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27 June 2011

Company Announcement Office
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20 Bridge Street
Sydney NSW 2000

ZYL Receives Section 11 Approval from DMR for the Transfer of Prospecting Right

The Directors of emerging metallurgical coal producer ZYL Limited (**ZYL** or the **Company**) wish to advise that the Acting Deputy Director-General of the Department of Mineral Resources (**DMR**) in South Africa has granted consent to the transfer of the Prospecting Right from Siyanda Resources (Pty) Ltd to Main Street 800 (Pty) Ltd in accordance with Section 11 of the Minerals and Petroleum Resources Development Act (**MPRDA**).

The consent satisfies one of the most critical conditions precedent to the Definitive Agreements and provides a defined path for the ongoing exploration and development of the Kangwane Project. The Bankable Feasibility Study is progressing and the company is embarking upon potential construction and commissioning of a mine at the Kangwane Project.

Should you have any questions or should you wish to discuss any aspect of this letter please do not hesitate to contact the undersigned on +61 8 9486 4036.

Regards,

Dr Eric Lilford
Managing Director
ZYL Limited

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.