

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

Quarterly Report to 31 December 2011

HIGHLIGHTS

Tulu Kapi Project, Ethiopia

- Negotiations with the Ethiopian Ministry of Mines regarding a Large Scale Mining Licence have been on-going and are likely to lead to a conclusion in mid-2012;
 - the Ministry has recently clarified regulations to incorporate the requirement for an Ore Reserve estimated according to an internationally acceptable standard, such as JORC.
 - Nyota will be able to satisfy this requirement when its Definitive Feasibility Study is ostensibly complete.
- The Definitive Feasibility Study is progressing well and is on-schedule for completion in Q3 2012;
- Resource drilling the quarter focussed on three key targets; step-out around the main Tulu Kapi resources, the shallow saprolite resource, and infill drilling within the main resource.

Proximal and Satellite Targets

- During the quarter, fieldwork was restricted to drilling at Guji, with follow-up mapping and data compiled for other prospects;
- At Guji, the first phase of saprolite drilling was completed, with 17 holes drilled for a total of 710 metres. This is in addition to the 19 holes previously completed since 2007 and is aimed to assist the identification of easily accessible low-cost resources that can be processed through the Tulu Kapi plant;
- Second phase of drilling will commence once the reverse circulation rig is freed from its priority drilling programme at Tulu Kapi, assay processing is similarly prioritised in Tulu Kapi's favour to drive the DFS.

Regional Ethiopian Gold Exploration

- The regional exploration licences are further north and as such the impact of the rainy season made access difficult until mid-October. Nyota still managed to conduct fieldwork to ready for further drilling following the excellent initial results at the Bendokoro and Boka Sirba prospects.

Corporate

- Cash on Balance Sheet at end of Quarter: A\$14.33m;

- This represents a decrease of A\$6.95m from the end of the prior quarter, including exchange rate adjustments of A\$0.84m;
- Appointment of new Addis Ababa based Chief Operating Officer, Patrick Goodfellow, in January 2012. The process of appointing a Chief Financial Officer is underway;
- BDO has been retained to provide an independent review of the current Board structure and remuneration. Before the end of the financial year, the Directors intend to make two Non-Executive Director appointments, both of whom will be independent.

Nyota Minerals Limited (ASX/AIM: NYO), the gold exploration and development company in East Africa, is pleased to announce its Quarterly Report for the period ended 31 December 2011.

TULU KAPI PROJECT

Mining Licence Application

On 13 May 2011 an application for a Large-Scale Mining Licence was lodged with the Ethiopian Government in relation to the Company's flagship Tulu Kapi gold project in Western Ethiopia. The new resource estimate announced on 29 July 2011 led to the proposed mine plan and financial model being updated. These were submitted to the Government at the start of October.

Subsequent discussions with the Ministry of Mines have led to refinement of the timetable and work programme that the Board believes will lead to the issuance of a Mining Licence. Further to this, Nyota has been assisting the Ministry in updating the government's model legal agreement to reflect the new Mining Proclamation, (promulgated in August 2010) as a basis for further negotiation.

On 18th January 2012 Nyota was made aware that the Ministry of Mines required an Ore Reserve estimated according to an internationally acceptable standard (eg: JORC) as a pre-condition of issuing a Mining Licence. This cleared-up an ambiguity in the Regulations that pre-dated the new Proclamation. This will occur as part of the normal DFS process for Nyota and gives a sound framework within which Nyota will fulfil its regulatory requirements.

Nyota's decision, following strong encouragement from the Ethiopian government, to apply for an early day mining licence conversion meant that it did so with a JORC-compliant Mineral Resource. In order for it to meet this new requirement it is necessary for the on-going studies for the DFS to be ostensibly complete such that the JORC requirement for "Modifying Factors" to be taken in to account can be satisfied. The Board anticipate this will be the case by mid-2012.

Definitive Feasibility Study

The DFS is progressing well and is on schedule for completion by Q3 2012.

Initial site visits were undertaken in September followed by a review of the proposed scope of work. Since this time the following has been completed:

- The overall mine layout has been revised to reduce the footprint by approximately 30%;
- The plant site has been locked-in subject to condemnation drilling;
- The preferred tailings storage facility location has been identified subject to condemnation drilling and dam wall geotechnical studies, and has been surveyed;
- The main access road trade-off studies have been completed and the options surveyed;
- The remaining required drilling has been identified, prioritised and co-ordinated;
 - this comprises nearly 8,000m of drilling including metallurgical samples; geotechnical drilling for the open pit, tailings storage facility etc.; condemnation drilling of infrastructure sites to determine the absence of gold mineralisation; hydrogeological drilling and infill drilling of the Tulu Kapi saprolite resource.
- 2.8 tonnes of samples have been collected, dispatched and received in Australia for metallurgical test-work;
- Baseline studies for the Environmental and Social Impact Assessment (“ESIA”) have been completed and in January 2012, a team from the Ministry of Mines visited Tulu Kapi to verify the infrastructure and ESIA results. This included the main, time-sensitive elements of the design and implementation for the Resettlement Action Plan.

In addition to the above activity, a review of the geological model and a new Mineral Resource estimate commenced in January. Many of the 5,800 pending assays noted in the December exploration update have now been received and are being validated so that they can be included in the new estimate.

Resource Drilling Activities

Resource drilling at Tulu Kapi this quarter has focused on three key targets:

- continued step-out around the main Tulu Kapi resources, especially to the North (Northern Extension and UNDP targets) and North East;
- the saprolite resource that lies from surface to a typical maximum depth of 30m; and
- infill drilling within the main resource.

Exploration updates with results have been announced on 31 October 2011, 16 December 2011 and 20 January 2012. Please refer to these announcements for individual drill hole results and their context.

Tulu Kapi Infill Drilling

Infill holes drilled to intersect the majority of the known lode structures have continued to return economic grades that demonstrate continuity of mineralisation and will help to maintain the overall Mineral Resource grade, which increased to 2.84g/t Au at the time of the last resource statement update.

More importantly, infill and step-out drilling has intersected a high number of economic intersections at or near surface that can be expected to benefit Project economics during initial development of the open pit. This includes the saprolite resource.

SW Extension

Drilling has proven the presence of economic mineralisation beyond the previous limits of the ore body and the interim pit outline has been extended to accommodate this mineralisation. Additional drilling is required to test for further extensions.

SE Extension

The location of the Bedele Shear is likely to limit further extensions to mineralisation in this corner of the deposit but recent near surface intercepts of high grade are expected to enhance production in early years as well as offering potential down-dip.

N. Extension

The N. Extension is one of the areas expected to result in further increases in the resource and step-out drilling is continuing based on the positive results from the most recent holes drilled.

The original N. Extension mineralisation intersected was assumed to occur beyond the limits of the open pit and was to be mined via a cross-cut from the decline designed to access the Feeder Zone. However, the tenor and extent of recent intersections indicate that the N. Extension could be incorporated into the Tulu Kapi open pit profile or established as a separate secondary open pit.

NE Extension – UNDP

At present, the UNDP Target is defined by wide-spaced drilling which has broadly defined a number of stacked mineralised lode structures which are ready for follow-up infill drilling in order to delineate an initial resource.

Work during the quarter has also demonstrated that the target area needs to be notionally extended a further 160m south of the previously assumed southern limit of mineralisation over a width of approximately 450m.

Environmental and Social Studies

In addition to the Environmental and Social Impact Assessment that was submitted as part of the Mining Licence Application, on-going environmental baseline studies and detailed environmental and permitting work will continue in parallel with exploration programs and in support of the definitive feasibility study. Discussions with the Government and a series of community briefings and consultations with local stakeholders are also continuing.

Golder Associates was selected to lead these studies and Synergy Global Consulting was selected to lead the preparation of the resettlement action plan. Both groups are required to deliver their studies consistent with international best practice including the International Finance Corporation's Performance Standards.

Health and Safety

Nyota recognizes that the health and safety of its personnel is fundamental to the success of its operations. During the last quarter no lost time injuries were recorded on the Tulu Kapi Project; this means that there have been no lost time injuries in the financial year to date.

PROXIMAL AND SATELLITE TARGETS

A substantial number of Proximal and Satellite targets exist in the Tulu Kapi region. Not all of these will be converted to resources and at present there is a variable combination of drilling, trenching and soil geochemistry.

During the quarter, fieldwork was restricted to drilling at Guji and some follow-up mapping and data compilation for other prospects. Exploratory drilling at Chalti was halted in the prior quarter at the onset of the rains and no further work has been undertaken there.

At Guji the first phase of saprolite drilling was completed with 17 holes drilled for a total of 710 metres; this is in addition to the 19 holes previously completed since 2007. Samples from this drilling are subordinate in processing order to those from Tulu Kapi and all assays were pending at the end of the quarter. Phase 2 of the drilling is waiting on completion of the harvest and availability of the reverse circulation rig, which is currently occupied at Tulu Kapi.

The objective at Guji remains to identify easily accessible low-cost resources that can be processed through the Tulu Kapi plant, further improving project economics.

REGIONAL EXPLORATION – NORTHERN BLOCKS

The rainy season affected the more northerly regional exploration licences for longer, making access difficult until mid-October 2011. As soon as access was safe to establish, fieldwork was conducted with the emphasis on following-up the excellent initial results at the Bendokro and Boka Sirba prospects.

It had been planned to drill one of these targets before the end of 2011 but this proved logistically impossible and instead drilling has commenced in January 2012.

More than half of the initial “targets of merit” identified from the airborne geophysical remain to be followed-up on the ground. This work will continue throughout the field season.

Bendokoro Prospect

During the quarter the following fieldwork was completed at the Bendokoro target:

- 20 trenches with a cumulative length of just over 1km were excavated across the soil geochemistry anomalies and a total of 974 channel samples collected.
- The exploration grid was extended to the north, west and east and a further 98 soil samples and 41 rock chip samples were collected as well as mapping 17 line km.

- Magnetic, induced polarization and resistivity ground geophysical surveys were conducted over the core of the central portion of the target. (All geophysical equipment is owned by Nyota but the survey was undertaken and supervised by Ethiopian consultants.)

In addition improved access was made and the field camp enlarged to cater for an influx of staff in support of drilling operations in 2012.

Detailed mapping suggests that the sulphide mineralisation is contained within an inter-bedded greenstone volcano-sedimentary unit 10-30m wide proximal to a basal carbonate contact. It is possible that both eastern and western anomalies are related and represent a structural duplication.

Boka Sirba Prospect

During the quarter, fieldwork focused on detailed mapping and further sampling of the Boka and Sirba targets to define the altered and mineralized zone in detail prior to drilling; a further 25 rock chip samples were collected.

A temporary exploration camp was also established and drilling of the Boka target is expected to take place after completion of the Bendokoro target drilling.

In addition, an anomalous area comprising the Daleti-Urungu and Wawu follow-up targets located between Boka Sirba to the east and Bendokoro to the north west was evaluated. A total of 106 stream sediment samples, 83 heavy mineral concentrate samples and 45 rock chip samples were collected along 39km of geological traverse.

MUREMERA NICKEL PROJECT

During the reporting period Nyota applied for the renewal of the Muremera license based on expenditure and work completed to date. At the reporting date Ministerial confirmation is pending.

CORPORATE

Corporate Governance

The Directors of Nyota announced at the company's AGM that it would review the composition of the Board with the intention of appointing appropriate independent non-executive directors to provide guidance on the development of Nyota's assets and for their independent input to the Board's key committees, such as Audit and Remuneration.

BDO LLP, in London, has been retained to provide an independent review of the current Board structure and remuneration. Thereafter the Directors intend to make two Non-Executive Director appointments, both of whom will be independent, no later than the end of the financial year end.

Management Appointments

A new Chief Operating Officer has been appointed and took up his post in Addis Ababa on the 16th January. Patrick Goodfellow will oversee the construction of the Tulu Kapi mine and has been

appointed ahead of time to give him familiarity with the DFS and to build operational capacity and develop relationships in Ethiopia in order to reduce the risk of delays in construction.

Patrick is civil engineer and his considerable project construction and management experience in gold projects in Australia and latterly in gold and nickel in SE Asia and Australia.

It is also intended to appoint a new Chief Financial Officer before the end of the financial year to work closely with the CEO in London.

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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")

31 December 2011

Consolidated statement of cash flows

	Current quarter \$A'ooo	Year to date (6 months) \$A'ooo
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	(5,223) (868)	(9,435) (1,727)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	35	84
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
Net Operating Cash Flows	(6,056)	(11,078)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	 (127)	 (425)
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	69	69
1.12 Other (provide details if material)		
Net investing cash flows	(58)	(356)
1.13 Total operating and investing cash flows (carried forward)	(6,114)	(11,434)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(6,114)	(11,434)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		14
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		14
Net increase (decrease) in cash held			
		(6,114)	(11,420)
1.20	Cash at beginning of quarter/year to date	21,274	25,633
1.21	Exchange rate adjustments to item 1.20	(835)	112
1.22	Cash at end of quarter	14,325	14,325

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	275
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

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	3,800
4.2	Development	
4.3	Production	
4.4	Administration	700
Total		4,500

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	1,353	990
5.2 Deposits at call	12,972	20,284
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	14,325	21,274

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				
7.3 *Ordinary securities	478,073,263	478,073,263	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 (a) Increases through issues (b) Decreases				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	5,300,000	-	\$0.11	30/9/2012
	1,280,000	-	\$0.13	31/12/2012
	7,000,000	-	\$0.15	31/12/2012
	250,000	-	\$0.17	30/06/2013
	1,250,000	-	\$0.31	30/06/2013
	4,833,334	-	\$0.35	31/12/2015
	4,833,334	-	\$0.42	31/12/2015
	4,833,332	-	\$0.50	31/12/2015
	4,000,000	-	GBP0.23	31/1/2016
	1,700,000	-	GBP0.175	30/06/15
	1,800,000	-	GBP0.20	30/06/15
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired/cancelled during quarter	750,000	-	\$0.31	30/06/2013
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <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 Act or other standards acceptable to ASX (see note 5).
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:Date: 31 January 2012
Finance Director

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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+ See chapter 19 for defined terms.