31 July 2013

Nyota Minerals Limited ('Nyota' or 'the Company')
QUARTERLY REPORT

Nyota Minerals Limited (ASX/AIM: NYO), the gold exploration and development company in East Africa, provides its Quarterly Report for the three months ended 30 June 2013.

Operational Highlights

- Positive results from the Optimisation Programme at the Tulu Kapi Gold Project ('Tulu Kapi'):
    - Pit optimisation shows the proposed mine development to be tolerant of a lower gold price and mine design and scheduling will employ a pit shell optimal at US$1,050/oz;
    - Potential to reduce upfront capital by around US$13 million and reduce total mining capital by US$43 million, 18% of the project total, through the removal of fleet purchase and replacement with a contractor rates approach;
    - Accelerated mining and the use of a more aggressive stockpiling strategy would enhance mill feed in the first six years of processing operations to consistently above 2.2g/t; and
    - The overall impact of the study is an indicative 24% improvement in gold production and 35% improvement in cash flows in years 1-6 compared with the feasibility study production profiles.
    - An updated geological model and compliant mineral resource estimation are required before these findings can be incorporated in a revised Feasibility Study.
- Discovery of a new gold anomaly at the Boka-West target in the Company's 100% owned Northern Block exploration licence areas located in Western Ethiopia.

Corporate and Financial Highlights

- Cash at 30 June of A$2.4 million
- Forecast expenditure in the current quarter of A$1.7 million with current liabilities of A$0.4 million
- Further cost cutting measures have been implemented, including a 50% reduction in Directors' fees
- The Board has determined that it is not viable for Nyota to finance and develop a mine at Tulu Kapi as envisaged in the feasibility study at this time
- A joint venture partner is being sought for the Company's projects. Talks in this respect are currently on-going
- The Board is pursuing various options to raise funds to allow the Company to meet its working capital commitments beyond the end of September 2013

Richard Chase, Chief Executive Officer, commented, “As the optimisation work has demonstrated, Tulu Kapi has the potential to be a robust gold project in a volatile gold price environment. However, to unlock that potential we need to take a step back from immediate mine development. Bringing on board a JV partner appears to be the best way forward but finance discussions over the next few weeks will be critical to funding our working capital.”

Mining Licence Update

The Directors believe that the Tulu Kapi project is an attractive advanced gold project due to its favourable mineralogy and forecast relatively low operating costs. However, the current fiscal regime coupled with Feasibility Study (‘FS’) Ore Reserve grade of 1.8g/t and a capital cost of US$221m makes the project economics highly susceptible to changes in external economic factors.

Since the FS was published, the Company's focus for technical work has therefore been to try and improve the project's economics and manage the sensitivity, as explained further below and in the announcement of 4 June 2013.

Set against this background, negotiations in respect of a large scale mining licence for Tulu Kapi (‘Mining Licence’) have continued.

The Directors note that the House of People’s Representatives has passed an amendment to the Mining Income Tax Proclamation, reducing income tax from 35% to 25%. This progress in attracting direct foreign investment in the sector is obviously to be welcomed.

However, given the recent volatility in the gold price, the acute difficulties that exploration companies are facing in raising capital and the limited response to date in respect of the strategic review process, the Directors have determined that to progress directly to mine development as envisaged in the FS is not viable at this time.

The Company has presented these findings to the Ministry of Mines and is attempting to agree a way forward that will enable Nyota, subject to funding, to conduct further evaluation of the deposit, including a new resource model, a scoping study of the underground potential and additional drilling.

Optimisation Programme at Tulu Kapi Gold Project, Ethiopia

In June 2013, Nyota was pleased to announce an update on its work to optimise the returns offered by the Project, focussing on three key areas:

1. An independent review, undertaken by SRK (UK) Limited (‘SRK’), of the structural geological model and controls on mineralisation to take into account the large volume of data collected but only partially assimilated and modelled in the Mineral Resource estimation of October 2012;
2. A review of the open pit optimisation, design and mine scheduling used in the FS, undertaken by Redden Mining Consulting (‘Redden Mining’), Nyota’s appointed mining engineering consultants with the intention of increasing early gold production and increasing the Project’s net present value; and
3. Commencing scoping studies for an underground mine to exploit the “Feeder Zone” mineralisation, also overseen by Redden Mining.

The SRK review, which included a site visit in April 2013, broadly supported the interpretation used in the feasibility study for the bulk of the open pit mineralisation, but also confirmed that grade trends associated with the Tulu Kapi ore body are significantly more complicated than represented in the October 2012 Mineral Resource model.

With additional data now available, especially as a result of the feeder zone drill programme in late 2012 and the past four months of detailed re-logging of drill core and the assimilation and interpretation of geological data, the construction of a sophisticated model to differentiate a number of domains is expected to be possible and may assist in the determination of improved grade continuity. Due to funding constraints, work on a new resource model has not yet commenced but is considered to be imperative.

Nyota has now also received the final report from Redden Mining on the open pit optimisation and new mine design. This work aimed at evaluating and quantifying the potential for improving the value of the project relative to the scenario presented in the feasibility study. Specific recommendations include:

- Mine design based on a pit shell optimised at US$1,050/oz, providing a more robust case in a changing gold price environment with negligible loss of financial performance at higher gold prices.
- Mining execution changed from owner mining with attendant fleet purchase to a mining contractor, reducing capital outlay on mining equipment and infrastructure from $80 million to $37 million (a reduction of US$43m) but increasing mining operating costs by 30% to US$2.98 per tonne mined (US$25.45/tonne of mill feed).
- Total mining costs are $453 million (vs. FS $449m) resulting in total mining unit costs of $3.24/tonne mined vs. $2.80/tonne mined (a 16% increase)
- Dedicated grade control drilling and smaller fleet size (for ore mining and first year operations) to de-risk the production schedule by focussing on quality ore definition and extraction.
- Introduction of a stockpiling strategy to increase feed grade to the processing plant during the first six years to consistently more than 2.2g/t and thereby increasing average annual gold production by up to 30% in the first six years to 130koz, peaking at 142koz.

The bottom line impact of these recommendations on the FS production profile is an increase in the aggregate project cash flow in years 1-6 from $399m to $542m, or 35%. The first year of processing returns a lower than FS cash flow, which reflects the up-front "investment" in order to enhance years 2 – 6, which see average per annum cash flow improvements of US$34 million.

The overall Project NPV (5% discount rate; US%1,500 gold price) remains relatively unchanged over the project life, but after year six, the NPV is $253m vs. $139m (FS profile), or a 69% increase.

The final designed pit material inventory contains ore of 16.4 million tonnes ("Mt") at a grade of 1.8 g/t and waste of 123.3Mt; a ratio of 7.5: 1. Included in the waste is 2.5Mt of Inferred Mineral Resource at an average grade of 1.6g/t; the conversion of which to the Indicated Resource category would reduce the strip ratio to 6.4.

In addition, the underground desktop study determined that an underground mine could contribute 42,000oz per annum based on 250,000 tonnes per annum of ore at an average ore grade of 5.9g/t. for which the capital cost is estimated to be US$43m and the total operating costs to be US$162/tonne of ore processed (both costs are considered to be accurate to +/- 50% at this stage of evaluation).

Scenario analysis in conjunction with re-scheduling of the open pit indicates that the underground mine could be developed during the first four years of the open pit mine life, to provide high grade supplementary feed from the time that mining of the open pit draws to a close and the process head grade starts to fall. However, further work to complete the scoping study is not possible until after a new resource model has been constructed that integrates the feeder zone style of mineralisation with that of the open pit.

In conjunction with the updated geological model and resource estimate proposed by SRK, the mining recommendations and completion of the underground scoping study would form a fundamental part of a revised economic assessment as envisaged in discussions with the Ministry of Mines.

Northern Block Update

In June 2013, Nyota announced the discovery of a new gold anomaly at the Boka-West target in the Company's 100% owned Northern Block exploration licence areas located in Western Ethiopia.

Boka-West is located west of the Boka-Sirba target, and is on the boundary between the Brantham and Towchester licences. The Boka-West target was identified through a combination of artisanal workings, analysis of heavy minerals concentrate ('HMC') samples and rock chip sampling. It was subsequently followed up with a detailed soil sampling programme to refine the anomalous target zone and then trenching, which completed in February 2013.

The Boka-West gold-in-soil anomaly extends for 2km in length and is up to 500m wide. The gold in-soil-anomaly is coincidental with anomalies for copper, zinc and bismuth. Three of the five trenches assayed so far returned significant gold intersections with peak intersections include: 7.40m at 1.49g/t Au; 5.00m at 1.03 g/t Au; and 1.00m at 10.85g/t.

Gold mineralisation is associated with meta-sedimentary rocks (including marble, quartzite and mixed quartz-sericite and quartz-chlorite schist) marginal to syn-to-post tectonic intrusives.

Following the rainy season, and subject to funding, further soil analysis and trenching will be undertaken to identify and refine targets for a subsequent drill campaign.

Murumera Nickel Project – Burundi

Nyota acquired the Murumera nickel project in Burundi in 2007 and shortly thereafter entered into a joint venture agreement with BHP Biliton. The joint venture was terminated in 2009 and Nyota has had limited success in attracting another joint venture party. With funds now limited, the Board decided not to renew the Murumera exploration licence and to close down its operations in Burundi.

Finance and Corporate

Nyota had cash of A$2.4 million as at 30 June 2013 and current liabilities of A$0.4 million. This included the receipt of approximately £2.3 million received pursuant to the Placing and Share Purchase Plan, both approved by shareholders on 4 April 2013.

As stated clearly at the time of the last fundraise, the Company has sufficient working capital to the end of September 2013 and the Directors have continued to monitor costs within the business closely and to take steps commensurate with the working capital available to the Company.

Following the move of corporate administration and finance functions from Perth to London, Mike Langoulant has stepped down from the executive position of Finance Director to become a non-executive director of the Company. Day to day financial control rests with the CFO, Paul Wilson, with Mr Langoulant acting as Chairman of the Audit Committee. He also remains the Company Secretary.

Directors' fees have been reduced by 50% and executive management has accepted cuts of 25% (average) effective from 1 August. Staff have been kept fully informed of the situation and despite the procedural requirement to place certain personnel on notice, the Company continues to enjoy the support of its key employees.

As indicated in the attached Appendix 5B, a significant reduction in expenditure is anticipated for the current quarter.

In respect of the strategic review process, the Company and its advisers received strong initial interest in the Nyota assets. To date, no agreement has been reached but the strategic review process remains on-going and the Company is hopeful that a joint venture or funding arrangement can be negotiated.

The Board is considering all options for financing to enable it to continue its work beyond the end of September and further announcements will be made in due course.

The Company expects to publish its Annual Report for the year ending 30 June prior to the end of September.

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

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Competent Person's Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Richard Chase, who is a Member of the Institute of Materials, Minerals and Mining and a Fellow of the Geological Society of London. Mr Chase is a full time employee of the company and 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. Mr Chase consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

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	Quarter ended ("current quarter")
98 060 938 552	30 JUNE 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(2,448)	(17,292)
	(b) development		
	(c) production		
	(d) administration	(969)	(4,250)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	37	54
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other	591	1,116
	Net Operating Cash Flows	(2,789)	(20,372)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(2)	(21)
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	(2)	(21)
1.13	Total operating and investing cash flows (carried forward)	(2,791)	(20,393)

1.13	Total operating and investing cash flows (brought forward)	(2,791)	(20,393)

	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,495	8,299
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	(76)	(175)
	Net financing cash flows	3,419	8,124
	Net increase (decrease) in cash held	628	(12,269)
1.20	Cash at beginning of quarter/year to date	1,451	14,475
1.21	Exchange rate adjustments to item 1.20	330	203
1.22	**Cash at end of quarter**	2,409	2,409

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	246
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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

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

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	836
4.2	Development	
4.3	Production	
4.4	Administration	859
	Total	1,695

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	394	491
5.2	Deposits at call	2,015	960
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	2,409	1,451

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** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases				
7.3	**+Ordinary securities**	879,649,127	879,649,127	N/a	N/a
7.4	Changes during quarter (a) Increases through issues (b) Decreases	123,848,214	123,848,214	GBP0.02	GBP0.02
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter				
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		1,600,000	-	$0.35	31/12/2015
		4,000,000	-	GBP0.23	31/01/2016
		1,700,000	-	GBP0.175	30/06/2015
		1,800,000	-	GBP0.20	30/06/2015
		2,500,000	-	-	30/06/2015
		1,200,000	-	GBP0.08	20/06/2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired/cancelled during quarter	250,000	-	$0.17	30/06/2013
		1,250,000	-	$0.31	30/06/2013
		2,333,334	-	$0.35	31/12/2015
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

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 /does not* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: .... Date: 31 July 2013

Chief Financial Officer

Print name: Paul Wilson

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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