

Company Nyota Minerals Limited
TIDM NYO
Headline Quarterly Report
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Nyota Minerals Limited
30 July 2014

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

QUARTERLY REPORT

Nyota Minerals Limited (ASX/AIM: NYO), the gold exploration company in East Africa, provides its Quarterly Report for the three months ended 30 June 2014.

Nyota is the 100% owner of the Northern Block exploration licences in Western Ethiopia ('Northern Blocks') and has a 25% interest in the Tulu Kapi project via its shareholding in the licence holder, Kefi Minerals (Ethiopia) ('KME') and a further indirect interest through its shareholding in KEFI Minerals ('KEFI'), which is the manager of the Tulu Kapi project.

HIGHLIGHTS

- Field work completed for the current season on the Northern Blocks
- Discussions on-going with the Ethiopian Ministry of Mines concerning the potential exploitation of gold-bearing river terraces within the Northern Blocks
- In-fill drilling and trenching at Tulu Kapi supports the structural interpretation and modelling of the orebody

- Kefi considers that the mineral resource is ready for updating to enable it to finalise mine planning for the updated feasibility study
- Conditional agreement signed with KEFI to sell Nyota's remaining 25% interest in the Tulu Kapi project to KEFI
- Completion of corporate re-organisation to reduce corporate costs

Richard Chase, Chief Executive Officer, said "This quarter we have completed the corporate reorganisation and pushed on with our own exploration activities in tandem with discussions with the Ethiopian government about establishing a gold recovery operation for the river gravels within Nyota's wholly owned Northern Blocks. At the same time the Board has decided that it is in the best interests of existing shareholders to offer them the opportunity to vote on the sale of Tulu Kapi and a capital reduction by way of the in-specie distribution of the KEFI shares."

NORTHERN BLOCKS

100% owned by Nyota

Field work re-commenced on the Northern Blocks in January 2014 and continued until the rainy season in early July. All work is now suspended until mid-September; after the rains.

The programme has been undertaken by Nyota's in-country geological team, focusing on those targets that were prioritised by the independent technical review undertaken by SRK Exploration in February; as reported in the previous quarterly report and available on the Company's website. These include the Boka Sirba, Boka West, Bar, Cloen and Bendokoro targets.

With no access to the Tulu Kapi sample preparation facility, laboratory analysis of exploration samples has been undertaken in Ethiopia by Ezana Mining Analytical Laboratory in Mekele, Tigray Region. Prior to commencing and during the work, Nyota's Technical Director, Dr Evan Kirby, the CEO and the Chief Geologist have all undertaken monitoring visits. The impact has been to reduce sample freight and analysis costs by more than half.

The results of the fieldwork are still being received and analysed and will be reported in full when complete; most likely in August. At this stage, results from the Boka West and Bendokoro targets continue to be encouraging whilst those from Boka Sirba, where the geology has been more difficult to interpret, are much less so.

Further submissions and discussions have also been had with the Ethiopian Ministry of Mines regarding the potential to establish a large-scale mechanised gold mining project working the old gravel terraces and other alluvial deposits of the Abay River that transect the Northern Block licences.

The water level in the Abay River will rise significantly when the Grand Ethiopian Renaissance Dam is complete. Nyota's proposal has as its main objective the rapid development of a cost-effective operation for the maximum recovery of gold from the catchment area that will be

flooded before dry mining of the gravels becomes impossible. The level of the Abay River when flooded will not affect the hard-rock targets that are being explored by Nyota, specifically including the Boka West and Benodokoro targets.

Nyota is waiting for a formal response from the Ministry of Mines.

TULU KAPI

25% project level ownership; additional interest through shares held in KEFI. Both of these interests are subject to possible reduction as described below.

During the period KEFI has continued with its evaluation of the deposit including surface trenching and infill drilling within the existing known limits of mineralisation.

KEFI reported exploration results on 20 June, 2014 (JORC Code 2012). Highlights of the reverse circulation infill drilling include 12m at 4.23g/t Au, 5m at 9.71g/t Au, 2m at 24.86g/t Au, 8m at 4.24g/t Au, 4m at 10.36g/t Au and 4m at 9.80g/t Au.

Results of the surface trenching programme at Tulu Kapi confirmed continuity of mapped mineralisation and returned new mineralised intervals, including 8.5m at 1.96g/t Au, 8.5m at 1.96g/t Au, 8.1m at 4.67g/t Au, 3.2m at 12.91g/t Au and 5.8m at 1.91g/t Au.

KEFI reports that the results support its structural interpretation and modelling of the orebody. This is significant as the Tulu Kapi project has complex geology / gold distribution and has required an equally complex methodology to allow interpretation for mine planning and having now completed this field work KEFI considers that the resource model is ready for updating after which it will be used for estimating ore reserves and finalising mine planning.

KEFI's work programme for the current period includes:

- Resources & reserves completion;
- Feasibility study updates; and
- Project Finance with non-binding detailed terms sheets.

Completion of the updated feasibility study and re-activation of the application for a mining licence is expected in the last quarter of 2014.

CORPORATE AND FINANCE

Tulu Kapi Sale Transaction and Capital Reduction

On 11 June 2014, Nyota announced that Nyota Bermuda had entered into a share purchase agreement to sell its remaining 25% interest in Tulu Kapi, held via a 25% shareholding in KEFI Ethiopia to KEFI ('Sale Transaction'), subject to, among other things, the approval by Nyota Shareholders to the sale and to the subsequent in-specie distribution of the KEFI shares that Nyota owns following the transaction to Nyota shareholders ('Capital Reduction').

On completion of the Sale Transaction, Nyota will receive from KEFI £750,000 in cash and 50 million new KEFI shares (nominally valued at £750,000 based on 1.5p per share as per the placing price that KEFI undertook to fund the transaction in June).

A circular to shareholders setting out the background to the proposed transaction was published on 23 June 2014 and is available on the Company's website.

The notice of meeting of Nyota shareholders regarding the Sale Transaction and Capital Reduction will be available imminently. Amongst other matters, the notice will specify the number of KEFI shares to be distributed, the ratio of KEFI to Nyota shares that shareholders would receive.

Finance

Nyota started the quarter with cash of A\$0.6m. Total expenditure in the period of A\$0.5m was approximately balanced by non-recurring (but scheduled) income from a tax rebate for the prior financial year and from the sale of 4.6m KEFI shares (as announced in the prior quarterly report). The Company therefore ended the quarter with cash of A\$0.5m.

As previously reported, decisions were taken in the prior quarters to further significantly reduce corporate costs. Those decisions have been actioned in full and as a result all finance and corporate administration functions are now carried out in Perth and overseen by Mike Langoulant (the former Finance Director) who will remain as a Non-Executive Director and Company Secretary. The London office of the Company has closed and Nyota has opened a new office in Addis Ababa, Ethiopia, that is separate to the KME / KEFI office.

Nyota has not paid the equity funding cash calls made by KME that were payable on 2 May 2014 and (post period end) 21 July 2014 and does not currently have sufficient cash at hand to do so. If the proposed Sale Transaction is not completed in accordance with the provisions of the agreement, Nyota will have 30 days to satisfy its current outstanding funding contributions (being £637,492 plus interest of approximately £14,000). If Nyota does not satisfy this obligation, its shareholding in KME will be immediately diluted to approximately 17.6%.

Discussions with a number of parties with the aim of raising sufficient cash (i) to fund its share of the on-going costs at Tulu Kapi (via its shareholding in KME); (ii) a focused exploration programme to advance the Company's Northern Block exploration properties; and (iii) the Company's corporate overheads were unsuccessful on two main counts. Firstly, the dilution of existing shareholders would have been very significant and was deemed to be unacceptable by the Directors. Secondly, the quantum of funds available was less than required and would have resulted in any case in the Company selling KEFI shares and / or to have its shareholding in KME be diluted and / or suspending exploration activities.

Further, although selling KEFI shares to fund the Company was an option from 1 July, it became apparent that selling in this way would drive the price of KEFI shares lower and might have a material and long term detrimental impact on the ability of either company to raise the funds necessary for the possible development of Tulu Kapi.

In the circumstances, the Directors consider that the Sale Transaction and Capital Reduction is in the best interests of Nyota shareholders, who will continue to retain an interest in the Tulu Kapi project by way of their shareholding in KEFI, who will be the sole owner and

operator of Tulu Kapi, and will also retain their shares in Nyota, which will receive £750,000 of working capital.

Summary of Tenements (ASX Listing Rule 5.3.3)

As at 31 March 2014, the Group held the following interests in exploration tenements:

Tenement	Status	Location	Ownership as at 30 June 2014	Ownership Change in Quarter
EL-1722-1789 (Towchester, Northern Blocks)	Exploration	Ethiopia	100%	-
EL-1879-1969 (Brantham, Northern Blocks)	Exploration	Ethiopia	100%	-
EL-127-128/97 (Tulu Kapi)	Exploration	Ethiopia	25%	-
EL-372/2010 (Ankore)	Exploration	Ethiopia	25%	*
EL-058-084/96 (Yubdo)	Exploration	Ethiopia	25%	*
EL-032-045/99 (Billa Gulliso)	Exploration	Ethiopia	25%	*

Note: On the grant of a Large Scale Mining Licence, the Ethiopian Government is entitled to a 5% free carried interest in any project.

** At the date of this announcement, unpaid equity funding commitments to KME, which owns 100% of these projects, would reduce ownership to 17.6%. By agreement with KEFI, if shareholders reject the Sale Transaction (that would reduce ownership to zero), Nyota will have 30 days to make good its commitment or be diluted accordingly.*

Ethiopian legislation requires that after the initial three year period, every licence is renewed annually and that renewal is accompanied by a 25% reduction in the area of the licence.

During the period the Ministry of Mines renewed the Tulu Kapi and Yubdo licences, wholly owned by KME.

Nyota submitted applications for the renewal of the Brantham and Towchester licences. The outcomes of which are pending.

For further information please visit www.nyotaminerals.com or contact:

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Competent Person

The technical exploration information contained in this announcement has been reviewed and approved by Mr R. Chase, Chief Executive Officer of Nyota Minerals Limited. Mr Chase has sufficient experience which is relevant to the activities and results that he is reviewing to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results and as a qualified person under the AIM Note for Mining, Oil and Gas Companies. Mr. Chase is an employee of Nyota Minerals Limited and is a Member of the Institute of Materials, Minerals and Mining and a Fellow of the Geological Society of London. Mr Chase consents to the inclusion in this announcement of such information in the form and context in which it appears.

Rule 5.3

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

NYOTA MINERALS LIMITED

ABN

98 060 938 552

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

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
- 1.3 Dividends received
- 1.4 Interest and other items of a similar nature received
- 1.5 Interest and other costs of finance paid

	Current quarter \$A'000	Year to date (12 months) \$A'000
	(277)	(2,360)
	(250)	(2,414)
		3

1.6	Income taxes paid		
1.7	Other	314	314
Net Operating Cash Flows		(213)	(4,457)
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		2,387
	(b) equity investments	149	149
	(c) other fixed assets		7
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		149	2,543
1.13	Total operating and investing cash flows (carried forward)	(64)	(1,914)
1.13	Total operating and investing cash flows (brought forward)	(64)	(1,914)
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 - capital raising costs		
Net financing cash flows			
Net increase (decrease) in cash held		(64)	(1,914)
1.20	Cash at beginning of quarter/year to date	610	2,434
1.21	Exchange rate adjustments to item 1.20	(3)	23
1.22	Cash at end of quarter	543	543

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	25
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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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	100
4.2 Development	
4.3 Production	
4.4 Administration	100
Total	200

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	333	610
5.2 Deposits at call	210	
5.3 Bank overdraft		
5.4 Other (provide details)		

Total: cash at end of quarter (item 1.22)	543	610
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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		

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.

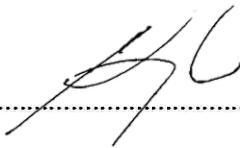
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (<i>description</i>)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases				
7.3 +Ordinary securities	882,149,127	882,149,127	N/a	N/a
7.4 Changes during quarter (a) Increases through issues (b) Decreases				
7.5 +Convertible debt securities (<i>description</i>)				
7.6 Changes during quarter				
7.7 Options (<i>description and conversion factor</i>)	1,600,000 1,700,000 1,800,000	- - -	<i>Exercise price</i> \$0.35 GBP0.175 GBP0.20	<i>Expiry date</i> 31/12/2015 30/06/2015 30/06/2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired/cancelled 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 ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:


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Date: July 2014

Company Secretary

Print name: Michael Langoulant

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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