



ASX Code: ZYL



31 May 2011

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

Aerial Geomagnetic Survey Commences at Kangwane

Highlights:

- ZYL has mobilised a helicopter at the Kangwane Anthracite Project to commence an aerial geomagnetic survey
- The aerial survey will cover approximately 417 line-km over the Kangwane Project and will extend to the north of Kangwane covering an additional area of approximately 283 line-km
- 3,000 metre additional drilling program is planned following completion of the aerial geomagnetic survey
- The aerial geomagnetic survey will provide a more detailed understanding of the structural geology, associated features and the dip and depth of the anthracite coal seams
- This work forms part of the Bankable Feasibility Study (BFS) for the Kangwane Project expected to be completed in the final quarter of 2011

The Directors of emerging metallurgical coal producer ZYL Limited (**ZYL** or the **Company**) are pleased to announce that the Company has mobilised a helicopter at the Kangwane Anthracite Project (**Kangwane Project**) to complete a comprehensive aerial geomagnetic survey.

The aerial geomagnetic survey will cover an area of approximately 417 line-km across the Kangwane Project and will be extended to the north of the Kangwane Project to cover an additional area of approximately 283 line-km.

Completion of the aerial geomagnetic survey will provide a more detailed understanding of the structural geology, associated features and the dip and depth of the anthracite coal seams. The survey is expected to be completed by 30 June 2011 and forms part of the Bankable Feasibility Study (BFS) for the Kangwane Project which is expected to be completed in the final quarter of 2011.

The Company is also working with Independent BFS Managers, SRK Consulting, to plan an additional 3,000m drilling program designed to extend the resource area and move a significant portion of the anthracite tonnes into the Measured and Indicated Resources categories.

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

Commenting on the progress of the BFS and the commencement of the aerial geomagnetic survey, Managing Director Dr Eric Lilford stated that:

“We are satisfied with the progress that SRK has made with the BFS. The seam intersections that have been encountered in recent drilling reinforce our belief that the Kangwane Project can be developed into a world-class anthracite project. The aerial geomagnetic survey will complement the existing drilling and enable us to further our understanding of the geology of the Kangwane Project area. The extension of the program north of Kangwane will enhance our understanding of the structural geology within surrounding areas allowing us to capitalise on additional opportunities.”

The Company is also expecting to receive the laboratory results from the recently completed drilling program over the coming weeks. The Company looks forward to updating shareholders on the washability and proximate analysis as results are received.

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.

About ZYL Limited

ZYL Limited is an ASX listed coal mining and development company operating in South Africa. The Company’s key project, the Kangwane Anthracite Project, is an advanced stage high quality metallurgical coal project located in the Mpumalanga province of South Africa.

The Kangwane Project is well located in close proximity to key infrastructure and coal mining support services and presents the Company with the opportunity to take advantage of both the internal markets of South Africa and the export markets through the use of the Maputo Terminal at the Matola Port in Mozambique.

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.