



27 January 2015

**Nyota Minerals Limited (ASX / AIM: NYO)  
("Nyota" or the "Company")  
Government Decision Not to Pursue Alluvial Mining along the Abay River**

Nyota's 100% owned subsidiary, Towchester Investment Company Limited ("Towchester"), has been informed by the Ministry of Mines of the Government of the Federal Democratic Republic of Ethiopia ("the Ministry") that it has decided against issuing any mining licences for alluvial mining along those parts of the Abay River and its tributaries that will be flooded by the Grand Ethiopian Renaissance Dam.

The rationale for this decision is that the success of the new dam and its intended transformation of the Ethiopian economy is so much in the Ethiopian national interest that the risk of any negative impacts arising from any mining activities outweigh the potential economic gains from gold royalties and taxes during the period that those activities might take place before flooding.

At a meeting attended by Nyota's CEO, a second Nyota Director, Towchester's General Manager and its Ethiopian partner for the mine development, the Minister for the Ministry of Mines stated that the decision was in no way a reflection of the application or the applicant and that Nyota would continue to receive support if it wished to identify new areas of interest and specifically those that are sparsely populated.

Towchester submitted its application for a mining licence in April 2014 having received a positive response from the Ministry to the concept. Although there were longer than expected delays, after the September meeting at which revisions were agreed and subsequently formally submitted to meet the Ministry's requirements, the final decision comes as a surprise. Nyota has however considered its position and in the light of the rationale it has been given, the Board has decided that an appeal, which is allowed for under the relevant legislation, would be a non-productive use of resources given the negligible chance of success.

The recent renewal of the Brantham and Towchester exploration licences (collectively "the Northern Block") announced on 11 December 2014 is unaffected and Nyota had paid its annual fees prior to this latest decision in order to continue its exploration. However, as disclosed at the time, the size of these licences was impacted by the imposition of an exclusion zone around the area to be flooded by the dam.

This resulted in the Towchester exploration licence renewal area being further significantly reduced by the Ministry of Mines from 458 square kilometres to 48 square kilometres (excluding the now rejected alluvial mining application area of 48km<sup>2</sup>) and the Brantham licence area from 1,002 square kilometres to 717 square kilometres.

Details of the exclusion zone have not been published and the Ministry of Mines gave no indication that it would affect their support for the mining licence application for mechanised alluvial mining within it; the very purpose of which was to extract as much of the gold resource as possible prior to flooding and the term of the licence and the implementation of mining were specifically agreed to dovetail with the Government's preparations for that event.

It was also an unequivocal component of the alluvial mining licence application that revenue from mining be used to fund exploration in Ethiopia for hardrock mineralisation. This, it was proposed, would have been further supported by selling all gold production to the National Bank of Ethiopia with 30% of the proceeds to be paid in Birr (and the rest in US Dollars) and a community development fund established for affected peoples.

Nyota will be conducting a strategic review of activities and opportunities in Ethiopia but will make future decisions in the light of the Minister's comment on resettlement, the competitiveness of the investment climate and the timing and manner in which applications are being dealt with.

The Board of Nyota continues to assess new opportunities for the Company outside of Ethiopia.

For further information please visit [www.nyotaminerals.com](http://www.nyotaminerals.com) or contact:

Richard Chase	Nyota Minerals Limited Chief Executive Officer	+61 (0) 8 9324 2955 <a href="mailto:info@nyotaminerals.com">info@nyotaminerals.com</a>
Michael Cornish Roland Cornish	Beaumont Cornish Limited Nominated Advisor and Joint Broker	+44 (0) 207 628 3396
Martin Lampshire Colin Rowbury	Daniel Stewart & Company plc Joint Broker	+44 (0) 20 7776 6550
Susie Geliher/ Elisabeth Cowell	Financial PR St Brides Partners Ltd	+44 (0) 20 7236 1177

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