



## **Great anthracite assets: now it's about execution**

Ian Benning, Chief Executive Officer  
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## **Competent person statement**

Information in this report that relates to exploration results, minerals resources or ore reserves is based on information compiled by: Mr Dawie van Wyk in respect of Kangwane Central, Kangwane South and Mbila; Mr Petrus Meyer in respect of Kangwane Central; and Mrs Liz de Klerk in respect of Mbila. Messrs van Wyk and Meyer and Mrs de Klerk are consultants to the Company. Mr van Wyk is a member and fellow of the Geological Society of South Africa and South African Council for Natural Scientific Professions, both Recognised Overseas Professional Organisations. Mr Meyer is a member of the Geological Society of South Africa. Mrs de Klerk is a member and on the council of the Geological Society of South Africa. Messrs van Wyk and Meyer and Mrs de Klerk have sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australian Code of Reporting of Exploration, Mineral Resources and Ore Reserves'. Messrs van Wyk and Meyer and Mrs de Klerk consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

# ZYL: all about anthracite



# Anthracite: what is it?

- The most altered form of coal – highest ranking
- Low in volatiles and impurities, clean burning
- Highest level of fixed carbon (up to 98%)
- Purity and carbon content make it unique
- It's scarce
- Sought after by South African ferro-alloy, mineral sands industries
- In demand globally as a coke substitute

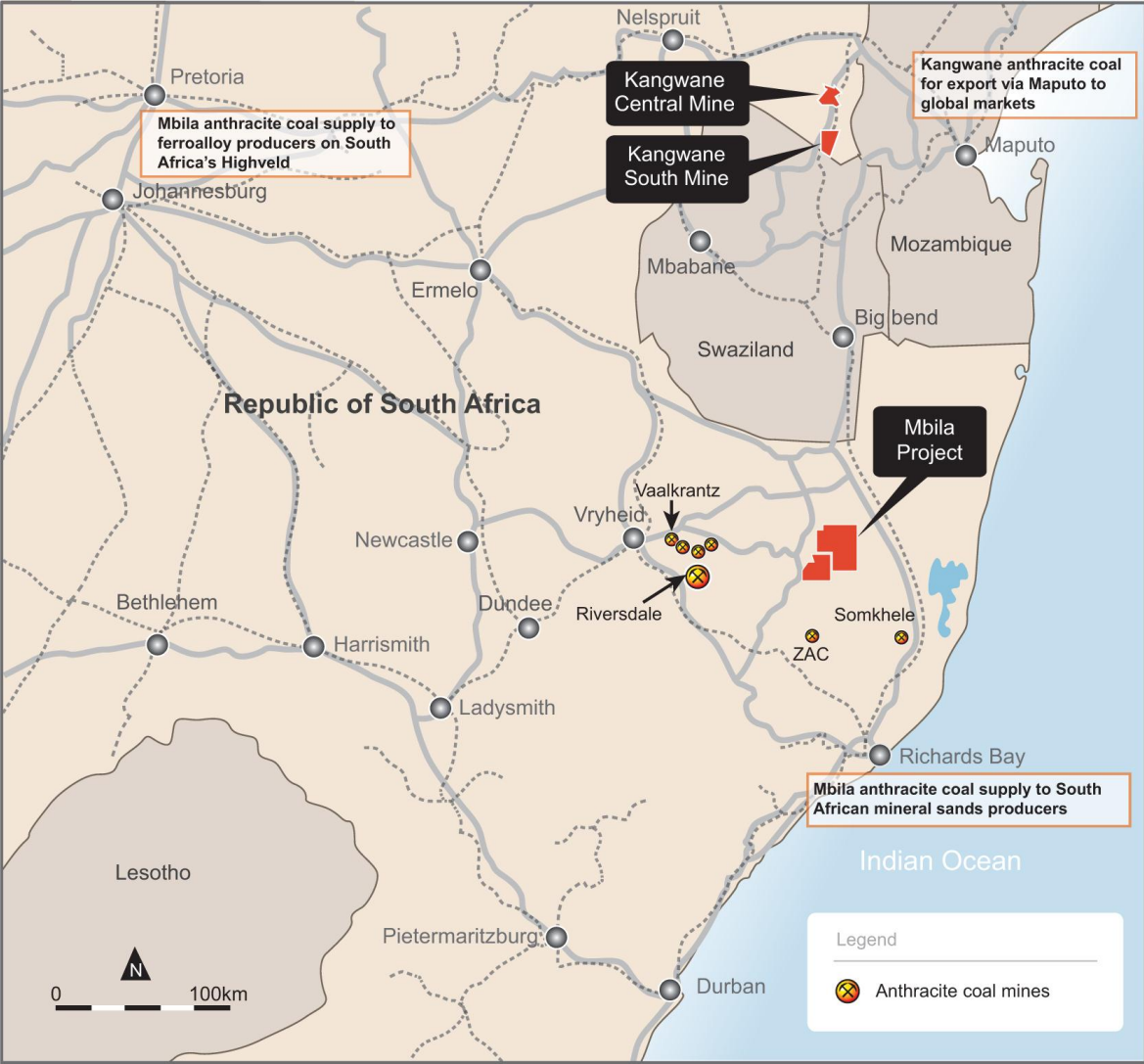


# ZYL corporate strategy

- Strategic focus
  - metallurgical coals – anthracite currently
  - exploration
    - greenfield/brownfield targets
    - shift up value chain
    - bring to operational phase
- Geographic
  - where economically feasible resource base resides
  - current focus: South Africa
    - Mbila Project
    - Kangwane Project
- Exploit domestic and global export markets



# Location: Mbila, Kangwane anthracite projects



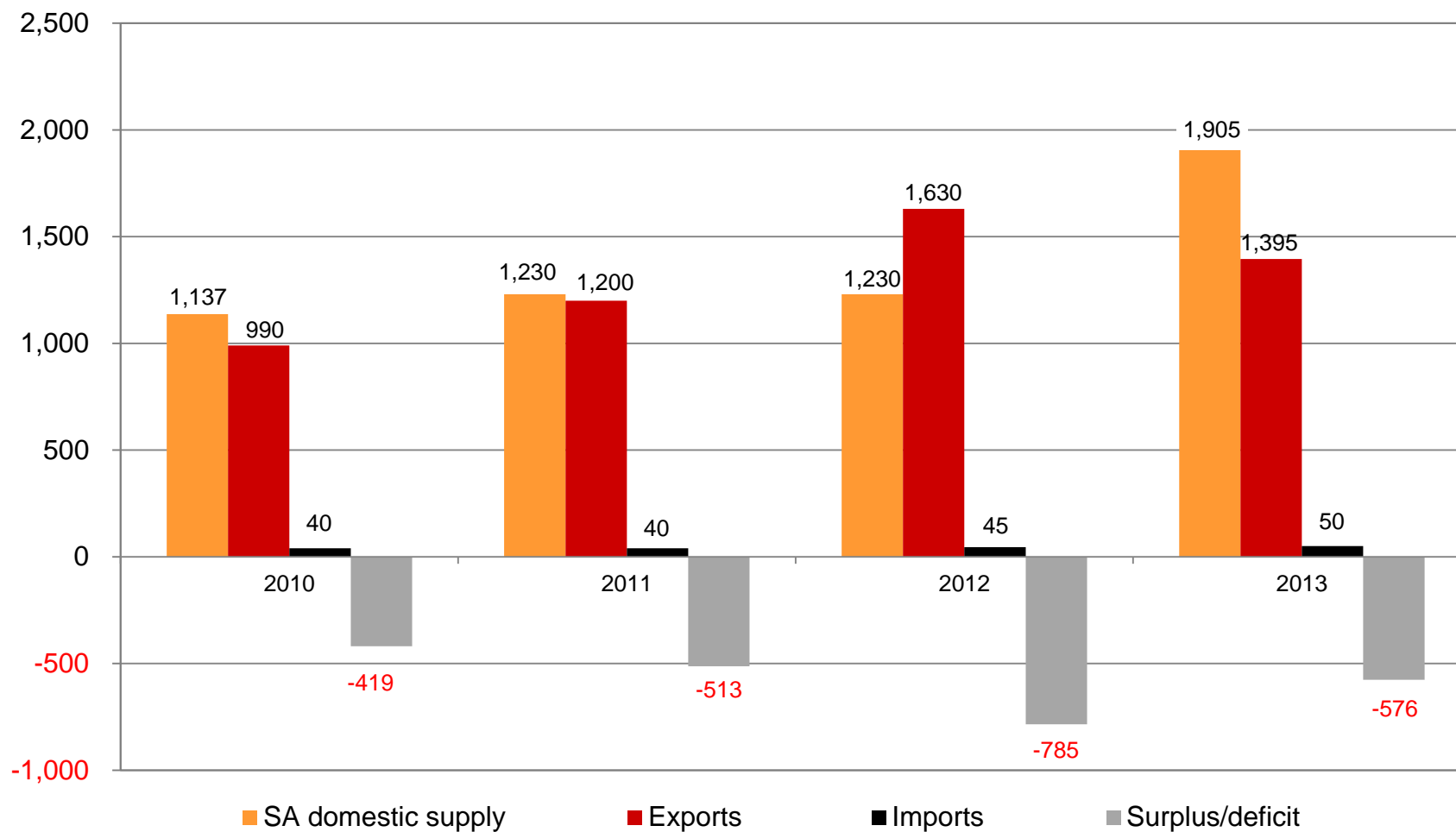
# 361Mt total coal resource



		Total JORC-compliant coal resource
		GTIS (Mt)
Mbila Project	Measured	24.8
	Indicated	67.1
	Inferred	32.8
<b>Total</b>		<b>124.7</b>
Kangwane Central	Measured	-
	Indicated	54.4
	Inferred	81.8
<b>Total</b>		<b>136.3</b>
Kangwane South	Measured	-
	Indicated	73.9
	Inferred	25.8
<b>Total</b>		<b>99.7</b>

# Anthracite: South African market

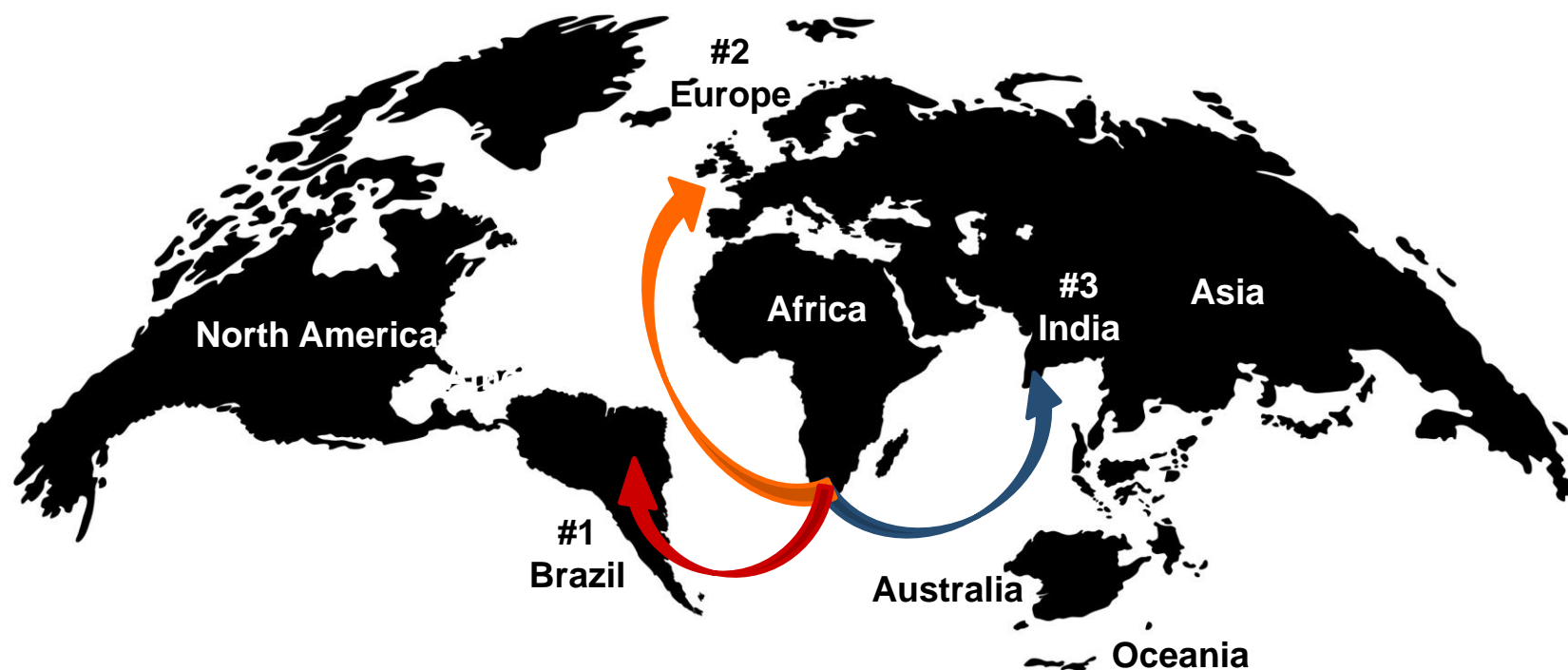
SA domestic supply vs imports vs exports



Source: Estimates Mineral Technologies International 2011

# Major anthracite export markets

- Estimated global supply shortfall by 2015: 21.7Mt
- SA export market dominated by Brazil, Europe, India
- Kangwane anthracite – characteristics particularly well suited to Brazilian market



# Asset profiles, development progress

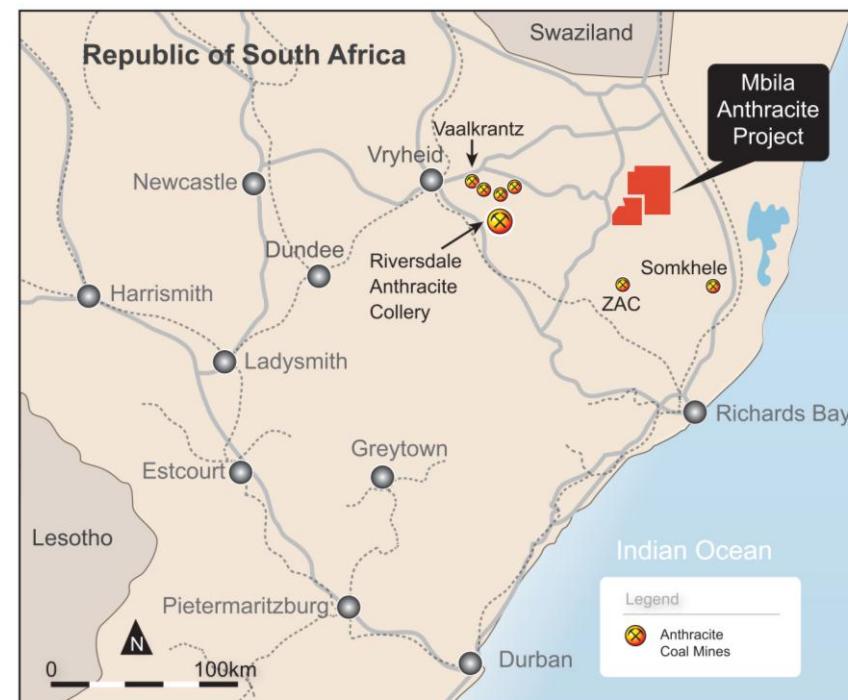


- Mbila
- Kangwane



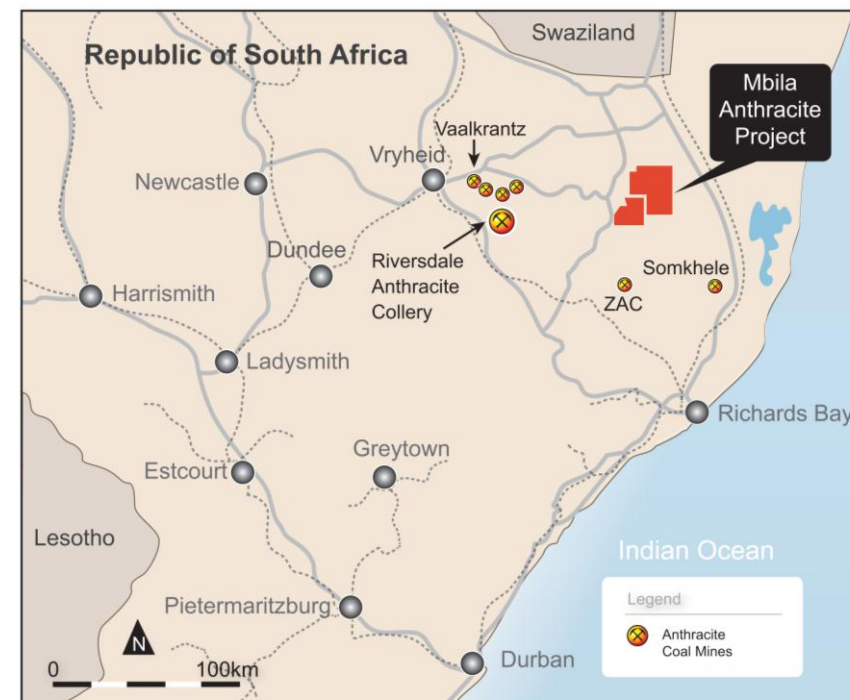
# Mbila

- ZYL (44%); right to earn up to 74%
- High-grade anthracite product
  - EOIs received for 2.3Mtpa
    - some from commodity traders with port access
    - include intent to negotiate advance payment to facilitate production
  - potential for mine gate sales
- **Mbila**
  - 125Mt JORC-compliant resource
  - production rate:
    - Phase 1: 840ktpa ROM
    - Phase 2: 1.5Mtpa ROM
  - road and rail access to Richards Bay and Durban
  - export capacity available at Richards Bay and Durban
  - further infill drilling programme has started
- **Msebe**
  - New Order Prospecting Right over 53 000ha



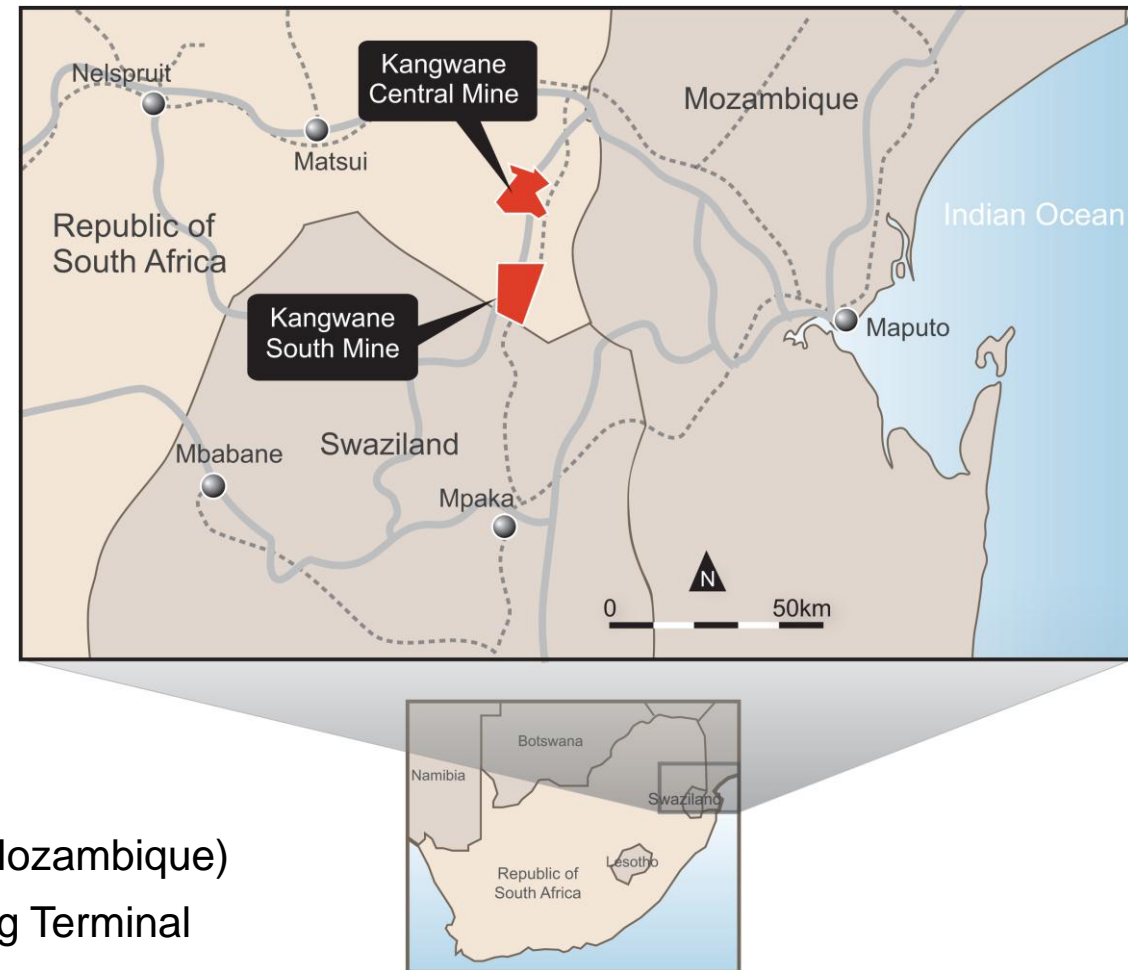
# Mbila: interim feasibility study (IFS) released

- Capex (ZYL portion):
  - owner-operated AU\$37.4m to full production
  - option for contract mining estimated at AU\$22m
- Average operating cost: AU\$52/saleable tonne
- Indicative sales price: AU\$112 - AU\$135 at mine gate
- Phase 1 of production
  - 840 000tpa ROM
  - 580 000 saleable tonnes
  - final DFS due Q2 2012
- Open pit and underground mining flexibility
- New Order Mining Right, Social and Labour Plan (SLP) and Environmental Management Programme (EMP) approved



# Kangwane

- Pre-feasibility study proves viability
  - capex: AU\$58m (ZYL portion)
  - production rate:
    - 1.8Mtpa ROM
    - 1.2Mtpa saleable
- Feasibility study due 2012
- Export focus
  - EOIs received for 1.7Mtpa
    - from commodity traders with port access
    - include intent to negotiate advance payment to facilitate production
  - rail siding on site
  - well located for trucking to Maputo Port (Mozambique)
  - capacity available at Maputo Bulk Handling Terminal
- Kangwane South
  - Mining Right application submitted



# Share data

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Current share price	AU\$0.25
Market capitalisation	AU\$122m
Shares in issue	488 535 899
Number of shareholders	2 873
Major shareholders	Macquarie Bank (8.13%) Sin-Tang Development Pte Ltd (5.48%) (All other shareholdings <4%)
Cash at bank	AU\$26.6m

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Great anthracite assets....

Now, it's about **execution**



# Annexure A: Mbila project coal qualities



<b>Mbila project – washed</b>			
	<b>Ecca Seam</b>	<b>Beaufort primary product</b>	<b>Beaufort secondary product</b>
Coal classification	High Rank B anthracite	High Rank C anthracite	Mid Rank anthracite
Yield %	64.3	51.2	17.3
Phosphorus %	0.008	0.012	-
Ash content %	9.7	14.9	22.0
Inherent moisture %	2.1	1.1	1.0
Volatile matter %	5.1	5.8	5.5
Fixed carbon %	83.1	78.2	71.4
Gross calorific value MJ/kg	31.58	29.45	25.38
Total sulphur %	1.04	0.65	0.84

# Annexure B: Kangwane Central coal qualities



Kangwane Central – washed		
	@ 20% ash	@ 16% ash
Yield %	79.34	66.36
Ash content %	17.78	15.46
Inherent moisture %	2.43	2.40
Volatile matter %	6.35	6.17
Fixed carbon %	74.32	76.80
Gross calorific value MJ/kg	27.74	28.70
Total sulphur %	0.62	0.61

# Annexure C: Kangwane South coal qualities



<b>Kangwane South – washed @ 20%</b>		
	<b>Seams 5 &amp; 6</b>	<b>Seam 3</b>
Yield %	45.33	60.57
Ash content %	20.00	20.00
Inherent moisture %	3.46	3.45
Volatile matter %	8.54	7.49
Fixed carbon %	68.00	69.06
Gross calorific value MJ/kg	26.82	26.88
Total sulphur %	0.75	1.05

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