ZYL LIMITED

Investor Presentation:

Kangwane Anthracite Coal Project

December 2010

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Competent person statement

Information in this presentation that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Dawie Van Wyk who is a consultant to the Company and is a member of a Recognised Overseas Professional Organisation. Mr Van Wyk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration, Mineral Resources and Ore Reserves'. Mr Van Wyk consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

CORPORATE OVERVIEW

Capital Structure and Introduction

ASX Code:	**ZYL**
Current shares on issue	**594,238,239**
Options on issue (1.5c ex.)	**63,100,000**
Options on issue (3c ex.)	**8,333,333**
Options on issue (5c ex.)	**6,000,000**
Market Capitalisation	**$41.6 million**
Cash on hand	**$6.67 million**
Debt	**Nil**
Share price range (H/L)	**$0.076 - $0.017**

Key Board and Executive Management

Bevan Tarratt– Chairman / Director

Director of a number of ASX listed companies, strategic consulting experience

Eric Lilford – Managing Director

Significant mine production experience and exploration experience. Previously managed multi-billion dollar operations

Gino D’Anna – Director / Co. Secretary

Experience in corporate finance, capital raisings, reconstructions and transaction advice

MANAGING DIRECTOR – ERIC LILFORD

National Head of Mining for Deloitte Touche Tohmatsu and Partner of Deloitte Corporate Finance. **Over 23 years operational and investment experience** across the global resources sector. **Mine production experience at multi-billion dollar** underground gold, platinum, copper and coal mines

Previous **Director of Project and Business Development** at Beny Steinmetz Group Resources, **managed aspects of a $500 million dollar copper-cobalt mine** and refinery in Zambia producing **30,000tpa** of copper and **6,500tpa** of cobalt

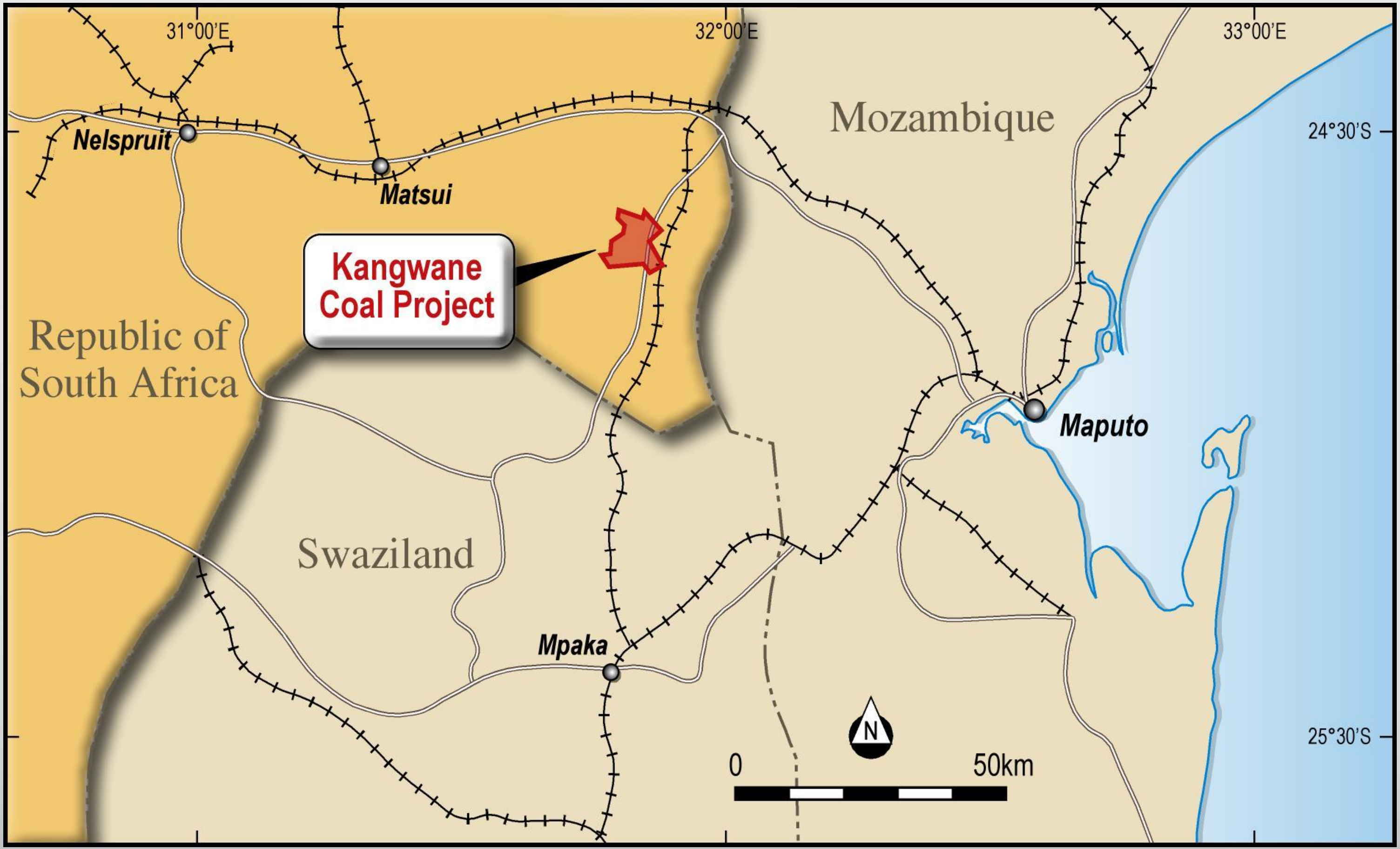
Mine Overseer for Randcoal Limited’s Rietspruit and Khutala coal mines; **responsible for producing over 3Mtpa of coal** from three operating sections in the underground coal mine

Experience includes completion of both pre feasibility and bankable feasibility studies (BFS) in numerous jurisdictions

12 years of investment banking and commodities research experience

KANGWANE ANTHRACITE PROJECT

PROJECT LOCATION – RAIL INFRASTRUCTURE



KANGWANE PROJECT HIGHLIGHTS

Potential Production within 18 months from commencement of the BFS

Exploration Target of **400Mt to 450Mt**[1] at an expected calorific value range of **6,635 kcal** to **6,712 kcal**

Existing JORC Compliant Resources of **114Mt** including an export quality Measured resource of **21.4Mt** determined by independent geologists

Comprehensive drilling database of **149 diamond drill holes** for a total of **18,567** metres over **33km strike length**

BFS to focus on open-cut areas to the north and south

[1] The potential quantity and grade of the above Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

KANGWANE PROJECT HIGHLIGHTS

Existing box-cut on the property to facilitate the removal of a **bulk sample for metallurgical testing and marketing trials**

Project located approximately **100km from Maputo Port by direct rail link,** with an existing rail siding on the property. Road, power and water all located nearby

Coal seam widths between **4m and 6m, dipping to the East at 6°**

Adjacent to operating Nkomati Anthracite coal mine

Siyanda Resources (JV / BEE partner) has extensive experience in South African coal mining, **currently operating two mines** and **previous owners of the Koornfontein Coal Mine**

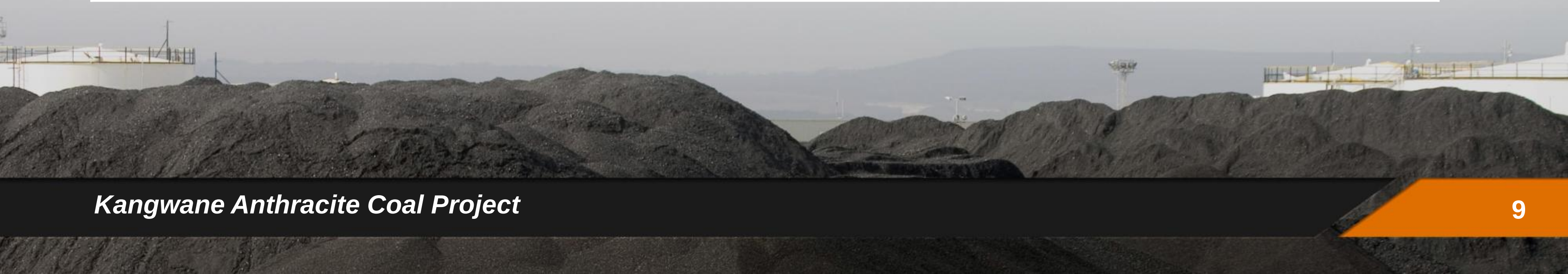
Progressing discussions with a number of project opportunities identified in **close proximity to Kangwane for acquisition and investment**

Highly experienced Management Team

CURRENT JORC RESOURCES

Coal Resource Estimate Statement (JORC and SAMREC compliant) for Kangwane Anthracite (gross tonnes in situ – GTIS)	
Total Measured Coal Resource (GTIS)	21.4 Mt
Total Indicated Coal Resource (GTIS)	25.5 Mt
Total Inferred Coal Resource (GTIS)	67.2 Mt
Total JORC compliant Coal Resources at Kangwane anthracite	114.1 Mt

Open cut resources (included in JORC compliant Resources above)	
Northern Open-cut Measured (In Situ)	9.7 Mt
Southern Open-cut Indicated (In Situ)	6.6 Mt



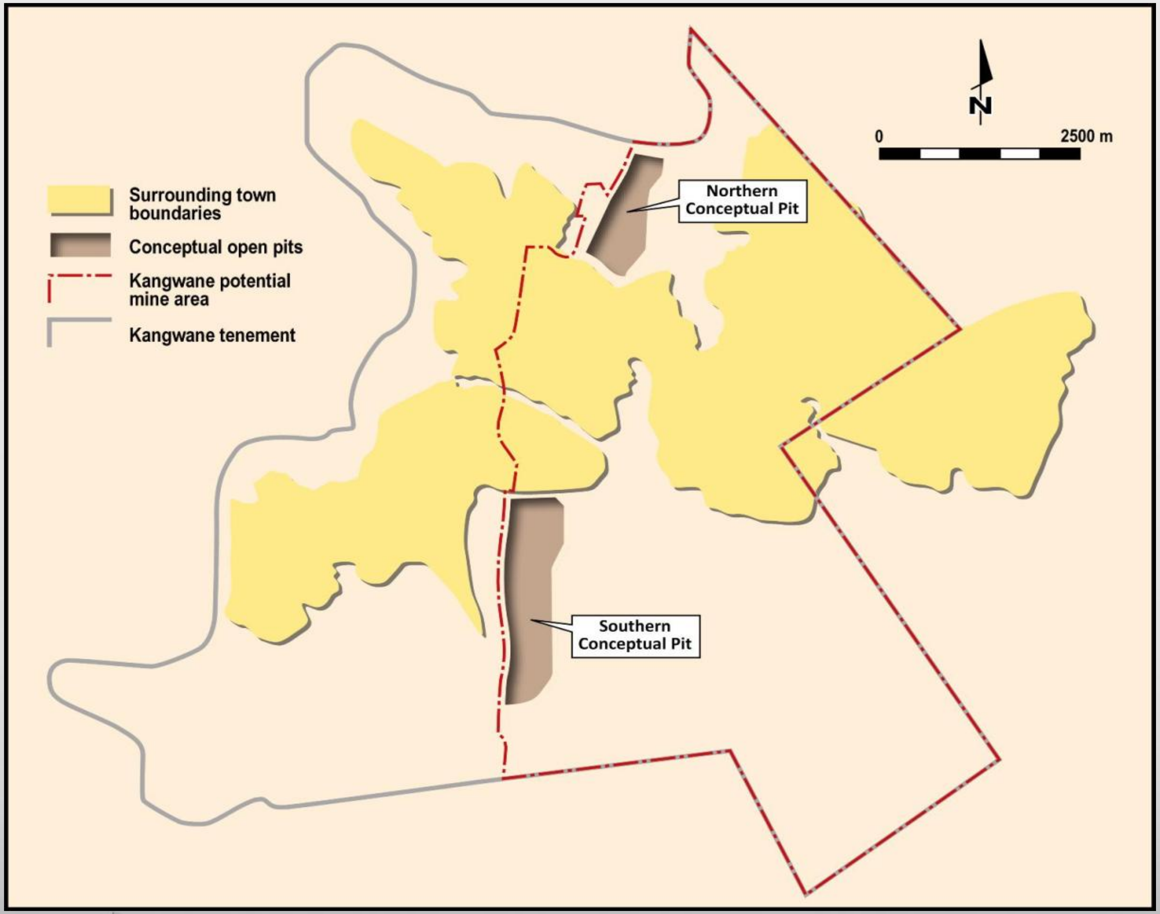
KANGWANE COAL QUALITY RANGES

Coal specifications based on exploration to date:

	Kangwane Anthracite Project	Neighbouring Nkomati Anthracite Mine
Ash (%)	16% to 22%	20.3%
Volatile Matter (%)	4.80% to 7.80%	7.6%
Fixed Carbon (%)	74.75% to 78.1%	75.1%
Sulphur Average (%)	0.52%	0.7%
Phosphor Content (%)	0.02% to 0.002%	
Calorific Value (MJ/Kg)	27.78 MJ/kg to 28.1 MJ/kg	28.4 MJ/kg
Calorific value (kcal)	6,635 kcal to 6,712 kcal	6,783 kcal

Significant upside potential on constrained anthracite supply and burgeoning global demand in steel and ferro-alloy industries

KANGWANE OPEN CUT RESOURCES

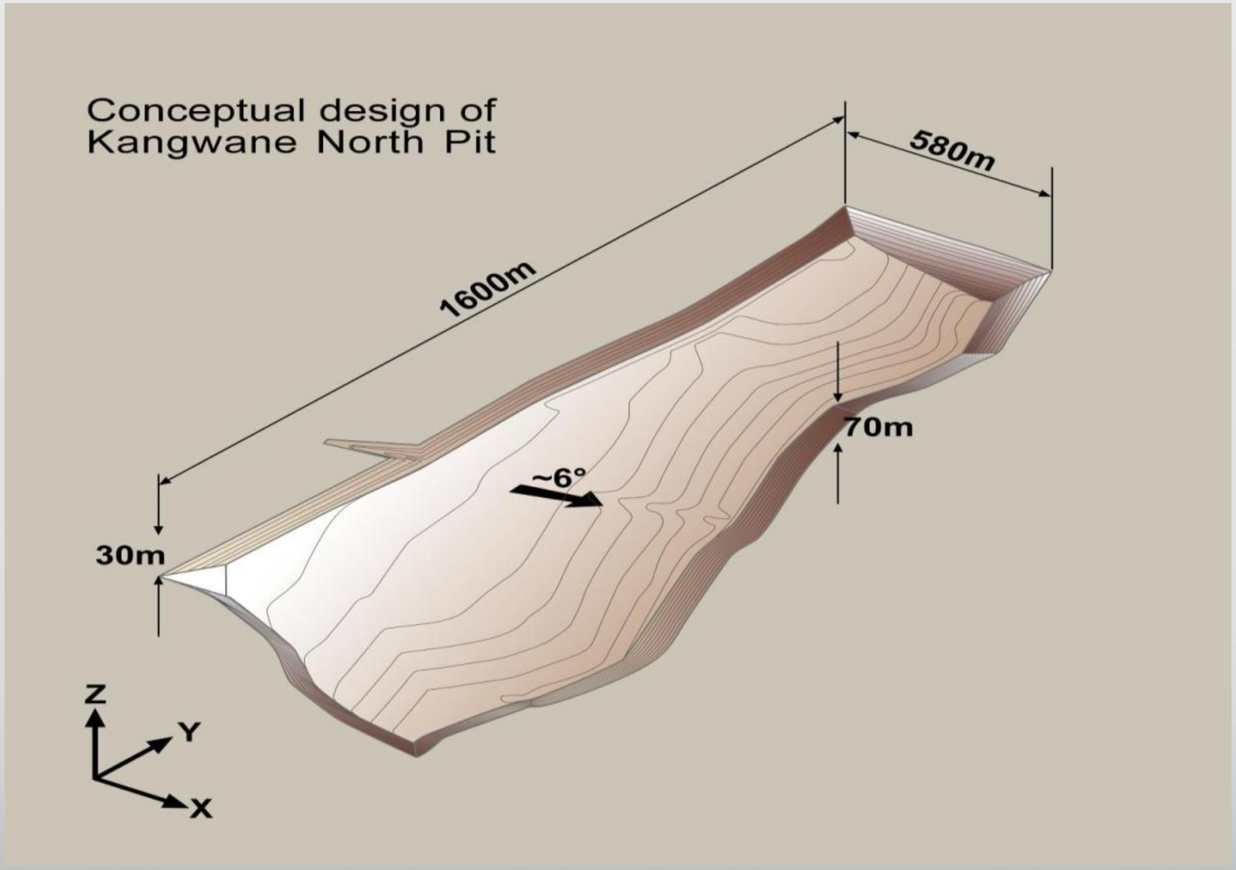


The North and South Pits will be the focus during the BFS - near surface nature of the coal

Coal is known to sub-crop on the western side and has been measured to dip gently at **6º to 7º to the east**

Opportunity to **extend mining** to an underground regime once the open-cut areas have been economically depleted

KANGWANE NORTH OPEN PIT



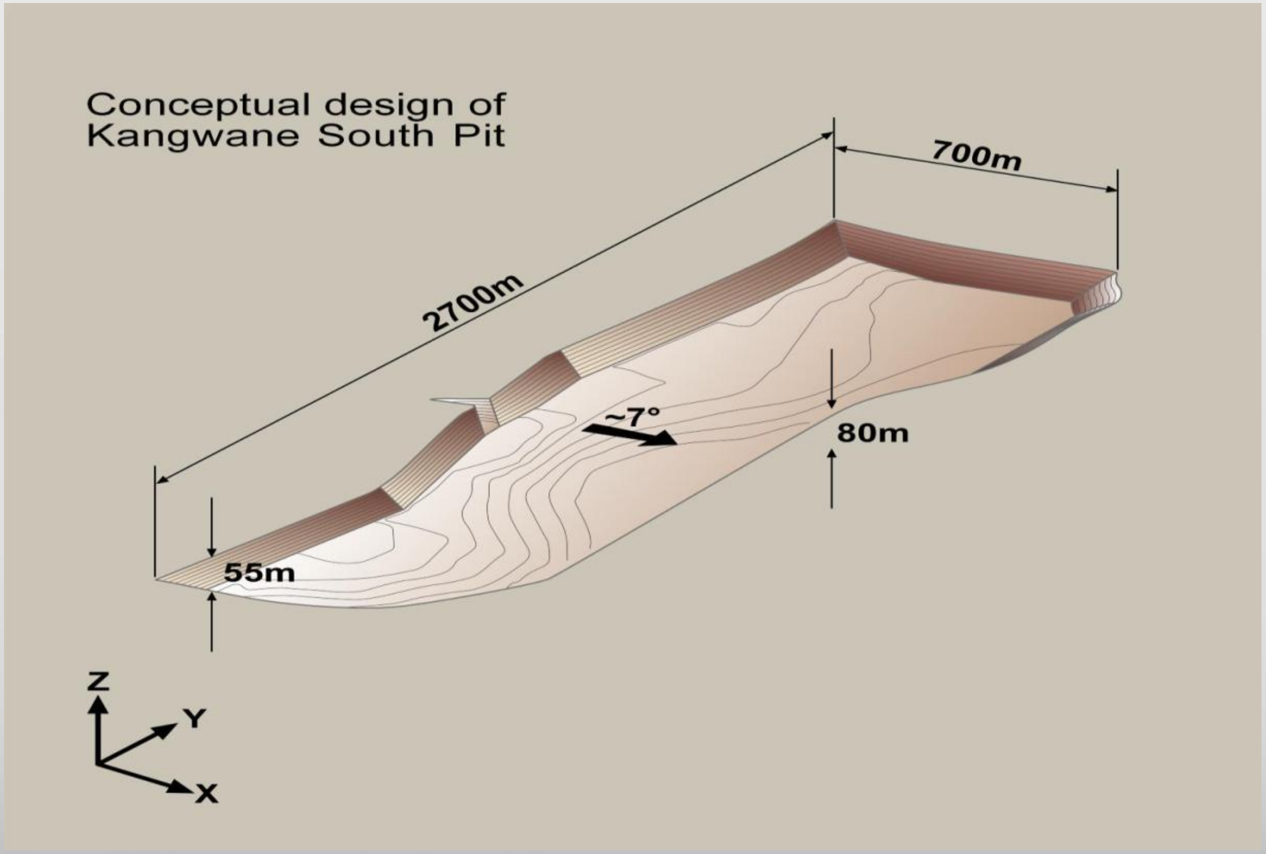
Overall depth of 70m with a JORC-compliant **Measured Resource of 9.7Mt**

Sub-crops to the west and gently dips at approximately **6º to the east**

Existing box cut utilised in the Conceptual Pit Design and again during the exploitation of the anthracite

Minimum cumulative coal thickness to be mined from the North Pit is indicated at **6.2m** with an average cumulative width of **7.2m**

KANGWANE SOUTH OPEN PIT



Overall depth of **80m** with a JORC-compliant **Indicated Resource of 6.6Mt**

Coal sub-crops to the west and gently dips at approximately **7º to the east**

Minimum cumulative coal thickness to be mined was indicated at **4.4m** with an average cumulative width of **7.7m**

PROJECT INFRASTRUCTURE

Rail:

- Rail siding access adjacent to tenement
- Capacity of 100,000 tonnes/month at rail siding
- 100km by direct rail link to Maputo Port

Port:

- Matola Bulk Terminal at Maputo Port operates 24 hrs
- Port can handle 2.5Mt of coal per annum
- Direct rail link access to port facilities

Power Lines:

- Mains power 18km from project
- Power currently supplied to neighbouring Nkomati Anthracite Mine
- Sealed road passes through Kangwane allowing for power line extensions

Water:

- Nkomati River traverses north of the Kangwane Project to provide water
- Water currently being supplied to neighbouring Nkomati Anthracite Mine

BANKABLE FEASIBILITY STUDY – SCOPE AND PLAN

BFS cost of circa **$1.9 million** with an **independent BFS Manager appointed**

BFS expected to take approximately **6 - 8 months to complete**

7,000 metres of additional drilling to be conducted:

- confirmatory drilling against MCL drill program
- infill drilling for converting Resources to Reserves
- step-out drilling for Resource expansion

Geomagnetic flyover to be **conducted immediately**

Drill rigs to be **mobilised** in **January 2011**

Bulk sample to be **taken from existing box cut** for metallurgical and **marketing / buyer testing**

Measure coal underlain by village to test economics, estimated at **22Mt saleable, being 35Mt RoM additional coal**

SIYANDA RESOURCES - BEE PARTNER / VENDORS

Siyanda forms part of the project management team to **jointly oversee drilling and analysis**

Previous **part equity owners** and operators of the **Koornfontein Coal Mine** which was recently sold to Optimum

Siyanda currently owns and operates the following:

- Masa Chrome Company
- DMS Powders

BFS Committee responsible for BFS and bulk sampling program consisting of **2 representatives from Siyanda and 2 representatives from ZYL**

Extensive network across South Africa including within the **Department of Minerals and Resources (DMR)** and local Kangwane community

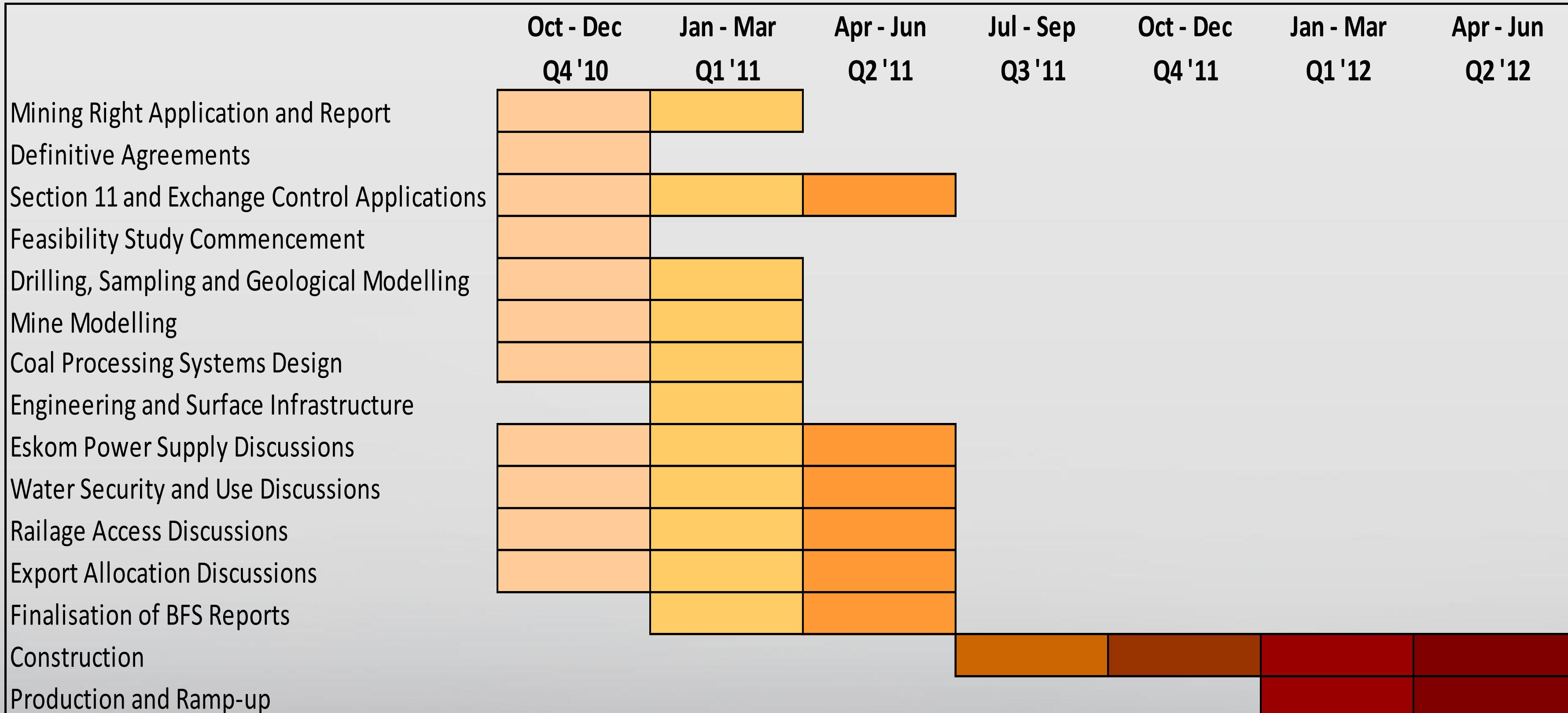
JOINT VENTURE STRUCTURE

Right to earn up to a 50.12% interest subject to spend commitments:

- **ZYL to expend ZAR20 million (~A$3 million) over 12 months** to complete a Bankable Feasibility Study (BFS). Anticipated **completion 6 - 8 months**;
- **ZYL will invest ZAR30 million (~A$4.5 million)** in equity for capital expenditure items in connection with mine development;
- ZYL will subscribe for preference shares in **Mainstreet 800 (Pty) Ltd** (the mine operating entity) with a **subscription price of ZAR60.5 million (~$8.7 million)**. These preference shares will be redeemed after a three year moratorium period **utilising 60% of the mining profits;**
- ZYL will subscribe for preference shares in **Mainstreet 795 (Pty) Ltd** with a **subscription price of ZAR40 million (~$5.8 million).** These preference shares will be redeemed after a **three year moratorium period**;

After selling 36.6Mt of anthracite, the original shareholders will receive a royalty of ZAR2/tonne for anthracite sold **(~A$0.30/tonne) above 36.6Mt**

PROJECT DEVELOPMENT SCHEDULE



THANK YOU

For further information go to **www.zyllimited.com.au**

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APPENDICES

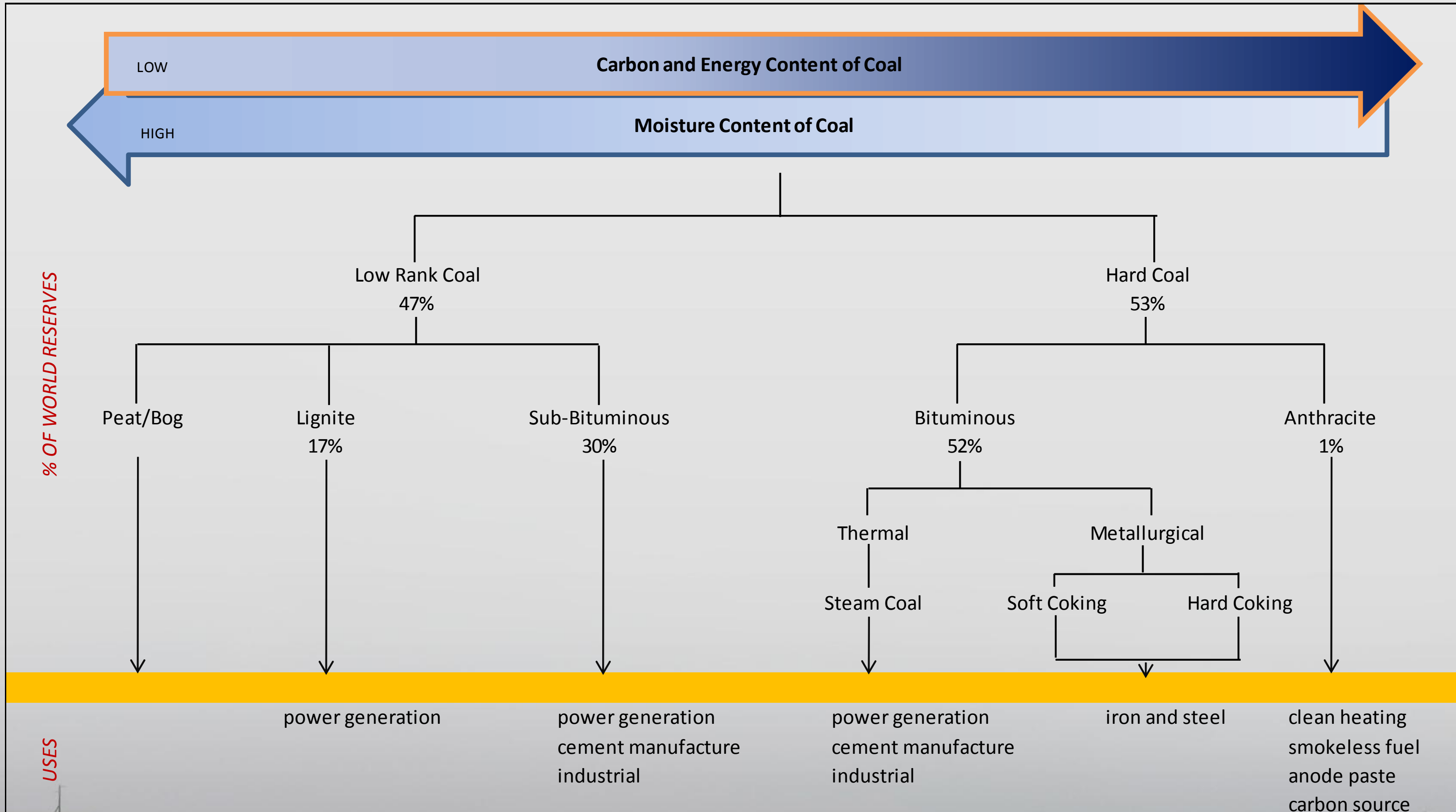
RAIL SIDING AT KANGWANE

MAIN RAIL LINE TO MAPUTO

MAIN RAIL LINE TO INLAND HIGHVELD MARKETS

NEIGHBOURING MINE STOCKPILES

TYPES OF COAL – ANTHRACITE

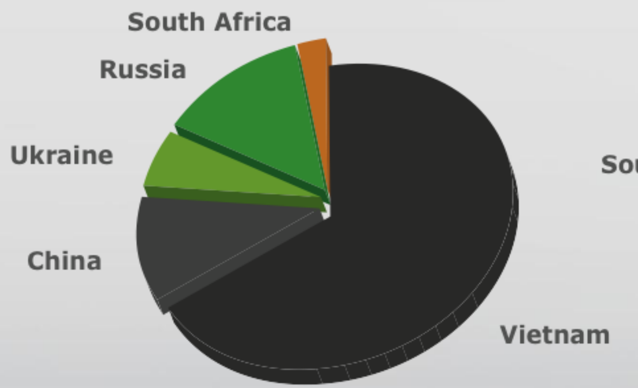


ANTHRACITE MARKET AND OUTLOOK

- Demand driven by the metal refining industry
- Relatively inelastic – no price-competitive substitutes
- Constrained supply from major producers (Vietnam, Russia)

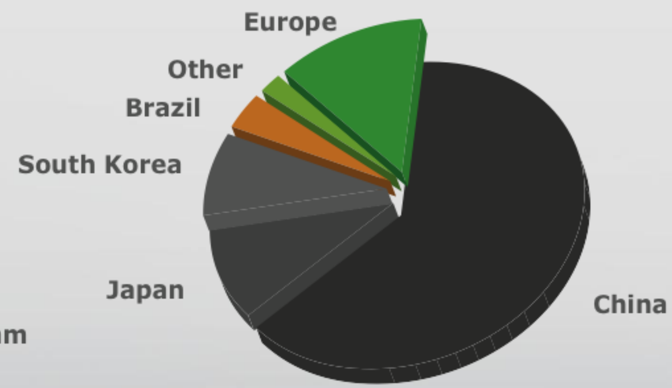
Asian supply growth likely to be constrained

Supply of seaborne anthracite (50 million tonnes p.a.)



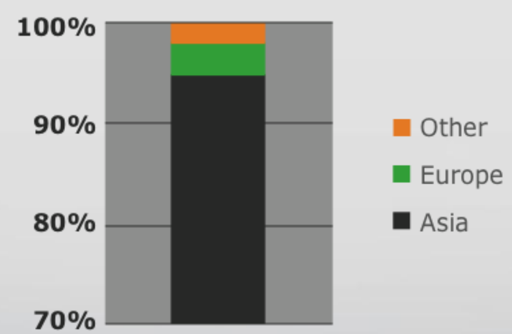
Supply

Asia dominates demand for anthracite - Asian imports: 83% of total



Demand

Asia accounts for 95% of demand growth



*** Demand and growth of seaborne anthracite**

Source: resource-net