



ASX Code: ZYL

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Company Announcements Office
Australian Securities Exchange
Level 4 Exchange Centre
20 Bridge Street
Sydney NSW 2000



Significant Coal Intersections at the Kangwane Anthracite Project

Highlights:

- Initial drilling program at the Kangwane Anthracite Project encounters significant coal intersections
- 39 coal boreholes, totalling approximately 3,500 metres have been completed (awaiting intersection data on 10 boreholes)
- 3,000 metre additional drilling program is planned to commence during June 2011 following completion of the aerial geomagnetic survey
- Significant Coal Intersections include:

Potential Open-cut Coal Intersections -

- 3.52m seam from 26.42 metres to 29.94 metres (SYT001P)
- 4.92m seam from 29.95 metres to 34.87 metres (SYT001P)
- 9.74m seam from 11.28 metres to 21.02 metres (SYT003P)
- 8.68m seam from 48.85 metres to 57.53 metres (SY012P)
- 10.18m seam from 41.34 metres to 51.52 metres (SY016P)

Potential Underground Coal Intersections -

- 11.11m seam from 137.57 metres to 148.68 metres (SYT007P)
 - 5.64m seam from 149.23 metres to 154.87 metres (SY017P)
 - 7.23m seam from 153.11 metres to 160.34 metres (SY018P)
- 124 samples have been submitted for analysis

The Directors of emerging metallurgical coal producer, ZYL Limited (**ZYL** or the **Company**) are pleased to announce the successful completion the initial drilling program at the Kangwane Anthracite Project. The program comprised of 39 coal boreholes, totalling approximately 3,500 metres.

The Company has received the drilling intersection results for 29 coal boreholes and is awaiting data for the remaining 10 coal boreholes.

Corporate Office

1306 Hay Street,
West Perth, 6005
Australia

PO Box 255,
West Perth 6872
Australia

T +61 (8) 9486 4036

F +61 (8) 9486 4799

E info@zylimited.com.au

www.zylimited.com.au

The drilling program was designed to prove up existing exploration results, **increase the global resource base and to delineate Proven and Probable Reserves at Kangwane**. The focus of the program is to confirm and expand upon existing areas identified for potential open-cut mining operations.

Significant coal intersections at the Kangwane Project include:

Potential Open-cut Coal Intersections

- **3.52m seam** from 26.42 metres to 29.94 metres (*SYT001P*)
- **4.92m seam** from 29.95 metres to 34.87 metres (*SYT001P*)
- **9.74m seam** from 11.28 metres to 21.02 metres (*SYT003P*)
- **4.60m seam** from 33.55 metres to 38.15 metres (*SYT005P*)
- **3.99m seam** from 54.73 metres to 58.72 metres (*SYT009PM*)
- **3.43m seam** from 45.50 metres to 48.93 metres (*SYT010P*)
- **8.68m seam** from 48.85 metres to 57.53 metres (*SY012P*)
- **10.18m seam** from 41.34 metres to 51.52 metres (*SY016P*)
- **4.65m seam** from 71.73 metres to 76.38 metres (*SY019PM*)

Potential Underground Coal Intersections –

- **11.11m seam** from 137.57 metres to 148.68 metres (*SYT007P*)
- **4.51m seam** from 126.37 metres to 130.88 metres (*SYT008P*)
- **5.64m seam** from 149.23 metres to 154.87 metres (*SY017P*)
- **7.23m seam** from 153.11 metres to 160.34 metres (*SY018P*)

The coal is known to outcrop and subcrop on the western flank of the Kangwane Project tenement area with a gradual dip of 6° to the east. A deeper exploratory hole drilled approximately 300m to the east of the outcrop intersected an individual coal seam at 80m with a measured seam thickness of 6m.

The drilling completed to date confirms the near surface nature of the coal present, supporting the decision to focus the Bankable Feasibility Study (**BFS**) on the proposed North Open-pit Mining Area and the proposed South Open-pit Mining Area.

An extended drilling program of approximately 3,000 metres is planned to be completed at the Kangwane Project, commensurate with an aerial geomagnetic flyover. The primary purpose of this survey is to identify the main lithological structures, with magnetic signatures, that may be important to the development of the project and to identify alterations in the lithological sequence which may be of significance.

Sampling of the boreholes on the Kangwane Project was completed by Midlabs in Middleburg, Mpumalanga Province. All drill cores were split during sampling and 124 samples have been submitted for analysis of relative density, moisture, ash, volatile matter, total sulphur, calorific value and float and sink at 1.4, 1.5, 1.6, 1.7 and 1.8 densities.

ZYL will update shareholders once the results are known.

Depicted below are photographs of the cores of the intersected coal seams from borehole SY029P and borehole SY017P:



Photo 1: Recovered core from coal borehole SY029P at the Kangwane Project



Photo 2: Recovered core from coal borehole SY017P at the Kangwane Project

For further information regarding the Company, please contact the Company on +61 8 9486 4036 or refer to www.zyllimited.com.au

Yours faithfully,

Dr Eric Lilford
 Managing Director
ZYL LIMITED

Competent Persons Statement:

Information in this announcement 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.

Important Information - Mineral Exploration Targets:

It should be noted that the reporting of conceptual exploration targets is carried out in accordance with Clause 18 of the December 2004 JORC Code which permits the reporting of exploration target size and type with strict conditions, these being stated by the Australasian Joint Ore Reserves Committee (JORC) as:

"Any such information relating to exploration targets must be expressed so that it cannot be misrepresented or misconstrued as an estimate of Mineral Resources or Ore Reserves. The terms Resource(s) or Reserve(s) must not be used in this context. Any statement referring to potential quantity and grade of the target must be expressed as ranges and must include (1) a detailed explanation of the basis for the statement, and (2) a proximate statement that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource on the property and that it is uncertain if further exploration will result in discovery of a Mineral Resource on the property."

Kangwane Anthracite Project

Drill Hole Summary



Borehole	Y	X	Z	NQ m	TNW m	Final Depth	From	To	Width	Seams
SYT001P	-83233.742	2837921.372	193.628				18.28	19.23	0.95	1
							26.42	29.94	3.52	2
							29.95	34.87	4.92	3
							51.75	51.75		
SYT002P	-83050.371	2838509.093	190.235				14.64	15.40	0.76	1
							17.46	18.17	0.71	2
							28.82	28.82		
SYT003P	-83013.690	2838903.468	191.676				11.28	21.02	9.74	1
							23.15	24.13	0.98	2
							29.40	29.40		
SYT004P	-82823.975	2839351.663	200.349							No Coal
						133.47	133.47			
SYT005P	-82946.625	2839730.523	203.520				25.21	27.64	2.43	1
							31.84	32.14	0.30	2
							33.55	38.15	4.60	3
							46.03	47.86	1.83	4
							48.19	48.92	0.73	5
							51.6	52.18	0.58	6
						75.98	75.98			
SYT006P	-82957.178	2840635.220	216.848				35.8	36.29	0.49	1
							75.55	76.59	1.04	2
						96.34	96.34			
SYT007P	-83143.994	2841615.680	226.398				21.22	22.87	1.65	1
							30.42	30.58	0.16	2
							47.35	48.62	1.27	3
							60.64	61.13	0.49	4
							76.22	76.61	0.39	5
							80.94	81.46	0.52	6
							83.34	83.50	0.16	7
							85.35	85.56	0.21	8
							96.75	97.17	0.42	9
							102.01	103.02	1.01	10
							114.78	115.9	1.12	11
							116.94	118.07	1.13	12
							120.87	121.44	0.57	13
							130.29	131.03	0.74	14
							132.41	134.83	2.42	15
							137.57	148.68	11.11	16
							154.14	154.54	0.4	17
				150.00	22.38	172.38				

Borehole	Y	X	Z	NQ m	TNW m	Final Depth	From	To	Width	Seams
SYT008P	-83016.666	2842517.501	227.283				36.40	36.89	0.49	1
							77.75	78.34	0.59	2
							84.33	85.44	1.11	3
							103.71	106.17	2.46	4
							125.25	126.01	0.76	5
							126.37	130.88	4.51	6
							131.55	132.40	0.85	7
							132.50	132.86	0.36	8
							137.94	138.58	0.64	9
					181.8	181.8				
SYT009PM	-82306.460	2839984.841	217.335				43.04	43.75	0.71	1
							47.12	47.92	0.8	2
							53.47	54.55	1.08	3
							54.73	58.72	3.99	4
							59.25	59.83	0.58	5
							62.19	62.65	0.46	6
					83.89	83.89				
SYT010P	-81710.069	2842714.849	233.529				39.63	39.98	0.35	1
							45.50	48.93	3.43	2
					77.78	77.78				
SY011P	-82371.716	2838058.201	195.027							No Coal
					40.52	40.52				
SY012P	-83695.000	2838106.000					23.99	24.66	0.67	1
							25.53	25.87	0.34	2
							29.22	29.64	0.42	3
							32.39	32.56	0.17	4
							34.85	34.98	0.13	5
							36.33	36.61	0.28	6
							48.85	57.53	8.68	7
					60.84	60.84				
SY012PM	-84221.322	2838352.427	197.767							No Coal
					98.65	98.65				
SY013P	-82543.117	2838746.671	201.507							No Coal
					40.12	40.12				
SY014P	-83495.479	2838669.400	193.858				62.56	63.58	1.02	1
							69.95	70.90	0.95	2
							74.60	75.40	0.80	3
							77.10	78.90	1.80	4
							82.50	83.00	0.50	5
							89.25	90.25	1.00	6
					98.50	98.50				
SY015P	-83332.904	2839360.626	199.982				26.01	26.38	0.37	1
							47.28	47.86	0.58	2
					55.92	55.92				
SY016P	-82840.919	2839501.658	202.399				25.08	26.07	0.99	1
							35.57	36.98	1.41	2
							38.94	39.76	0.82	3
							41.34	51.52	10.18	4
							54.81	55.87	1.06	5
					67.26	67.26				

Borehole	Y	X	Z	NQ m	TNW m	Final Depth	From	To	Width	Seams
SY017P	-83235.513	2841888.801	222.610				33.82	35.00	1.18	1
							59.89	60.84	0.95	2
							72.73	73.29	0.56	3
							88.04	88.41	0.37	4
							109.22	109.76	0.54	5
							115.18	116.38	1.2	6
							131.82	133.21	1.39	7
							137.75	139.00	1.25	8
							144.00	144.57	0.57	9
							147.74	149.13	1.39	10
							149.23	154.87	5.64	11
							159.53	160.05	0.52	12
			187.72	187.72						
SY018P	Awaiting final co-ordinates					61.93	62.87	0.94	1	
						74.56	75.00	0.44	2	
						149.39	151.86	2.47	3	
						153.11	160.34	7.23	4	
			161.25	161.25						
SY019PM	-82099.899	2841260.209	234.964				39.42	40.48	1.06	1
							48.84	50.00	1.16	2
							71.73	76.38	4.65	3
			119.20	119.20						
SY020P	-82517.492	2842266.828	236.303				No Coal			
SY020PM	Awaiting final co-ordinates									No Coal
SY021PM	-82381.906	2842777.316	238.473				46.50	47.07	0.57	1
							53.09	53.98	0.89	2
							63.24	63.78	0.54	3
							75.21	75.76	0.55	4
			107.2	107.2						

Borehole	Y	X	Z	NQ m	TNW m	Final Depth	From	To	Width	Seams
SY022P	-83518.965	2838291.639	192.876							Awaiting Data
SY023P	-82416.031	2839275.488	202.711							No Coal
					32.63	32.63				
SY024P	-83105.118	2840185.534	209.408							In Progress
SY025P	-81713.140	2843323.056	235.998							Awaiting Data
SY026P	-81483.807	2844860.929	240.520							Awaiting Data
SY027P	-82230.620	2844703.777	246.133							Awaiting Data
SY028P	-81548.780	2845412.869	247.394							Awaiting Data
SY029PM	-82069.282	2840979.290	233.299				40.68	41.83	1.15	1
							50.14	51.53	1.39	2
							52.20	52.67	0.47	3
							53.95	57.79	3.84	4
							57.90	60.02	2.12	5
					89.13	89.13				
SY030PM	-81964.237	2843694.760	241.982							In Progress
SY031PM	-81870.199	2845182.094	247.949							In Progress
SY032PM	-81340.150	2842903.269	228.324							No Coal
					32.86	32.86				
SY033PM	-81382.639	2843730.369	233.859							No Coal
					52.61	52.61				
SY034P	-82355.924	2845471.881	244.800							Awaiting Data
SY035P	-82767.662	2840537.602	215.262							In Progress
SY036P	-82820.909	2841291.759	228.284							Awaiting Data
SY037PM	-81820.134	2841871.031	232.293				39.22	40.04	0.82	1
							48.14	49.60	1.46	2
							50.95	51.30	0.35	3
							52.10	52.85	0.75	4
							53.06	53.68	0.62	5
							57.07	57.41	0.34	6
					89.12	89.12				
SY038P	-81715.793	2844370.813	240.833							Awaiting Data
SY039P	-81544.023	2842365.095	226.210							Awaiting Data
SY040P	-83559.415	2840476.864	222.346							Awaiting Data

Kangwane - Project Highlights

- Potential Production within 2 years from the commencement of the BFS – 1 year BFS and 1 year construction
- Existing **JORC Compliant Resources of 114Mt** including an export quality **Measured resource of 21.4Mt** determined by independent geologists

Coal Resource Estimate Statement (JORC Code and SAMREC Compliant)	
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

- **Exploration Target of 400Mt to 450Mt¹** at an expected calorific value range of **6,635 kcal to 6,712 kcal**
- Comprehensive drilling database of **149 diamond drill holes** for a total of 18,567 metres over 33km strike length
- **Coal seam widths between 4m and 6m**, dipping to the East at 6°
- Coal is known to sub-crop on the western side and has been measured to dip gently at 6° to 7° to the east
- Focus on **open-cut areas to the north and south**
- Opportunity to extend mining to an underground regime once the open-cut areas have been economically depleted
- 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
- 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
- Highly **experienced Management Team**

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.