soil geochemical sampling, mapping, trenching and drilling

**Corporate**

- Fundraising of approximately GBP21.58 million in connection with development of Tulu Kapi and regional targets
- Board and officeholder changes made, chiefly with Mr Terry Tucker being appointed as Chief Executive Officer

## **TULU KAPI PROJECT**

### Drilling update

On 5 August, Nyota announced that further positive results had been received from additional reverse circulation (RC) and diamond drilling (DD) undertaken in relation to the Company's flagship Tulu Kapi Project in Western Ethiopia. Since the previous update on 17 June 2010, assays had been received for a further 30 RC drill holes (including 20 infill drill holes to increase the drill hole density over the existing resource and to improve the level of resource confidence with a view to reclassifying a significant portion into the Indicated category). As announced, results from RC holes included 23 metres (m) at 3.55 grams per tonne (g/t) gold and 8m at 4.84g/t gold, as well as the intersection of significant mineralisation (including 32m at 3.55g/t) to the west of the deposit beyond the previously-defined limit of mineralisation. In addition, diamond drilling conducted centrally within the existing resource resulted in the intersection of additional Lode 3 mineralisation (beneath defined Lodes 1 and 2), with a 5m width intersection at 5.59g/t gold returned.

Shortly after the end of the Quarter, Nyota announced that it had additionally received positive assay results for a further 21 RC holes and 8 DD holes, including 5m at 20.57g/t, 8m at 6.44g/t and 7.75m at 5.03g/t gold, and that drilling to the west of the main Tulu Kapi orebody had discovered a new Lode 0 structure that sits above and to the west of the previously announced mineralized structures.

### Metallurgical test work

During the Quarter, Nyota undertook a second metallurgical test work programme (following the first such programme conducted in January 2010). The latest programme was undertaken on samples taken in July 2010 from the Tulu Kapi deposit and examined ore variability in terms of response to gold recovery processes. A total of 28 individual samples of ore were tested from Lodes 1 to 4 (from near-surface down to a depth of approximately 400 metres). The results of this second phase of test work demonstrated excellent gold recovery potential and indicated that operations at Tulu Kapi might benefit from high recoveries and low operating costs. Specifically, the results indicated that:

- the ore from the deposit is hard and abrasive, but not to the extent that it will pose problems for plant design and operation;
- gold recoveries are consistently good (above 95%) and involve low reagent consumption;
- there is high free gold content and excellent gravity recovery potential.

Two alternative flow sheets have been proposed for consideration in relation to ore processing – the first consisting of crushing and grinding followed by conventional CIP gold recovery; the

second involving the production of a concentrate and then cyanidation of the concentrate. Further details in relation to these alternative flow sheets can be found in Nyota's announcement of 4 October 2010.

The results of the test work programme will be used to generate estimates of the gold recovery and the capital and operating costs of a gold recovery plant for Tulu Kapi and will be incorporated into the Preliminary Economic Assessment Feasibility Study ("PEA") currently being prepared for Nyota by SRK Consulting (South Africa) (Pty) Limited in connection with Tulu Kapi.

## **REGIONAL ETHIOPIAN GOLD EXPLORATION**

During the Quarter, Nyota signed an airborne geophysical survey contract with Australian-based consultants UTS-Aeroquest to conduct a 44,700 line kilometre survey over Nyota's entire Ethiopian land holding package (comprising approximately 3,550 sq km). Shortly after the end of the Quarter, the regional airborne geophysical survey had commenced. The survey will form part of a wider regional exploration programme intended to encompass rock, stream sediment and soil geochemical sampling, mapping, trenching and drilling.

## **CORPORATE**

### Fundraising of GBP21.58 million

On 29 September 2010, Nyota announced that it had concluded a fundraising of approximately GBP21.58 million, consisting of a placing of 131,250,000 new shares at GBP0.16 per share with clients of Ocean Equities Limited in the UK and a placing of 3,692,307 new shares at AUD0.26 per share with clients of Bell Potter Securities Limited in Australia. The fundraising (which is conditional only upon Nyota shareholder approval being sought at an extraordinary general meeting of the Company being held on 1 November 2010), will allow Nyota to fast track the exploration and development of Tulu Kapi and to fund the Company's regional exploration programme in Ethiopia. Specifically, the funding will allow Nyota to:

- continue with the four drill rigs currently on site working 24 hour shifts and to fast track engineering, environmental and social studies which are essential for mining development at Tulu Kapi; and
- accelerate the regional exploration programme outlined above in connection with the Company's other Ethiopian land holdings.

### Appointment of key personnel

During the Quarter, Mr Terry Tucker was appointed first to the Board of directors of the Company and then subsequently to the position of Chief Executive Officer, replacing Ms Melissa Sturgess in that role. Ms Sturgess continues in the role of Nyota Chairman. In addition, during

the Quarter Dr Kebede Belete was formally appointed as Nyota's Country Manager – Ethiopia and Messrs Richard Jarvis and Mark Burchnall were appointed as Joint Company Secretary (in addition to the management roles they hold with the Company).

## MUREMERA NICKEL PROJECT

No work was done during the Quarter given the Company's focus on its Ethiopian operations.

### **Notes on Tulu Kapi Project**

*The Mineral Resource estimate for the Tulu Kapi Gold Project (“Project”) was updated in April 2010 and all resources have been categorised as JORC Compliant Inferred resources.*

*Totals for all major parameters have been rounded to two significant figures.*

*The Tulu Kapi deposit is situated within the Arabian-Nubian shield composed of Archaean gneiss and Proterozoic meta-sedimentary successions intruded by Pan African granites, mafics and ultramafics. Mineralisation is exclusively hosted by albitised syenite and quartz veins. The strike length and lateral extent of mineralisation remains to be confirmed as further drilling is taking place over known extensions to mineralisation where outcrop exists, over anomalous gold in soil geochemical targets and on ground magnetic and resistivity surveys.*

*The drilling database for the current 1.38m ounce resource is based on a total of 34 NQ size diamond drill holes and a further 23 reverse circulation (RC) drill holes based on a grid with approximate drill hole collar locations based on 40m x 80m centres.*

*Drilling has been undertaken in two programmes. The initial programme funded and managed by Minerva Resources Plc, the previous owner-operator of the Tulu Kapi Project, was exclusively a diamond drill programme and the second programme was an RC programme completed on behalf of Nyota by Geosearch International.*

*All core samples have been logged according to internationally accepted standards with core loss and other factors likely to impact on resource estimation duly recorded. RC sample weights were regularly measured for selective and representative 1m sample intervals and independent QA/QC assessment of both drilling practices and sample collection procedures has taken place. As a result, sampling procedures and sample recoveries are considered accurate.*

*RC and diamond drilling samples were analysed for gold by fire assay methods with AAS finish at ALS Chemex Laboratory in Johannesburg. Approved protocols were applied with regard to insertion of standards, blanks and duplicate assays for every suite of samples submitted per drill hole. Independent consultants have verified that sufficient QA/QC and data validation has been undertaken to verify the integrity of the assay data. All on-site coarse and pulp rejects have been logged and stored for future reference.*

*RC and diamond drill-hole collars have been variably surveyed by total station DGPS or hand held methods. As the Project develops, more detailed surveys will be completed.*

*All drill-holes have down hole surveys.*

*Geological modelling was based on a topographical wireframe provided by Nyota and two separate wireframe surfaces were subsequently generated by the company's independent consultant. Grade interpolations were carried out in three separate domains; namely, fresh albitised zones in drill core and two albite zones above and below the water table. The relationship between albitisation and gold mineralisation provides the basis upon which the model was generated.*

*Block modelling was based on 40m by 40m in plan view by 10m in the vertical plane. A second model was created for RC drill data beneath the water table to generate a 3D block model defining the different domains used in estimation. Investors should note that block size can affect the mineral resource quantity and quality and further testing will take place to optimise block size.*

*Resource estimation for the current Inferred Resource is based on an albite selectivity model to generate a total Inferred Resource of 1.38 million ounces of gold at a 0.50g/t Au cut-off. The selectivity model assumes that gold mineralisation is exclusively associated with albitised portions of the host syenite which based on available evidence is deemed accurate and representative. Investors should note that the model parameters may change over time as additional infill drill data is generated. The combination of new drill data and its subsequent interpretation will impact on block size and there may be scope to develop a range of block size options which will give a number of modelling scenarios ranging from a more refined selective mining scenario to a low-grade bulk mining scenario.*

*The estimate of mineral resources may be materially affected by metallurgical, environmental, permitting, legal, marketing or other relevant issues.*

*The technical information contained in this Quarterly report has been reviewed and approved by Mr Terry Tucker. Mr. Tucker has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity to 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 and as a qualified person under the AIM Note for Mining, Oil and Gas Companies. Mr. Tucker is a director of Nyota Minerals Limited and is a registered Professional Geoscientist with the Association of Professional Engineers and Geoscientists of British Columbia, Canada.*

*The information in this announcement that relates to the consultant responsible for the latest resource estimation is based on work completed independently by Mr Neil McKenna, who is a full time employee of Venmyn Rand Pty Ltd, a South African based independent mineral consultant. Mr McKenna is a Member of the South African Institute of Mining and Metallurgy (MSAIMM), a Member of the Investment Analyst Society of South Africa (MIASSA), and also a Member of Geological Society of South Africa (MGSSA) and has sufficient experience which is relevant to the style of mineralization 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" and is a "Qualified Person" as defined under the AIM Note for Mining, Oil and Gas Companies. Mr McKenna consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.*

For further information please visit: <http://www.nyotaminerals.com> or contact:

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Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

NYOTA MINERALS LIMITED

ACN or ARBN

98 060 938 552

Quarter ended ("current quarter")

30 SEPTEMBER 2010

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(3,412)	(3,412)
(b) development	-	-
(c) production	-	-
(d) administration	(439)	(439)
1.3 Dividends received		
1.4 Interest and items of a similar nature received	42	42
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
<b>Net Operating Cash Flows</b>	(3,809)	(3,809)
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(3)	(3)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other - Minerva takeover costs		
Minerva cash acquired on takeover		
<b>Net investing cash flows</b>	(3)	(3)
1.13 Total operating and investing cash flows (carried forward)	(3,812)	(3,812)

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(3,812)	(3,812)
<b>Cash flows related to financing activities</b>			
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 – capital raising costs		
<b>Net financing cash flows</b>			
<b>Net increase (decrease) in cash held</b>		(3,812)	(3,812)
1.20	Cash at beginning of quarter/year to date	11,862	11,862
1.21	Exchange rate adjustments to item 1.20	(471)	(471)
1.22	<b>Cash at end of quarter</b>	<b>7,579</b>	<b>7,579</b>

**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	213
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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**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

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+ See chapter 19 for defined terms.

- 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

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**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	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	2,500
4.2 Development	
4.3 Administration	500
<b>Total</b>	<b>3,000</b>

**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	<b>175</b>	403
5.2 Deposits at call	<b>7,404</b>	11,461
5.3 Bank overdraft		
5.4 Other		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>7,579</b>	11,862

**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)	Amount paid up per security (see note 3)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter				
7.3 <b>+Ordinary securities</b>	317,993,276	317,993,276	N/A	N/A
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>		-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	5,800,000 1,280,000 7,000,000 250,000 3,250,000 22,311,995	- - - - - -	<i>Exercise price</i> \$0.11 \$0.13 \$0.15 \$0.17 \$0.31 GBP0.174	<i>Expiry date</i> 30/9/2012 31/12/2012 31/12/2012 30/06/2013 30/06/2013 13/06/2014
7.8 Issued during quarter	3,250,000	-	\$0.31	30/06/2013
7.9 Exercised during quarter		-	<i>Exercise price</i>	<i>Expiry date</i>
7.10 Expired (cancelled) during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 27 October 2010  
Finance director  
Print name: Michael Langoulant

## Notes

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- 1 This 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
  - 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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