

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

Quarterly Report to 30 September 2011

HIGHLIGHTS

Tulu Kapi Project, Ethiopia

- Negotiation underway with the Ethiopian Ministry of Mines regarding the Large Scale Mining Licence application submitted in May 2011;
- Consultants SENET (Pty) Limited (Engineering/Plant Design), Golder Associates (Environmental, Social and Tailings Storage Facility) and Wardell Armstrong International (Geology and Mine Planning) selected for Definitive Feasibility Study;
 - Study work commenced late September.
- Higher grade mineralization intersected in all parts of the Tulu Kapi orebody, especially in the Feeder Zone and the North and SE extensions;
- The basis for a robust geological/structural model has been developed and will be refined during the next quarter. This model, if proven, will provide for;
 - a significant increase in confidence in the Mineral Resource,
 - a possible reduction in the amount of resource drilling required,
 - an increase in the confidence with which additional ounces are targeted.
- The hydrogeology monitoring boreholes started in June were completed by September. 34 boreholes are now consistently monitored;

Proximal and Satellite Targets

- Blanket soil sample coverage of the Tulu Kapi Licence and part of the Yubdo Licences was completed during the second quarter and most of the multi-element soil samples submitted to ALS laboratories have already been returned. The data is currently subject to quality assurance, analysis and interpretation;
- Exploratory drilling at Chalti has confirmed the presence of gold in altered syenite host rock; and
- The Guji shallow saprolite target is drill-ready;
 - Invasive exploration activities (drilling, trenching and sampling) are scheduled for Q4 2011.

Regional Ethiopian Gold Exploration

- Overall exploration results from the Northern Blocks validate the Company's belief that while Tulu Kapi is to be developed as a flagship project, these independent exploration areas

contain significant value for future development and have the potential to be significant share price drivers;

- Three new discoveries have been reported as a result of the interpretation of field work and data collected from the Northern Blocks during the period February to July 2011;
- The emphasis is on delineating the Boka Sirba, Bendokoro and Tsole Mole mineralisation with initial drilling to be undertaken over the next two quarters;
- Field work recommenced in mid-October, at the tail end of the rainy season, with a new field camp and access roads being completed first; and
- Reconnaissance exploration will continue over the substantial number of additional targets;

Corporate

- Cash on Balance Sheet at end of Quarter: A\$21.27m

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 30 September 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 application included technical, social, environmental, legal and financial components drawn together by Nyota and its consultants, including the outcomes of the Preliminary Economic Assessment announced on 3 March 2011.

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.

Nyota's application is believed to be the first application for a Large-Scale Mining Licence under the new Mining Proclamation, which was promulgated in August 2010, and Tulu Kapi will be the first new gold mine to be developed by way of private foreign investment in recent times. Whilst beneficial to the region as a whole, this inevitably introduces challenges for all parties concerned. Notwithstanding this, the application is being processed and assessed in a timely fashion and meetings with Government officials in Addis Ababa after the end of the reporting period, following submission of the new mine plan, have led to good progress.

Tulu Kapi Resource

A new JORC-compliant Mineral Resource for the Tulu Kapi ore body was announced on 29 July.

Undertaken by independent consultant Wardell Armstrong International, this comprised a total of 15.96 million tonnes @ 2.84g/t gold containing 1,460,000 ounces of gold; of which 1,003,000 ounces are in the Inferred Resource category at an average grade of 2.76g/t.

The diluted resource, taking account of potential mining selectivity, contains 1.25 million ounces of gold at an average grade of 1.98g/t.

Modelling of the Tulu Kapi ore body identified a number of areas within the current boundary and proximal to it where there is an obvious need for further drilling and where the possibility exists to add gold ounces and further improve the economics of the project.

This drilling is on-going and a further resource update is provisionally scheduled for January 2012.

In addition, the rainy season has been utilized to re-assess the very large amount of geological information gathered over the previous nine months. This work is ongoing but indicates that a new structural model may explain the previous difficulties in linking geological sections together. Testing of this model is ongoing, but if successful is likely to significantly reduce the additional drilling required to increase the confidence level of the Resource (i.e. upgrade Inferred resources to

Indicated) and make it more likely that additional ounces will be added to the overall Mineral Resource.

Definitive Feasibility Study

In September, Nyota appointed of the lead engineer and other key consultants for the Definitive Feasibility Study for the Tulu Kapi Gold Project.

SENET (Pty) Limited ("SENET") has been appointed as Lead Engineer, Golder Associates ("Golder") has been appointed to undertake the Environmental & Social Impact Assessment ("ESIA") and to design the tailings storage facility, and Wardell Armstrong International ("WAI") has been appointed to manage resource estimation and mine design/planning.

The DFS is provisionally scheduled for completion by Q3 2012 and is targeting an accuracy within +/- 10%. Mine and processing plant design will be based on a standard 2 million tonne per annum ("mtpa") gold plant, a format frequently built in Africa and ideally suited to the environment anticipated in Ethiopia.

Drilling Activities

During the quarter, diamond drilling totalled 7,440 meters for the purpose of infill as well as extension of the existing ore-body.

This was below the budgeted metreage for the period as the drilling rate and site access were negatively impacted by heavy rain. The opportunity was therefore taken to carry out maintenance, for staff to take annual leave and for the geologists to re-appraise, and where appropriate, to catch up with the large amount of data collected in the previous nine months.

Reverse circulation drilling for the hydro-geology program totalled 2,816 meters. Sampling of these dual purpose holes added additional grade intersections to the Tulu Kapi resource. Reverse circulation drilling of the deposit was not possible due to the heavy rains during the wet season.

The drilling programme during the quarter continued to focus on extending the high-grade Feeder Zone resource, testing the S.E. and N. Extensions to Tulu Kapi, and extending preliminary drilling of the UNDP Target.

The first set of results was announced on 23 August:

Tulu Kapi Feeder Zone

- New Feeder Zone high-grade gold intersections over notable widths including peak intersections of 23.30g/t Au over 1.20m, 14.50g/t Au over 8.00m, 7.30g/t Au over 14.40m and 5.42g/t Au over 26.55m;
- Intercepts provide valuable additional infill data for the Feeder Zone geological model;
- Updated geological model being used to refine preliminary underground mine design.

Tulu Kapi Infill Drilling

- Drill results for infill holes within the main Tulu Kapi body aimed at upgrading the resource including peak assays of 26.02g/t Au over 2.85m, 25.01g/t Au over 3.0m, 15.63g/t Au over 3.0m, 13.81g/t Au over 15.67m and 13.66g/t Au over 8.35m;
- Completion of a number of geotechnical holes drilled to provide data for future detailed pit slope design also intersected further mineralisation.

N. Extension

- High grades and substantial widths achieved from drilling of the Northern Extension to Tulu Kapi with peak grades including 22.50g/t Au over 2.0m, 21.81g/t Au over 5.45m and 3.50g/t Au over 10.8m.

S.E. Extension

- Notable shallow high-grade intersections achieved over the S.E. Extension with peak grades including 4.71g/t Au over 4.0m, 4.32g/t Au over 18.0m, 4.14g/t Au over 6.0m and 2.02g/t Au over 27.0m.

UNDP Target

- Further evidence of the extent of mineralisation on the periphery of the UNDP Target with peak grades including 5.75g/t Au over 1.0m, 2.69g/t Au over 7.0m and 0.47g/t Au over 20.0m.

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; geophysics are variously being conducted over all of the proposed targets.

During the quarter very limited fieldwork was undertaken and almost no drilling was possible due to the rainy season.

Exploratory drilling at Chalti was halted due to poor ground conditions during the wet season. The initial three diamond holes show gold associated with base metal sulphide as reported in the last quarterly report. Following analysis of the geological dataset it has been decided that prior to further drilling Nyota will undertake a ground-based geophysical survey (magnetometer/Induced Polarization methods).

On the Guji Prospect a total of 19 diamond drillholes have been completed since 2007. Holes have been drilled over both gold in soil geochemical anomalies and geophysical targets, with two styles of gold mineralisation being identified. Firstly, near-surface saprolite mineralisation, which Nyota will prioritise, and secondly, gold associated with both sulphides and quartz veins in fresh rock.

Of the two, the saprolite target warrants earlier further investigation, with peak grades intersected of 21.1g/t Au over 1.0m, 9.85g/t Au over 0.90m, 6.38g/t Au over 0.70m and 3.07g/t Au over 1.10m and a trench assays of 9.60g/t Au over 68.5m.

The drilling planned for Guji requires the use of the reverse circulation rig to drill a grid of close spaced, vertical short holes only as deep as the bottom of the saprolite (approximately 30 meters). This work will be undertaken during the next two quarters with a view to including the results in the evaluation of the Tulu Kapi project envelope. (Note: The target falls outside of the Tulu Kapi Mining License application and will therefore require a standalone DFS).

REGIONAL ETHIOPIAN GOLD EXPLORATION

The initial interpretation of the airborne magnetic survey completed over the Northern Blocks as announced on 18 May 2011, and identified a total of 47 targets of merit. Prior to the commencement of the rainy season, seven initial targets were followed-up on the ground by mapping and sampling, including the Boka Sirba, Tsole Mole and Bendokoro targets.

All of the results from this follow up work have now been received and analysed and Nyota considers the above named three targets to be “drill ready”. A multi-purpose drill rig has been allocated to them and will be delivered to site when the new field camp is opened and access has been improved.

From these three targets the following results were announced shortly after the end of the quarter (12th October, 2011):

Two new discoveries at the Bendokoro North Prospect

- The East anomaly comprises an 800m long, 100m wide target and has returned gossan grab samples with peak grades of 10.6g/t Au, 8.89g/t Au, 8.81g/t Au, 5.67g/t Au, 4.29g/t Au and 3.18g/t Au and coincidental base metal anomalism;
- The West anomaly extends over a 1km strike length, is 100 to 200m wide and includes continuous gold in soil geochemical results peaking at 1.39g/t Au; and
- Both East and West anomalies are open-ended to the north, south, east and west.

New discovery within the Boka Sirba Prospect

- Total number of Boka targets now 3 with a total combined strike length exceeding 15km;
- Additional rock chip sample results for the original Boka Sirba Target include peaks of 5.92g/t Au and 5.85g/t Au complementing an earlier peak sample grade of 10.85g/t Au; and

- Boka-Sirba West, the latest target, shows high Cu, Zn and Ag values associated with grab samples returning peak Au grades of 16.06g/t and 8.84g/t.

Reconnaissance exploration will continue through to June, 2012 (the approximate start of the next rainy season) on the balance of 40 targets. This work will include stream sediment, rock chip, heavy mineral concentrate sampling and trenching; the same techniques that have successfully delineated the current suite of targets being evaluated.

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

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 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.

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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")

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(4,212)	(4,212)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	49	49
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
Net Operating Cash Flows	5,022	5,022
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(298)	(298)
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	(298)	(298)
1.13 Total operating and investing cash flows (carried forward)	(5,320)	(5,320)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(5,320)	(5,320)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	14	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	14
	Net increase (decrease) in cash held	(5,306)	(5,306)
1.20	Cash at beginning of quarter/year to date	25,633	25,633
1.21	Exchange rate adjustments to item 1.20	970	970
1.22	Cash at end of quarter	21,274	21,274

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	297
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	3,000
4.2 Development	
4.3 Production	
4.4 Administration	700
Total	3,700

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	990	555
5.2 Deposits at call	20,284	25,078
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	21,274	25,633

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.

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	125,000	125,000	\$0.11	\$0.11
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>	5,300,000 1,280,000 7,000,000 250,000 2,000,000 4,833,334 4,833,334 4,833,332 4,000,000 1,700,000 1,800,000	- - - - - - - - - - -	<i>Exercise price</i> \$0.11 \$0.13 \$0.15 \$0.17 \$0.31 \$0.35 \$0.42 \$0.50 GBP0.23 GBP0.175 GBP0.20	<i>Expiry date</i> 30/9/2012 31/12/2012 31/12/2012 30/06/2013 30/06/2013 31/12/2015 31/12/2015 31/12/2015 31/1/2016 30/06/15 30/06/15
7.8 Issued during quarter				
7.9 Exercised during quarter	125,000	-	\$0.11	30/9/2012
7.10 Expired during quarter				
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 does give a true and fair view of the matters disclosed.



Sign here: Date: 28 October 2011
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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