

NYOTA MINERALS LIMITED

ACN 060 938 552

NOTICE OF GENERAL MEETING

and

EXPLANATORY MEMORANDUM

Date of Meeting: 22 February 2010

Time of Meeting: 10.00am

Place of Meeting: Celtic Club
48 Ord Street
West Perth
Western Australia

This Notice of General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

NYOTA MINERALS LIMITED
ACN 060 938 552

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Nyota Minerals Limited ACN 060 938 552 (**Company**) will be held at the Celtic Club 48 Ord Street, West Perth, Western Australia at 10.00am on 22 February 2010.

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes the various matters to be considered and contains a glossary of defined terms for terms that are not defined in full in this Notice of Meeting.

RESOLUTIONS

1. Ratification of placement

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That for the purposes of Listing Rule 7.4 and for all other purposes, the shareholders of the Company hereby approve and ratify the issue of 32,142,858 ordinary shares to professional investor clients of Ocean Equities Limited on 23 December 2009, on the terms and conditions contained in the Explanatory Memorandum"

The Company will disregard any votes cast on this resolution by Ocean Equities Limited, its clients that participated in the placement and its associates. However, a person can vote if the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Issue of Shares to Ms Melissa Sturgess

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the issue of up to 3,500,000 Shares at an issue price of AUD0.15 to Ms Melissa Sturgess or her nominee and the provision of a loan for an amount equal to the total issue price of the Shares, on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by Ms Sturgess or her associates. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. Issue of Shares to Mr Mike Langoulant

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the issue of up to 1,500,000 Shares at an issue price of AUD0.15 to Mr Mike Langoulant, or his nominee, and the provision of a loan for an amount equal to the total issue price of the Shares, on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by Mr Langoulant and his associates. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Issue of Shares to Dr Evan Kirby

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the issue of up to 1,500,000 Shares at an issue price of AUD0.15 to Dr Evan Kirby, or his nominee, and the provision of a loan for an amount equal to the total issue price of the Shares, on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by Dr Kirby and his associates. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Grant of Options to Mr Martyn Churchouse

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the grant of up to 2,000,000 Options (each to subscribe for one fully paid ordinary Share in the capital of the Company at an exercise price of AUD0.15 exercisable on or before 31 December 2012 to Mr Martyn Churchouse on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by Mr Churchouse or his associates. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Grant of Options to Mr Terence McConnachie

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the grant of up to 1,000,000 Options (each to subscribe for one fully paid ordinary Share in the capital of the Company at an exercise price AUD0.15 exercisable on or before 31 December 2012 to Mr Terence McConnachie on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by Mr McConnachie or his associates. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD



Michael Langoulant
Company Secretary
DATED: 12 January 2010

PROXY AND VOTING ENTITLEMENT INSTRUCTIONS

PROXY INSTRUCTIONS

Shareholders are entitled to appoint up to two individuals or bodies corporate to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the Company's office, Suite 2, 5 Ord Street, West Perth WA 6005, +61 8 9324 2977, not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual or body corporate named in the proxy form proposes to vote.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a shareholder of the Company.

In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this Notice.

VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 5.00 pm WST on 19 February 2010. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

NYOTA MINERALS LIMITED
ACN 060 938 552

PROXY FORM

NYOTA MINERALS Limited, Suite 2, 5 Ord Street, West Perth WA 6005, Facsimile +61 8 9324 2977

I/We _____

of _____

being a shareholder/(s) of NYOTA MINERALS Limited (**Company**) and entitled to

_____ shares in the Company

hereby appoint _____

of _____

or failing him/her/it _____

of _____

or failing him/her/it the Chairman as my/our proxy to vote for me/us and on my/our behalf at the general meeting of the Company to be held at the Celtic Club 48 Ord Street, West Perth, Western Australia at 10.00am on 22 February 2010 and at any adjournment thereof in respect of _____ of my/our shares or, failing any number being specified, **ALL** of my/our shares in the Company.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is []%.
(An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a resolution, the proxy may abstain or vote at his/her/its discretion.

In relation to undirected proxies, the Chairman intends to vote in favour of all of the Resolutions.

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of a resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolutions and your votes will not be counted in calculating the required majority if a poll is called on a resolution.

I/we direct my/our proxy to vote as indicated overleaf:

NYOTA MINERALS LIMITED
ACN 060 938 552

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be considered at the general meeting of Shareholders to be held at the Celtic Club 48 Ord Street, West Perth, Western Australia at 10.00am on 22 February 2010.

The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. For the assistance of Shareholders, a glossary of defined terms is included at the end of the Explanatory Memorandum.

Full details of the business to be considered at this General Meeting are set out below.

1. Resolution 1 - Ratification of placement

Resolution 1 seeks ratification by shareholders of the issue of Shares to institutional clients of Ocean Equities Limited for the purposes of Listing Rule 7.4.

The purpose of seeking shareholder approval and ratification of the issue of the Shares in Resolution 1 is to effectively reinstate the maximum limit under the Listing Rules on the number of securities that the Company may issue in any 12 month period without shareholder approval.

In accordance with the disclosure requirements of Listing Rule 7.5, the following information is provided to Shareholders to enable them to consider and ratify the issue of the Shares in Resolution 1:

- (a) the number of Shares allotted was 32,142,858 on 23 December 2009.
- (b) These Shares were issued at GBP0.07 (AUD0.13) to raise funds to accelerate the drilling program at the Tulu Kapi Ethiopian gold project.
- (c) The Shares rank equally with all existing Shares.
- (d) The allottees are not related parties of the Company.
- (e) A total of GBP2,250,000 (less issue costs) was raised by the issue of the Shares pursuant to this Resolution.

The Directors unanimously recommend Shareholders vote in favour of Resolution 1.

2. Resolutions 2,3,4,5 and 6 - Issue of Shares and Options to Directors

2.1 Details of proposed issues

The Company proposes to issue Shares to three directors of the Company, Ms Melissa Sturgess, Mr Mike Langoulant and Dr Evan Kirby and to grant Options to two other directors, Mr Martyn Churchouse and Mr Terence McConnachie.

The proposed issue of Shares and grant of Options to the Recipient Directors is intended to:

- (a) provide an appropriate and adequate incentive for the Directors;
- (b) ensure that the Company may retain the services of the Directors; and
- (c) reinforce the commitment of the Directors to the Company.

The Recipient Directors will only benefit from the issue of Shares and a grant of Options if the Company's share price increases from the issue price and grant price of AUD0.15. The Recipient Directors may receive an immediate benefit from the issue of Shares and grant of Options if the Company's share price improves between the date of this Notice of Meeting and the date on which the Shares are issued and Options are granted. If this is the case and the Recipient Directors receive an immediate benefit from the issue of Shares and grant of Options, the issue of Shares and grant of Options to the Recipient Directors will still provide an incentive for the Recipient Directors as they will benefit from any further increases in the Company's share price.

Resolutions 2, 3, 4, 5 and 6 seek shareholder approval for the issue of Shares and grant of Options to the Recipient Directors as follows:

Name of Director	Number of Shares to be Issued	Number of Options to be granted
Ms Melissa Sturgess	3,500,000	-
Mr Mike Langoulant	1,500,000	-
Dr Evan Kirby	1,500,000	-
Mr Martyn Churchouse	-	2,000,000
Mr Terence McConnachie	-	1,000,000

The number of Shares proposed to be issued and Options proposed to be granted to the Recipient Directors reflects the level of commitment provided or to be provided by each Director to the Company, taking into account the responsibilities of each Director and the time commitments required from each Director. The number of Shares proposed to be issued and Options proposed to be granted to the Recipient Directors also reflects the value the Board feels that each Director brings to the enhancement of the Company.

Under applicable accounting standards the Shares issued to Recipient Directors at an issue price of AUD0.15 and the loans provided to fund the subscription amount will be treated as if the Company has issued options to the Recipient Directors exercisable at AUD0.15. This mechanism provides a more favourable tax outcome for Australian resident directors.

The issue price of the Shares and the exercise price of the Options offered to the Recipient Directors is AUD0.15 which is 4.9% higher than the weighted average price of the Company's Shares over the last 5 days the Shares traded prior to the date of this Notice of Meeting.

Ms Sturgess, Mr Langoulant and Dr Kirby will enter into voluntary escrow agreements with the Company, under which the Shares issued pursuant to Resolutions 2,3 and 4 will be restricted from trading until the loan amount in respect of the relevant shares has been repaid.

The Shares to be issued pursuant to Resolutions 2, 3 and 4 and the Options to be granted pursuant to Resolution 5 and 6 are in addition to the fee and remuneration packages payable by the Company to the Recipient Directors.

2.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions of the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each Recipient Director is a related party and the issue of Shares and grant of Options to the Recipient Directors and provision of loans by the Company to three of the Recipient Directors to fund payment of the subscription price of the Shares constitutes the giving of a financial benefit. Accordingly, Shareholder approval is required.

In accordance with the requirements of Chapter 2E, and in particular with section 219, of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Shares, grant of Options and the provisions of loans by the Company to three of the Recipient Directors to fund payment of the subscription price of the Shares:

- (a) the Recipient Directors are each related parties of the Company to whom proposed Resolutions 2, 3, 4, 5 and 6 would permit the financial benefit to be given;
- (b) the nature of the financial benefit to be given to Ms Sturgess is the issue of 3,500,000 Shares and a loan of \$525,000 in respect of those Shares, being an amount equal to the total issue price of the Shares. If the price of the Shares increases, Ms Sturgess will benefit from any such increase in the price of the Shares whilst the amount repayable on the loan will remain constant. If the price of the Shares decreases, the amount repayable on the loan will be the last sale price of the Shares on ASX on the date of repayment of the loan. In this case, when the loan is repaid the Company will receive an amount that is less than the total issue price of the Shares;
- (c) the nature of the financial benefit to be given to Mr Langoulant is the issue of 1,500,000 Shares and a loan of \$225,000 in respect of those Shares, being an amount equal to the total issue price of the Shares. If the price of the Shares increases, Mr Langoulant will benefit from any such increase in the price of the Shares whilst the amount repayable on the loan will remain constant. If the price of the Shares decreases, the amount repayable on the loan will be the last sale price of the Shares on ASX on the date of repayment of the loan. In this case, when the loan is repaid the Company will receive an amount that is less than the total issue price of the Shares;
- (d) the nature of the financial benefit to be given to Dr Kirby is the issue of 1,500,000 Shares and a loan of \$225,000 in respect of those Shares, being an amount equal to the total issue price of the Shares. If the price of the Shares increases, Dr Kirby will benefit from any such increase in the price of the Shares whilst the amount repayable on the loan will remain constant. If the price of the Shares decreases, the amount repayable on the loan will be the last sale price of the Shares on ASX on the date of repayment of the loan. In this case, when the loan is repaid the Company will receive an amount that is less than the total issue price of the Shares;
- (e) the nature of the financial benefit to be given to Mr Churchouse is the grant of 2,000,000 Options;
- (f) the nature of the financial benefit to be given to Mr McConnachie is the grant of 1,000,000 Options;

- (g) the Shares will be issued and the loans will provided on the terms which are summarised in section 2.2 and Appendix A;
- (h) the Options will be granted for no cash consideration. The terms of the Options are summarised in Appendix B;
- (i) as at the date of this Notice, the capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	258,743,949
Options	6,425,000

If Shareholders approve all resolutions in this Notice and all Shares and Options are issued as contemplated by this Notice, the issued capital of the Company would be as follows:

Capital	Number
Ordinary Shares	265,243,949
Options (AUD0.52 exercisable on or before 30 June 2010)	125,000
Options (AUD0.31 exercisable on or before 30 June 2010)	500,000
Options (AUD0.11 exercisable on or before 30 June 2012)	5,800,000
Options (AUD0.13 exercisable on or before 31 December 2012)	1,280,000
Options (AUD0.15 exercisable on or before 31 December 2012)	3,000,000
Total Ordinary Shares if all Options on issue are exercised	275,948,949

If Shareholders approve the issue of 6,500,000 Shares to Recipient Directors, the effect will be to dilute the shareholding of existing members by approximately 2.38%, based on the existing number of Shares as at the date of this Notice and assuming all existing Options are exercised.

If Shareholders approve the grant of 3,000,000 Options to Messrs Churchouse and McConnachie and all of those options are exercised, the effect will be to dilute the shareholding of existing members by approximately 1.11%, based on the number

of shares in the Company as at the date of this Notice and assuming all existing Options are exercised.

If Shareholders approve the issue of 6,500,000 Shares to all three of the Recipient Directors and the grant of 3,000,000 Options to Messrs Churchouse and McConnachie and all of those Options are exercised, the effect will be to dilute the shareholdings of existing members by approximately 3.44% based in the existing number of shares in the Company as at the date of this Notice and assuming all existing Options are exercised.

(j) as at the date of this Notice, the Recipient Directors hold the following securities in the Company representing 2.85% of the issued capital on a fully diluted basis:

Director	Number of Shares held directly	Number of Shares held indirectly	Number of Options held directly or indirectly
Ms M Sturgess	3,319,855	-	-
Mr M Langoulant	1,766,129	-	-
Dr E Kirby	1,766,129	-	-
Mr M Churchouse	-	-	-
Mr T McConnachie	-	-	750,000

If Shareholders approve all Resolutions contained in this Notice, all Shares are issued and all Options are granted as contemplated by this Notice, the Recipient Directors will hold the following securities in the Company, representing 6.20% of the issued capital of the Company on a fully diluted basis:

Director	Number of Shares held directly	Number of Shares held indirectly	Number of Options held directly or indirectly
Ms M Sturgess	6,819,855	-	-
Mr M Langoulant	3,266,129	-	-
Dr E Kirby	3,266,129	-	-
Mr M Churchouse			2,000,000
Mr T McConnachie	-	-	1,750,000

(k) details of the Recipient Directors' remuneration for the financial year end 30 June 2009 are as follows:

Director	Base fees (\$)	Salary and Consulting (\$)	Super-annuation (\$)	Share and option based payments (\$)	Total (\$)
Ms M Sturgess	35,000	253,000	3,150	8,683	299,833
Mr M Langoulant	35,000	54,000	3,150	8,719	100,869
Dr E Kirby	35,000	26,668	3,150	6,530	71,348
Mr M Churchouse	-	130,694	-	-	130,694
Mr T McConnachie	35,000	-	-	-	35,000

- (l) the issue price at which 6,500,000 Shares may be issued to the Recipient Directors is AUD0.15, with the issue price being loaned to the Directors on the terms set out in section 2.2 and Appendix A of the Explanatory Memorandum;
- (m) the market price for the underlying shares during the term of the Options would normally determine whether or not Messrs Churchouse and McConnachie would exercise the Options. If, at the time any of the Options are exercised, the price of the underlying shares is higher than the exercise price of the Options, there may be a perceived cost to the Company;
- (n) during the last 12 months before the date of lodgement of this Notice with ASIC, the highest trading price of the Shares was \$0.155 on 15 September 2009 and the lowest trading price of the Shares was \$0.05 on 13 March 2009. The market price of the Company's Shares over the last 5 days of trading on ASX up to and including 11 January 2010 has been between a minimum of \$0.145 per Share to a maximum of \$0.15 per Share. On 11 January 2010, the last trading day before this Notice of Meeting was lodged with the ASIC, the Shares closed at a price of \$0.15 per Share. On 19 January 2010, the Shares closed at a price of \$0.18 per Share. If the Company's share price is higher than \$0.15 on the date that the Shares are issued and Options are granted to the Recipient Directors, then the Recipient Directors will receive an immediate benefit. As it is not known what the Company's share price will be on the date that the Shares are issued and Options are granted to the Recipient Directors, valuations of the Shares and Options at a range of different share prices have been included below.;
- (o) assuming a market price on the date of repayment of the loans of at least AUD0.15 the Company will receive AUD975,000 from the issue of the Shares to the Recipient Directors. As the amount repayable on the loans will fluctuate depending on the market price of the Shares, there is no guarantee that the Company will receive AUD975,000 when the loans are repaid in full. As described in section 2.2 and Appendix A, the amount repayable on the loans will be the lesser of the issue price of the Shares and the last sale price of the Shares on ASX on the date of repayment of the Loan;
- (p) the primary purpose of the issue of the Shares and grant of Options to the Recipient Directors is to provide an incentive and reward to the Directors. Given this purpose, the Board does not consider that there is any opportunity cost or benefit

foregone to the Company in issuing the Shares proposed by Resolutions 2, 3, and 4 or granting the Options proposed by Resolutions 5 and 6;

- (q) the issue of Shares and grant of Options to the Recipient Directors is a more cost effective incentive for the Company as opposed to the payment of cash compensation;
- (r) Ms Sturgess has a material personal interest in the outcome of Resolution 2, Mr Langoulant has a material personal interest in the outcome of Resolution 3, Dr Kirby has a material personal interest in the outcome of Resolution 4; Mr Churchouse has a material personal interest in the outcome of Resolution 5 and Mr McConnachie has a material personal interest in the outcome of Resolution 6 as the recipients of the Shares proposed to be issued and the Options proposed to be granted;
- (s) none of the Recipient Directors wish to make a recommendation to Shareholders about Resolutions 2, 3, 4, 5 and 6 because each has an interest in the outcome of those Resolutions;
- (t) the Company has no directors other than the Recipient Directors;
- (u) a valuation of the Shares and the Options proposed to be granted proposed to be issued to the Recipient Directors is set out below;
- (v) additional information in relation to Resolutions 2, 3, 4, 5 and 6 is set out throughout this Explanatory Memorandum. Shareholders should therefore read the Explanatory Memorandum in its entirety before making a decision on how to vote on Resolutions 2, 3, 4, 5 and 6;
- (w) the Company will incur no liabilities or costs in respect of the proposed issue of the Shares to the Recipient Directors other than:
 - (i) the fees payable to ASX for quotation of the Shares to be issued to Ms Sturgess, Mr Langoulant and Dr Kirby and that may be issued upon exercise of the Options to be granted to Messrs Churchouse and McConnachie. At the rates applying at the date of this Notice, these fees would be approximately \$5,500. However, these fees will not be payable in relation to Resolutions 5 and 6 until, the Options have been exercised;
 - (ii) a value equal to the weighted average trading price of Shares on ASX in the five days immediately before the date of issue, minus the subscription amount to acquire those Shares will be included as wages for the purposes of *Pay-roll Tax Act 2002 (WA)*, *Pay-roll Tax Assessment Act 2002 (WA)* and *the Taxation Administration Act 2003 (WA)*. If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly pay-roll tax threshold, the Company may be required to register for pay-roll tax in the relevant jurisdiction. If this value in addition to other wages that are taxable in the jurisdiction is in excess of the annual pay-roll tax threshold, the Company will have a liability in respect of pay-roll tax in that jurisdiction; and
 - (iii) in relation to the Options, a value equal to the market value of the underlying Shares that could be acquired by exercising the Options, as at the day on which the Options are granted, minus the lowest amount that must be paid to exercise the Options to acquire those Shares, will be included as wages for the purposes of *Pay-roll Tax Act 2002 (WA)*, *Pay-roll Tax Assessment Act 2002 (WA)* and *the Taxation Administration Act*

2003 (WA). If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly pay-roll tax threshold, the Company may be required to register for pay-roll tax in the relevant jurisdiction. If this value in addition to other wages that are taxable in the jurisdiction is in excess of the annual pay-roll tax threshold, the Company will have a liability in respect of pay-roll tax in that jurisdiction;

- (x) neither the Board nor the Company is aware of any other information that would be reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 2, 3, 4, 5 and 6, other than as stated in this Explanatory Memorandum; and
- (y) under applicable accounting standards the Shares issued to Recipient Directors and the loans provided to fund the subscription amount will be treated as if the Company has issued options to the Recipient Directors exercisable at AUD0.15. This mechanism provides a more favourable tax outcome for Australian resident directors.

2.3 Valuation of Shares

The value of the Shares to be granted to the Recipient Directors has been calculated using the *Black-Scholes* pricing model and based on the following assumptions:

- share price on date of issue \$0.15
- share price volatility 100%;
- risk free rate of return 4.25%;
- discount for lack of marketability 33%; and
- dividend yield 0%.

Based on the assumptions outlined above, the *Black -Scholes* pricing model attributes a theoretical value of \$0.063 per Share. This values the Shares to be granted to Ms Sturgess, Mr Langoulant and Dr Kirby at \$220,500, \$94,500 and \$94,500 respectively.

If the share price on the date of issue assumption was \$0.17 then the *Black -Scholes* pricing model attributes a theoretical value of \$0.073 per Share. This values the Shares to be granted to Ms Sturgess, Mr Langoulant and Dr Kirby at \$255,500, \$109,500 and \$109,500 respectively.

If the share price on the date of issue assumption was \$0.20 then the *Black -Scholes* pricing model attributes a theoretical value of \$0.09 per Share. This values the Shares to be granted to Ms Sturgess, Mr Langoulant and Dr Kirby at \$315,000, \$135,000 and \$135,000 respectively.

2.4 Valuation of Options

The value of the Options to be granted to the Recipient Directors has been calculated using the *Black-Scholes* pricing model and based on the following assumptions:

- share price on date of issue \$0.15
- share price volatility 100%;
- risk free rate of return 4.25%;
- discount for lack of marketability 50%; and
- dividend yield 0%.

Based on the assumptions outlined above, the *Black-Scholes* pricing model attributes a theoretical value of \$0.047 per Option. This values the Options to be granted to Mr Churchouse and Mr McConnachie at \$94,000 and \$47,000 respectively.

If the share price on the date of issue assumption was \$0.17 then the *Black -Scholes* pricing model attributes a theoretical value of \$0.055 per Share. This values the options to be granted to Mr Churchouse and Mr McConnachie at \$110,000 and \$55,000 respectively.

If the share price on the date of issue assumption was \$0.20 then the *Black -Scholes* pricing model attributes a theoretical value of \$0.067 per Share. This values the options to be granted to Mr Churchouse and Mr McConnachie at \$134,000 and \$67,000 respectively.

2.5 **Listing Rule 10.11**

Listing Rule 10.11 provides, in essence, that the approval of ordinary shareholders by ordinary resolutions is required before the Company can issue equity securities to any of the following persons:

- (a) a related party; or
- (b) a person whose relationship with the company or a related party is, in ASX's opinion, such that approval should be obtained.

Each of the Recipient Directors is a related party of the Company for the purpose of Listing Rule 10.11. Accordingly, in order for the Recipient Directors to acquire Shares and Options, the Company must obtain Shareholder approval pursuant to Listing Rule 10.11.

2.6 **Listing Rule disclosure requirements**

In accordance with Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 2, 3, 4, 5 and 6:

- (a) Ms Sturgess, Mr Langoulant, Dr Kirby, Mr Churchouse and Mr McConnachie are Directors;
- (b) the maximum number of Shares that may be issued to Ms Sturgess under Resolution 2 is 3,500,000 Shares, to Mr Langoulant under Resolution 3 is 1,500,000 Shares and to Dr Kirby under Resolution 4 is 1,500,000 Shares;
- (c) the maximum number of Options that may be granted to Mr Churchouse under Resolution 5 is 2,000,000 and to Mr McConnachie under Resolution 6 is 1,000,000;
- (d) the Shares will be issued and the Options will be granted within a month of the date of the meeting;
- (e) the issue price of the Shares will be AUD0.15;
- (f) the exercise price of the Options will be AUD0.15;
- (g) the Options will be granted for no consideration and accordingly, there will be no funds raised pursuant to the grant of the Options. The terms of the Options are set out in Appendix B of this Explanatory Memorandum;
- (h) the expiry date of the Options will be 31 December 2012;
- (i) the Shares issued pursuant to Resolutions 2, 3 and 4 will rank equally with all other Shares on issue;

- (j) the Company will provide loans to Ms Sturgess, Mr Langoulant and Dr Kirby in relation to the acquisition of the Shares. The loans are repayable on or before 31 December 2012. The other terms of the loans are set out in Appendix A of this Explanatory Memorandum;
- (k) initially no funds will be raised by the issue of Shares due to the provision of the loans to the Recipient Directors. However, when the loans have been repaid, the funds raised by the issue of the Shares will be used for working capital purposes of the Company as the Board thinks fit.

3. Glossary of Terms

The following terms and abbreviations used in the Notice of Meeting and this Explanatory Memorandum have the following meanings:

\$ and **AUD** means Australian dollars.

AIM means the AIM Market of the LSE.

AIM Rules means the rules applicable to companies listed on the AIM or the LSE (as applicable).

General Meeting or **Meeting** means the general meeting of Shareholders to be held at the Celtic Club 48 Ord Street, West Perth, Western Australia at 10.00am on 22 February 2010 or any adjournment thereof.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

Board means the board of Directors.

Company and **Nyota** means Nyota Minerals Limited ACN 060 938 552.

Corporations Act means the *Corporations Act 2001* (Commonwealth).

Directors means the directors of the Company, from time to time.

Explanatory Memorandum means this explanatory memorandum.

Listing Rules means the official listing rules of ASX.

LSE means London Stock Exchange Plc.

Notice of Meeting means the notice of the Meeting which accompanies the Explanatory Memorandum.

Option means an option to acquire Shares.

Recipient Directors means Ms Melissa Sturgess, Mr Mike Langoulant, Dr Evan Kirby, Mr Martyn Churchouse and Mr Terence McConnachie.

Resolution means a resolution in the Notice of Meeting.

Section means a section of this Explanatory Memorandum.

Shareholders means registered holders of Shares.

Shares means ordinary fully paid shares

APPENDIX A – Terms and Conditions of Loans to Directors

Loan – The following terms and conditions will apply to the loans being provided to the Recipient Directors as contemplated by resolutions 2,3 and 4 (**Loan**):

- (a) The Loans will be made either to Recipient Directors or to their nominees to fund the Share subscription amount.
- (b) Loans will be interest free.
- (c) The Loan is repayable on or before 31 December 2012.
- (d) Where a Recipient Director elects for a nominee to apply for Shares the subject of a Loan then the Recipient Director will guarantee the performance of his nominee's obligations under the Loan.
- (e) The amount repayable on the Loan by the Recipient Director, or nominee, will be the lesser of:
 - (i) \$0.15, less any cash dividends paid in respect of the Shares and applied by the Company in accordance with paragraph (g) below and any amount of the Loan repaid by the Recipient Director; and
 - (ii) the last sale price of the Shares on ASX on the date of repayment of the Loan or, if there are no transactions on that day, the last sale price of the Shares prior to that date, or, if the Shares are sold by the Company, the amount realised by the Company from the sale.
- (f) A Recipient Director, or nominee, must repay the Loan in full prior to expiry of the term of the Loan but may elect to repay the Loan amount in respect of any or all of the Shares (in multiples representing not less than 1,000 Shares) at any time prior to expiry of the term of the Loan.
- (g) Cash dividends which are paid in respect of Shares the subject of a Loan will be applied by the Company on behalf of the Recipient Director, or nominee, to repayment of the amount outstanding under the Loan and any surplus of the cash dividend will be paid to the Recipient Director, or nominee.
- (h) Any fees, charges and stamp duty payable in respect of a Loan will be payable by the Recipient Director, or nominee.
- (i) The Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares after 31 December 2012 to recover the Loan amount.
- (j) The Share issued with the proceeds of the Loan will not be tradeable by a Recipient Director, or nominee, until the Loan amount in respect of that Share has been repaid and the Company will place a holding lock over the Loan Shares until the Loan amount has been fully repaid.

Restriction on Transfer - Subject to the requirements of the Listing Rules, Shares issued using the proceeds of a Loan may not be sold or otherwise dealt with until the Loan in respect of those Shares has been repaid in full.

APPENDIX B – Terms and Conditions of Options to be Granted to Directors

- **Issue Price** - Options granted will be granted free of charge.
- **Exercise Price** - The exercise price of Options will be \$0.15.
- **Expiry Date** - The expiry date of the options will be 31 December 2012.
- **Exercise** - Each Option may be exercised at any time on or before the Expiry Date by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the Exercise Price per Option exercised.
- **Restriction on Quotation** – No application will be made for the Options to be quoted on either ASX or AIM.
- **Restriction on Transfer** - Options may not be transferred without the prior written approval of the Board.
- **Adjustment of Options** - If, prior to the expiry of the Options, there is a reorganisation of the issued share capital of the Company (including a consolidation, subdivision or reduction of capital or return of capital to shareholders), the number of Shares subject to the option and/or the exercise price will be adjusted in the manner required by the Listing Rules.
- **Bonus issue and rights issues** – Option Holders are required to exercise an Option in order to participate in a bonus or entitlement issue made by the Company. Option Holders will be provided with written notice of the terms of the issue to shareholders and afforded that period as determined by the Listing Rules to exercise their Options if they wish to participate in the bonus or entitlement issue.
- **Shares issued on Exercise of Options** - Shares which are issued as a result of the exercise of Options will rank equally in all respects with all Shares on issue and the Company will apply for quotation of those Shares on ASX and AIM.
- **Rights on exercise of Options** - Dividends will not accrue on the shares in respect of which an Option was exercised until the exercise price has been paid in full in cash. No Option Holder may exercise any votes attaching to the shares in respect of which an Option was exercised until the exercise price has been paid in full in cash.