

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

Quarterly Report to 31 December 2010

Highlights

Tulu Kapi Project, Ethiopia

- Discovery of high-grade gold feeder zone style mineralisation (including intersections of 15.70m averaging 37.04g/t gold)
- Further positive results demonstrate continuity of Lode 3 mineralisation
- Preliminary Economic Assessment Feasibility Study, scheduled for Q1 2011, to encompass new discoveries and recently completed independent structural and geotechnical studies
- Significant health, safety, community and environmental milestones, including in relation to Environmental and Social Impact Assessment work, the official opening of the Nyota-built Worke Gudji Secondary School in the Tulu Kapi area and completion of a comprehensive Occupational Health and Safety Program for the project

Regional Ethiopian gold exploration

- Regional airborne geophysical survey comprising 44,700 line kilometres (covering Nyota's entire 3,550 sq km land holding in Ethiopia) completed
- Commencement of initial 2,000m regional drilling programme

Corporate

- Funds received from GBP21.58 million capital raising in connection with development of Tulu Kapi and regional targets
- Acquisition of remaining 20% of Ethiopian regional tenement package to take its interest to 100%

TULU KAPI PROJECT

Drilling update

On 9 December, Nyota announced that high-grade feeder zone style mineralisation, characterised by abundant visible gold and associated high gold grades, had been discovered. Diamond drill (“**DD**”) hole TKBH-074, which intersected the new style of mineralisation, returned intersections which included 25.76 metres (“**m**”) at 23.05 grams per tonne (“**g/t**”), 15.7m at 37.04 g/t and 4.65m at 89.70g/t gold. The new mineralisation type is characterised by pressure dissolution stylonite and fracture veins with biotite and magnetite alteration, plus sulphides consisting of pyrrhotite, pyrite and abundant visible gold. This style of mineralisation is a clear indication that this could be one of the original gold bearing fluids and improved Nyota’s understanding of the ore genesis process. Notably, the combination of mineralogy and geophysical signature specific to this style of mineralisation has also been noted elsewhere within the Tulu Kapi area, implying the presence of multiple high-grade feeder zones with the current gold resource largely reflecting distal mineralisation.

Follow-up drilling of the Lode 3 structure (as also announced on 9 December) was very successful, with two DD holes intersecting that mineralised lode and returning assay grades including 25.42m at 1.98g/t and 7.00m at 3.94g/t (TKBH-055) and 28.95m at 1.79g/t and 4.25m at 5.81g/t (TKBH-074). Extension reverse circulation (“**RC**”) drilling conducted during the Quarter resulted in mineralisation being intersected to the north-west of the Tulu Kapi deposit, stepped-out 80m from previous drilling, reconfirming the Company’s previous statement that gold mineralisation at Tulu Kapi continues along strike to the north of the existing resource. Grades for those two RC holes included 44m at 2.09g/t and 18m at 3.94g/t (TKRC-111) and 8m at 1.20g/t and 8m at 1.9g/t gold. As a result of these intersections, Nyota has scheduled further drilling to target an extension to the known gold resource northwards. The above assays have provided valuable additional information on mine design and will be included in the resource update being prepared by SRK as part of their overall mandate to produce a Preliminary Economic Assessment Feasibility Study (“**PEA**”) for the project. In addition, ongoing infill drilling conducted during the Quarter to increase confidence in the resource will form part of the overall drill results database used in delivering the forthcoming PEA.

Finally, during the Quarter, a detailed structural mapping programme was completed and seven geotechnical holes were drilled and logged as part of an ongoing study, subsequently completed in December 2010, to provide detailed geotechnical engineering data to determine optimum pit slope angles for mine design.

Health, safety, environment and community (“**HSEC**”)

Nyota’s commitment to HSEC facets of the Tulu Kapi project was further underlined during the Quarter with a number of important developments.

Her Excellency, Madame Sinkinesh Ejigu, the Federal Ethiopian Minister of Mines, opened the Worke Gudju Secondary School constructed by Nyota and situated in the Tulu Kapi area at an

official ceremony on 7 December 2010. The school, which comprised four school blocks with 12 classrooms (including desks and blackboards) and toilet facilities, has given 454 students registered in grade 9 the opportunity to pursue a secondary school education. Previously, there was no such education facility within 14 km of Tulu Kapi, rendering education difficult or impossible for local families.

At the same time, detailed work in relation to a comprehensive Environmental and Social Impact Assessment (“**ESIA**”) in relation to the Tulu Kapi project was ongoing during the Quarter, with local Ethiopian consultant JEMA International Consulting Plc working in conjunction with SRK to deliver the overall report. The ESIA will include baseline field work, socioeconomic studies and long term monitoring programs such as water and air quality.

Finally, a comprehensive Occupational Health and Safety Program created by Nyota in conjunction with 1984 Enterprises Inc. has also been prepared, completed and implemented in relation to the Tulu Kapi project (and will serve as a template for any future regional discovery projects with which Nyota may become involved).

REGIONAL ETHIOPIAN GOLD EXPLORATION

During the Quarter, the 44,700 line kilometre airborne geophysical survey over Nyota’s entire Ethiopian land holding package (comprising approximately 3,550 sq km) was completed by Perth-based UTS Aeroquest. Data gathered from the survey is in the process of being analysed and interpreted, with results and recommendations for exploration activity expected to be available during the first Quarter of 2011. In the meantime, Nyota’s regional exploration programme has continued, with the commencement in early December 2010 of an initial 2,000m diamond drilling programme for the Company’s Billa Gulliso and Yubdo Exploration Licenses. This programme, consisting of approximately 10 DD holes concentrated in the north eastern portion of the structure known as the “Guliso Trend” and the south eastern portion of the Yubdo license, is targeted to focus on several high-grade gold targets identified from previous soil geochemistry, trench, diamond drilling and IP Resistivity/Chargeability anomalies generated by Nyota in 2010. The Guliso Trend in particular contains a number of targets with significant gold mineralisation, which appears to relate to regional scale shear systems with high concentrations of quartz-carbonate-tourmaline-pyrite veins. A new drill rig (the fifth DD rig currently mobilised to the Tulu Kapi site) has been contracted with the Ethiopian Geological Survey to undertake the work.

Amongst the targets for this regional programme are Soyoma and Dina. As previously announced by the Company, the former has returned previous trench results of up to 14.2m at 8.2g/t gold over a 200m strike length (supported by high chargeable and high resistive IP anomalies, which continue to the west-southwest on the other side of a north-northeast cross-cutting structure which also contains several historical gold workings). The latter has returned trench results of up to 8.75m at 1.23g/t and test borehole results of up to 7.1m at 8.23g/t. Historical mining activities at Dina extend along strike length of over 1,000m. This north-

northeast trend is supported by anomalous gold in soil, trench and IP Resistivity and Chargeability anomalies.

CORPORATE

Fundraising of GBP21.58 million

During the Quarter, Nyota concluded a fundraising of approximately GBP21.58 million, consisting of a placing of 131,250,000 new shares at GBP0.16 per share with clients of Ocean Equities Limited in the UK and a placing of 3,692,307 new shares at AUD0.26 per share with clients of Bell Potter Securities Limited in Australia. The fundraising was arranged in September 2010 and was conditional only upon Nyota shareholder approval, which was obtained at a shareholder meeting on 1 November 2010. The funds generated from this capital raising are being utilised to fast track the exploration and development of Tulu Kapi and to fund the Company's regional exploration programme in Ethiopia.

Acquisition of remaining 20% interest in regional tenement portfolio

Further to the acquisition of an 80% interest in a portfolio of highly prospective Ethiopian regional tenements in June 2010, the Company concluded an agreement during the Quarter to acquire the remaining 20% interest in those tenements (taking its interest to 100%). The tenements, comprising two Exploration Licenses having a combined area in excess of 3,000 sq km, cover the Mendi, Gombe, Dura and Bambasi claim blocks which are situated to the north of the Company's flagship Tulu Kapi project. They are thought by Nyota to be highly prospective, with a number of good gold mineralisation showings in the area (both as primary and alluvial indications, with some of them associated with base-metal anomalous zones). The recently-completed airborne regional geophysical survey (mentioned elsewhere in this Quarterly report) encompassed these areas and detailed exploration is intended to commence within the next few weeks.

2,325,685 Nyota shares were issued on 4 January 2011 as consideration for the acquisition of the remaining 20% interest in these tenements.

MUREMERA NICKEL PROJECT

The Company's primary focus during the Quarter was on its Ethiopian Operations and consequently no further work was carried out on the Muremera Nickel Project during this time.

The technical information contained in this Quarterly report has been reviewed and approved by Mr Terry Tucker, P.Geol. Mr. Tucker has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and as a qualified person under the AIM Note for Mining, Oil and Gas Companies. Mr. Tucker is a director of Nyota Minerals Limited and is a registered Professional Geoscientist with the Association of Professional Engineers and Geoscientists of British Columbia, Canada.

For further information please visit: <http://www.nyotaminerals.com> or contact:

Terry Tucker
Nyota Minerals Limited
+44 (0) 20 7379 5012
terry.tucker@nyotaminerals.com

NOMAD
Richard Brown / Jennifer Boorer
Ambrian Partners Limited
+44 (0)20 7634 4700

BROKER
Guy Wilkes / Will Slack
Ocean Equities Limited
(+44) (0) 20 7786 4370

BROKER
Rory Scott
Mirabaud Securities LLP
(+44) (0)20 7878 3360

Or visit: <http://www.nyotaminerals.com>

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

NYOTA MINERALS LIMITED

ACN or ARBN

98 060 938 552

Quarter ended ("current quarter")

31 DECEMBER 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(5,935)	(9,347)
(b) development		-
(c) production		-
(d) administration	(891)	(1,330)
1.3 Dividends received		
1.4 Interest and items of a similar nature received	53	95
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
Net Operating Cash Flows	(6,773)	(10,582)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(115)	(118)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other - Minerva takeover costs		
Minerva cash acquired on takeover		
Net investing cash flows	(115)	(118)
1.13 Total operating and investing cash flows (carried forward)	(6,888)	(10,700)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(6,888)	(10,700)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	34,804	34,804
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	114	114
1.18	Dividends paid		
1.19	Other – capital raising costs	(1,686)	(1,686)
	Net financing cash flows	33,232	33,232
	Net increase (decrease) in cash held	26,344	22,532
1.20	Cash at beginning of quarter/year to date	7,579	11,862
1.21	Exchange rate adjustments to item 1.20	(1,881)	(2,352)
1.22	Cash at end of quarter	32,042	32,042

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	330
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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+ See chapter 19 for defined terms.

- 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	5,000
4.2 Development	
4.3 Administration	500
Total	5,500

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	47	175
5.2 Deposits at call	31,995	7,404
5.3 Bank overdraft		
5.4 Other		
Total: cash at end of quarter (item 1.22)	32,042	7,579

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)	Amount paid up per security (see note 3)
7.1 Preference securities <i>(description)</i>	-	-		
7.2 Changes during quarter				
7.3 +Ordinary securities	453,310,583	453,310,583	N/A	N/A
7.4 Changes during quarter	134,942,307	134,942,307	AUD0.26/GBP0.16	AUD0.26/GBP0.16
(a) Increases through issues	375,000	375,000	\$0.11	\$0.11
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>		-		
7.6 Changes during quarter				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	5,425,000	-	\$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
	3,250,000	-	\$0.31	30/06/2013
	22,311,995	-	GBP0.174	13/06/2014
	6,000,000	-	\$0.35	31/12/2015
	6,000,000	-	\$0.42	31/12/2015
	6,000,000	-	\$0.50	31/12/2015
7.8 Issued during quarter	6,000,000	-	\$0.35	31/12/2015
	6,000,000	-	\$0.42	31/12/2015
	6,000,000	-	\$0.50	31/12/2015
7.9 Exercised during quarter	375,000	375,000	<i>Exercise price</i> \$0.11	<i>Expiry date</i> 30/9/2012
7.10 Expired (cancelled) 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 Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 28 January 2011
Finance director
Print name: Michael Langoulant

Notes

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- 1 This 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
 - 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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