

**ASX RELEASE
3 April 2012**

Notice of General Meeting

ZYL Limited ("ZYL" or the "Company") (**ASX: ZYL**) gives notice that the General Meeting previously postponed has been rescheduled for 10.00am (Perth time) on Wednesday, 2 May 2012 at The Melbourne Hotel, 942 Hay Street, Perth, Western Australia for the purpose of transacting the business set out in this Notice.

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About ZYL Limited

ZYL Limited is listed on the Australian Securities Exchange (ASX) and aims to become one of the world's leading anthracite coal producers. The mission of ZYL is to develop high-margin metallurgical coal deposits for domestic and export markets. Flagship projects are the Mbila and Kangwane projects in South Africa, located close to rail, port, power and water infrastructure.

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ZYL LIMITED

ACN 008 720 223

**NOTICE OF POSTPONEMENT OF GENERAL MEETING
SCHEDULED TO BE HELD ON 20 FEBRUARY 2012**

TIME: 10.00 am (WST)

DATE: 2 May 2012

PLACE: The Melbourne Hotel
942 Hay Street,
Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9486 4036.

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IMPORTANT INFORMATION

POSTPONEMENT OF GENERAL MEETING TO BE HELD ON 20 FEBRUARY 2012

As announced on 17 February 2012, the general meeting of the Shareholders scheduled to be held on 20 February 2012 has been postponed. The general meeting has now been scheduled for 10.00am (WST) on 2 May 2012.

This Notice contains updated information and resolutions, as disclosed in the Original Notice.

In summary the amendments concern the following:

- (a) the Board is no longer seeking to amend the Plan. Accordingly, Resolution 1 as set out in the Original Notice has been removed;
- (b) the vesting conditions attaching to the Plan Shares to be issued to Messrs Ian Benning, Phillipe Lalieu and Bevan Tarratt have been amended;
- (c) the number of Plan Shares to be issued to Mr Bevan Tarratt pursuant to Resolution 4 has been reduced (from 9,000,000 to 6,000,000); and
- (d) the terms on which the Plan Shares issued to Mr Ian Benning on 5 August 2011 (**Benning Plan Shares**) will no longer be amended. On this basis, Resolution 5 as set out in the Original Notice has been removed.

TIME AND PLACE OF MEETING

Notice is given that the general meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00 am (WST) on 2 May 2012 at:

The Melbourne Hotel
942 Hay Street,
Perth, Western Australia

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 10.00 am (WST) (12.00pm Sydney time) on Monday, 30 April 2012.

VOTING IN PERSON

To vote in person, attend the General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and

- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ISSUE OF SHARES TO MR IAN BENNING UNDER THE EMPLOYEE SHARE PLAN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.14, Section 208 of the Corporations Act 2001 and for all other purposes, approval is given for the Directors to issue and allot up to 6,000,000 Plan Shares to Mr Ian Benning or his nominee under the Employee Share Plan on the terms and conditions set out in the Explanatory Statement".

Voting Exclusion: The Company will disregard any votes cast on this Resolution by all the Directors (except one who is ineligible to participate in the Employee Share Plan) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – ISSUE OF SHARES TO MR PHILLIPE LALIEU UNDER THE EMPLOYEE SHARE PLAN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.14, Section 208 of the Corporations Act 2001 and for all other purposes, approval is given for the Directors to issue and allot up to 6,000,000 Plan Shares to Mr Phillippe Lalieu or his nominee under the Employee Share Plan on the terms and conditions set out in the Explanatory Statement".

Voting Exclusion: The Company will disregard any votes cast on this Resolution by all the Directors (except one who is ineligible to participate in the Employee Share Plan) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

3. RESOLUTION 3 – ISSUE OF SHARES TO MR BEVAN TARRATT UNDER THE EMPLOYEE SHARE PLAN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14, Section 208 of the Corporations Act 2001 and for all other purposes, approval is given for the Directors to issue and allot up to 6,000,000 Plan Shares to Mr Bevan Tarratt or his nominee under the Employee Share Plan on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by all the Directors (except one who is ineligible to participate in the Employee Share Plan) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or

- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 30 MARCH 2012

BY ORDER OF THE BOARD

**MR NICHOLAS ONG
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. RESOLUTIONS 1 TO 3 – ISSUES OF SHARES TO DIRECTORS UNDER THE EMPLOYEE SHARE PLAN

1.1 Issue of Shares to Directors

The Company proposes to issue each of Mr Ian Benning, Mr Phillippe Lalieu and Mr Bevan Tarratt (**Related Parties**) Plan Shares pursuant to the Company's Employee Share Plan.

The Plan Shares proposed to be issued to the Related Parties will be issued upon receipt of Shareholder approval pursuant to the Resolutions contained in this Notice of Meeting, and will be subject to voluntary escrow restrictions until the relevant Related Party satisfies the relevant vesting conditions applicable to it. The vesting conditions are outlined in Section 1.1.1(a)) below. The Board considers it usual practice for the Related Parties' remuneration to have a salary cash component and an equity component.

Specifically, the Company proposes to issue, subject to the receipt of Shareholder approval, up to 6,000,000 Plan Shares to Mr Ian Benning (or his nominee), up to 6,000,000 Plan Shares to Mr Phillippe Lalieu (or his nominee) and up to 6,000,000 Plan Shares to Mr Bevan Tarratt, who are Directors of the Company, pursuant to the Plan with vesting conditions as detailed below:

- (a) a total of up to 18,000,000 Plan Shares to be issued as follows:
 - (i) up to 6,000,000 Plan Shares to be issued to Mr Ian Benning (or his nominee) immediately upon receipt of the Shareholder approval the subject of Resolution 1, which will be subject to voluntary escrow, until the following vesting conditions are satisfied:
 - (A) 180,000 Plan Shares upon an announcement to ASX of receipt of approval under Section 11 of the MPRDA in relation to the acquisition of the Mbila Project;
 - (B) 180,000 Plan Shares upon an announcement to ASX of the completion of the acquisition of at least a 44% interest in the Mbila Project;
 - (C) 450,000 Plan Shares upon an announcement to ASX of the completion of the bankable feasibility study at the Mbila Project;
 - (D) 390,000 Plan Shares upon an announcement to ASX of the completion of a successful capital raising to fund the construction and commissioning of a mining operation of at least 750kt per annum production via equity capital markets. The raising is to be completed at an issue price of not less than 80% of the VWAP;

- (E) 540,000 Plan Shares upon an announcement to ASX of the completion of a successful capital raising to fund the construction and commissioning of a mining operation of at least 750kt per annum production via debt instruments. The raising is to be completed on commercial rates and terms and conditions;
- (F) 720,000 Plan Shares upon the Company successfully obtaining all necessary regulatory approvals to allow for the development and exploration of anthracite from the Mbila Project;
- (G) 300,000 Plan Shares upon the Company announcing to the ASX that it has been able to secure a lease agreement with Spoornet for the designated railway siding;
- (H) 600,000 Plan Shares upon the Company announcing to the ASX that it has entered into binding agreements for the supply of an accumulative 500kt per annum of anthracite from the Mbila Project;
- (I) 600,000 Plan Shares upon the Company successfully executing all necessary agreements with the Community for commercial mining to occur on their land in respect of the Mbila Project;
- (J) 360,000 Plan Shares upon the Company announcing to ASX that it has entered into a contract for the construction of a mine capable of at least 750kt per annum production in the Mbila Project area;
- (K) 300,000 Plan Shares upon commencement of the construction of a mine capable of at least 750kt per annum production in the Mbila Project area;
- (L) 360,000 Plan Shares upon announcement to ASX of the completion of construction of the mine in the Mbila Project area and successful delivery of the first saleable production to the Company's customers;
- (M) 240,000 Plan Shares upon announcement to ASX of an upgrade of the Measured Resource at the Mbila Project to 35 million tonnes;
- (N) 360,000 Plan Shares upon announcement to ASX of the conclusion of the pre-feasibility study for Phase 2 of the Mbila Project;
- (O) 240,000 Plan Shares upon announcement to ASX of the granting of a mining right or approval pursuant to Section 120 of the MPRDA for the Company's Mesbe Block; and

- (P) 180,000 Plan Shares upon announcement to the ASX of the successful conclusion of Phase 1 of the Mbila Social and Labour Plant as submitted by the Company;
- (ii) up to 6,000,000 Plan Shares to be issued to Mr Phillippe Lalieu (or his nominee) immediately upon receipt of the Shareholder approval the subject of Resolution 2, which will be subject to voluntary escrow, until the following vesting conditions are satisfied:
- (A) 160,000 Plan Shares upon an announcement to ASX of receipt of approval under Section 11 of the MPRDA in relation to the acquisition of the Mbila Project;
 - (B) 160,000 Plan Shares upon an announcement to ASX of the completion of the acquisition of at least a 44% interest in the Mbila Project;
 - (C) 300,000 Plan Shares upon an announcement to ASX of the completion of the bankable feasibility study at the Mbila Project;
 - (D) 260,000 Plan Shares upon an announcement to ASX of the completion of a successful capital raising to fund the construction and commissioning of a mining operation of at least 750kt per annum production via equity capital markets. The raising is to be completed at an issue price of not less than 80% of the VWAP;
 - (E) 400,000 Plan Shares upon an announcement to ASX of the completion of a successful capital raising to fund the construction and commissioning of a mining operation of at least 750kt per annum production via debt instruments. The raising is to be completed on commercial rates and terms and conditions;
 - (F) 480,000 Plan Shares upon the Company successfully obtaining all necessary regulatory approvals to allow for the development and exploration of anthracite from the Mbila Project;
 - (G) 200,000 Plan Shares upon the Company announcing to the ASX that it has been able to secure a lease agreement with Spoornet for the designated railway siding;
 - (H) 400,000 Plan Shares upon the Company announcing to the ASX that it has entered into binding agreements for the supply of an accumulative 500kt per annum of anthracite from the Mbila Project;
 - (I) 400,000 Plan Shares upon the Company successfully executing all necessary agreements with the Community for commercial mining to occur on their land in respect of the Mbila Project;

- (J) 240,000 Plan Shares upon the Company announcing to ASX that it has entered into a contract for the construction of a mine capable of at least 750kt per annum production in the Mbila Project area;
- (K) 200,000 Plan Shares upon commencement of the construction of a mine capable of at least 750kt per annum production in the Mbila Project area;
- (L) 160,000 Plan Shares upon announcement to ASX of the completion of construction of the mine in the Mbila Project area and successful delivery of the first saleable production to customers;
- (M) 120,000 Plan Shares upon announcement to ASX of an upgrade of the Measured Resource at the Mbila Project to 35 million tonnes;
- (N) 240,000 Plan Shares upon announcement to ASX of the conclusion of the pre-feasibility study for Phase 2 of the Mbila Project;
- (O) 160,000 Plan Shares upon the announcement to ASX of the granting of a mining right or approval pursuant to Section 120 of the MPRDA for the Company's Mesbe Block;
- (P) 120,000 Plan Shares upon announcement to the ASX of the successful conclusion of Phase 1 of the Mbila Social and Labour Plant as submitted by the Company;
- (Q) 133,333 shares automatically vest upon achieving a market capitalisation of the Company in excess of \$200 million for 5 consecutive trading days;
- (R) 66,668 shares automatically vest upon announcing a total measured resource at Kangwane of not less than 40 million tonnes with similar specifications to those already identified;
- (S) 133,333 shares automatically vest upon announcing the completion of the acquisition of at least a 50.1% interest in the Manzolwandle Project area;
- (T) 133,333 shares will automatically vest upon announcing the completion of the bankable feasibility study at the Kangwane Project;
- (U) 200,000 shares will automatically vest upon the Company and its joint venture partners obtaining all necessary regulatory approvals (environmental, water use, land access, mining permit, etc) to allow for the development and exploitation of anthracite from the Kangwane Project;

- (V) 133,333 shares will automatically vest upon announcing that the Company has been able to secure a logistics solution to enable access to export entitlement;
 - (W) 133,333 shares will automatically vest upon the share price of the Company closing at above 50 cents per share for a consecutive 5 day period.
 - (X) 200,000 shares will automatically vest upon achieving a successful dual listing of the Company on the Johannesburg Stock Exchange and demonstrating a market capitalisation of at least ZAR1.5 billion for 5 consecutive days;
 - (Y) 333,333 shares will automatically vest upon announcing the completion of the bankable feasibility study at the Southern Anthracite Project;
 - (Z) 266,667 shares will automatically vest upon announcing of a resource upgrade at the Kangwane Project to 150Mt; and
 - (AA) 266,667 shares will automatically vest upon the execution of coal off-take agreements at Kangwane totalling a minimum of 1million tonnes per annum, excluding that for the power utility.
- (iii) up to 6,000,000 Plan Shares to be issued to Mr Bevan Tarratt (or his nominee) immediately upon receipt of the Shareholder approval the subject of Resolution 3, which will be subject to voluntary escrow, until the following vesting conditions are satisfied:
- (A) 240,000 Plan Shares upon an announcement to ASX of receipt of approval under Section 11 of the MPRDA in relation to the acquisition of the Mbila Project;
 - (B) 240,000 Plan Shares upon an announcement to ASX of the completion of the acquisition of at least a 44% interest in the Mbila Project;
 - (C) 450,000 Plan Shares upon an announcement to ASX of the completion of the bankable feasibility study at the Mbila Project;
 - (D) 600,000 Plan Shares upon an announcement to ASX of the completion of a successful capital raising to fund the construction and commissioning of a mining operation of at least 750kt per annum production via equity capital markets. The raising is to be completed at an issue price of not less than 80% of the VWAP;
 - (E) 450,000 Plan Shares upon an announcement to ASX of the completion of a successful capital raising to fund the construction and commissioning of a mining operation of at least 750kt per annum production via

debt instruments. The raising is to be completed on commercial rates and terms and conditions;

- (F) 660,000 Plan Shares upon the Company successfully obtaining all necessary regulatory approvals to allow for the development and exploration of anthracite from the Mbila Project;
- (G) 300,000 Plan Shares upon the Company announcing to the ASX that it has been able to secure a lease agreement with Spoornet for the designated railway siding;
- (H) 600,000 Plan Shares upon the Company announcing to the ASX that it has entered into binding agreements for the supply of an accumulative 500kt per annum of anthracite from the Mbila Project;
- (I) 600,000 Plan Shares upon the Company successfully executing all necessary agreements with the Community for commercial mining to occur on their land in respect of the Mbila Project;
- (J) 360,000 Plan Shares upon the Company announcing to ASX that it has entered into a contract for the construction of a mine capable of at least 750kt per annum production in the Mbila Project area;
- (K) 300,000 Plan Shares upon commencement of the construction of a mine capable of at least 750kt per annum production in the Mbila Project area;
- (L) 240,000 Plan Shares upon announcement to ASX of the completion of construction of the mine in the Mbila Project area and successful delivery of the first saleable production to customers;
- (M) 180,000 Plan Shares upon announcement to ASX of an upgrade of the Measured Resource at the Mbila Project to 35 million tonnes;
- (N) 360,000 Plan Shares upon announcement to ASX of the conclusion of the pre-feasibility study for Phase 2 of the Mbila Project;
- (O) 240,000 Plan Shares upon announcement to ASX of the grant of a mining right or approval pursuant to Section 120 of the MPRDA for the Company's Mesbe Block; and
- (P) 180,000 Plan Shares upon announcement to the ASX of the successful conclusion of Phase 1 of the Mbila Social and Labour Plant as submitted by the Company;

- (b) the vesting conditions must be satisfied within 3 years from the date of the General Meeting; and

- (c) if, any of the vesting conditions applicable to each Related Party are not satisfied within the time period specified in Section 2.1(b) above, then the Company will buy-back the Plan Shares which relate to the relevant vesting condition which is not satisfied from the relevant Related Party in accordance with the buy-back provisions in the Plan which are summarised in paragraph (h) in Schedule 1.

1.2 Previous Issue of Plan Shares

At the general meeting of the Company held on 30 September 2011 Shareholders resolved to issue up to 8,750,000 Plan Shares to Dr Eric Lilford (or his nominee), up to 3,250,000 Plan Shares to Mr Bevan Tarratt (or his nominee), up to 1,000,000 Plan Shares to Mr David Greenwood. The Board has resolved that it will no longer proceed with the issue of the Plan Shares to Dr Eric Lilford and Mr David Greenwood (or their nominees). As a result, the total number of Plan Shares issued to Directors under Listing Rule 10.14, is 6,250,000 (being the Plan Shares previously issued to Mr Bevan Tarratt and the Plan Shares previously issued to Mr Ian Benning on 5 August 2011).

1.3 Related Party Transaction

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

The grant of Plan Shares to Mr Ian Benning, Mr Phillippe Lalieu and Mr Bevan Tarratt under the Plan requires the Company to obtain Shareholder approval because this constitutes giving a financial benefit and, as Directors, Mr Ian Benning, Mr Phillippe Lalieu and Mr Bevan Tarratt are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue the Plan Shares to Mr Ian Benning, Mr Phillippe Lalieu and Mr Bevan Tarratt.

1.4 Technical Information Required by Sections 217 to 227 of the Corporations Act

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act, the following information is provided in relation to the proposed grant of Plan Shares pursuant to Resolutions 1 to 3:

- (a) the related parties are Mr Ian Benning, Mr Phillippe Lalieu and Mr Bevan Tarratt (**Related Parties**) and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Plan Shares (being the nature of the financial benefit being provided) to be granted to each Related Party is:

Related Party	Number of Plan Shares	Total Value of Plan Shares ¹
Mr Ian Benning	6,000,000	\$1,200,000
Mr Phillippe Lalieu	6,000,000	\$1,200,000
Mr Bevan Tarratt	6,000,000	\$1,200,000

¹ This is based on the value of the Shares set out in Section 2.4(c) below.

- (c) based on the closing trading price on the day before the date of this notice of \$0.20, the Plan Shares have a value of \$3,600,000 (assuming all Performance Milestones are met). The value of the Plan Shares attributed to each individual Related Party is set out above at Section 1.4(b). However, this value may fluctuate up or down as the Share price changes over time;
- (d) the Plan Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) in determining the number of Plan Shares to be issued to the Related Parties, consideration was given to the respective relevant experience and role of the Related Parties, their overall remuneration terms, and the terms of share packages granted to Directors of similar companies;
- (f) the Plan Shares will otherwise be issued on the terms and conditions set out in the Plan which have been summarised in Schedule 1.
- (g) the Plan Shares will be issued as part of the remuneration for Mr Ian Benning, Mr Phillippe Lalieu and Mr Bevan Tarratt in addition to the cash salary component of their remuneration and so will be issued for a nil issue price and accordingly, no funds will be raised;
- (h) as at the date of this Notice, each Related Party has a relevant interest in the following Company securities:

Related Party	Number of Shares	Number of Options	Plan Shares
Mr Ian Benning	3,000,000	Nil	3,000,000
Mr Phillippe Lalieu	Nil	Nil	Nil
Mr Bevan Tarratt ¹	4,769,444	1,500,000 ²	3,250,000

¹ These Share and Options are held indirectly through the Joe Dirt Super Pty Ltd <Joe Dirt Super A/C>.

² 500,000 options exercisable at 6 cents each on or before 30 September 2012 and 1,000,000 options exercisable at 10 cents each on or before 30 September 2012.

- (i) the remuneration and emoluments paid (or to be paid) by the Company to each of the Related Parties for the last financial year and current financial year (inclusive of superannuation) is as follows;

Related Party	Financial Year ended 30 June 2011	Financial Year ended 30 June 2012 (to date)
Mr Ian Benning	Nil	\$262,500
Mr Phillipe Lalieu	Nil	\$225,000
Mr Bevan Tarratt	Nil	\$262,500

- (j) if Shareholders approve the issue of the Plan Shares to the Related Parties, the effect will be to dilute the shareholding of existing Shareholders by approximately 3.6% on an undiluted basis, comprising 1.23% by Mr Ian Benning, 1.23% by Mr Phillipe Lalieu and 1.23% by Mr Bevan Tarratt (based on 488,535,899 Shares being currently on issue);
- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	Price	Date
Highest	\$0.27	20 January 2012
Lowest	\$0.10	17 March 2011, 18 March 2011, 30 March 2011 and 31 March 2011
Last	\$0.20	23 March 2012

- (l) the primary purpose of the grant of the Plan Shares to Mr Ian Benning, Mr Phillipe Lalieu and Mr Bevan Tarratt, is to provide a market linked incentive package for the future performance and cost effective consideration for their ongoing commitment and contribution to the Company in their respective roles as Directors.

The Board (other than each individual Director when considering that individual Directors' experience) considered the extensive experience and reputation of each Director within the mining and resources industry, the current market price of Shares and current market practices when determining the number Shares to be issued to each Director. In addition, the Board considers the issue of the Plan Shares to each individual Director to be reasonable, given the necessity to attract the highest calibre of professionals to the Company whilst maintaining the Company's cash reserves. If the Plan Shares are not issued, the Company could remunerate the Directors for additional amounts. However, the Board considers it reasonable for the remuneration each

of the Directors to have a cash component and an equity component to further align the Related Parties' interests with Shareholders and maintain a strong cash position for the Company.

As outlined above, there are alternate options available in respect of the grant of the Shares in respect of remunerating the executive Directors. Accordingly, Shareholders should consider the above matters carefully before deciding how to vote on these Resolutions. The Board does not consider that there are any significant opportunity costs to Company or benefits foregone by the Company in issuing the Plan Shares to the Related Parties upon the terms proposed; and

- (m) the Board acknowledges the grant of Plan Shares to the Related Parties, who are non-executive Directors, is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Plan Shares to the Related Parties reasonable in the circumstances for the reasons set out in Section 1.4(l) above.

1.5 Directors' Recommendation

- (a) The Directors (other than as set out below) recommend that Shareholders vote in favour of Resolutions 1 to 3 for the following reasons:
 - (i) the benefit set out in Sections 1.4(l) and 1.4(l) above the proposed issue of Shares to the Related Parties will have on the Company;
 - (ii) the issue of the Shares to the Related Parties is an appropriate form of incentive to maximise returns to Shareholders; and
 - (iii) the terms of the proposed issue of Shares to the Related Parties are reasonable to the Company.
- (b) Mr Ian Benning declines to make a recommendation to Shareholders in relation to Resolution 1 due to his material personal interest in the outcome of the Resolution. The independent Directors recommend that Shareholders vote in favour of Resolution 1. The independent Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.
- (c) Mr Phillipe Lalieu declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution. The independent Directors recommend that Shareholders vote in favour of Resolution 2. The independent Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 2.
- (d) Mr Bevan Tarratt declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. The independent Directors recommend that Shareholders vote in favour of Resolution 3. The independent Directors are not aware of any other information that would be reasonably

required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3.

1.6 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that a company must not permit any of the following persons to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition:

- (a) a director of the company;
- (b) an associate of a director; or
- (c) a person whose relationship with the company or a person referred to in (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

If Resolutions 1 to 3 are passed, Plan Shares will be issued to the Directors of the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares as approval is being obtained under ASX Listing Rule 10.14 and Exception 9(b) of ASX Listing Rule 7.2. The issue of Shares to the Related Parties will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

1.7 Technical Information Required by ASX Listing Rule 10.15

A notice of meeting to obtain approval under ASX Listing Rule 10.14 must comply with either ASX Listing Rule 10.15 or 10.15A. The information required to be provided for the purposes of approval under ASX Listing Rule 10.14 is set out below, in accordance with ASX Listing Rule 10.15:

- (a) Mr Ian Benning, Mr Phillipe Lalieu and Mr Bevan Tarratt are Directors of the Company;
- (b) the maximum number of Plan Shares to be issued to the Directors is up to 18,000,000 (which comprises up to 6,000,000 Plan Shares to Mr Ian Benning, up to 6,000,000 Plan Shares to Mr Phillipe Lalieu and up to 6,000,000 Plan Shares to Mr Bevan Tarratt), on the terms set out in Section 1.1 above;
- (c) the Plan Shares will be issued as part of the remuneration for Mr Ian Benning, Mr Phillipe Lalieu and Mr Bevan Tarratt in addition to the cash salary component of their remuneration and so will be issued for a nil issue price and accordingly, no funds will be raised;
- (d) the total number of Plan Shares issued to persons referred to in ASX Listing Rule 10.14, is 6,250,000 (being the Plan Shares previously issued to Mr Bevan Tarratt and the Plan Shares previously issued to Mr Ian Benning on 5 August 2011 as outlined above at Section 1.2).
- (e) no person referred to in ASX Listing Rule 10.14 has received Plan Shares under the Plan (since last approval) or the Plan;
- (f) the only persons referred to in ASX Listing Rule 10.14 who are eligible to participate in the Plan or the Plan as at the date of this Notice are Dr

Eric Lilford, Mr David Greenwood, Mr Ian Benning, Mr Phillipe Lalieu and Mr Bevan Tarratt;

- (g) no loan has or will be provided to the Related Parties in relation to the subsequent exercise of the Plan Shares; and
- (h) the Plan Shares will be issued to Mr Ian Benning, Mr Phillipe Lalieu, Mr Bevan Tarratt (or their respective nominees) no later than 12 months after the date of the General Meeting.

A summary of the terms and conditions of the Plan is contained in Schedule 1 to this Notice of Meeting. A copy of the rules of the Plan which sets out the full terms and conditions of the Plan will be sent free to any Shareholder upon request, or may be inspected at the Company's registered office during normal business hours.

1.8 ASX Listing Rule 10.18

Pursuant to Listing Rule 10.18, the Company confirms that no officer of the Company will be entitled to termination benefits (or any increase in them) if a change occurs in the shareholding or control of the Company.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means ZYL Limited (ACN 008 720 223).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Kangwane Project means the Company's Kangwane Project comprising the Kangwane Central and Kangwane South areas located in Mpumalanga, South Africa.

kt means kilo tonnes.

Mbila Project means the Mbila Anthracite Project in which the Company recently acquired an interest, as described in the Company's ASX announcement entitled "*High Grade Metallurgical Coal Acquisition*" dated 20 September 2011.

Manzolwandle Project means an anthracite project located at close proximity to the Kangwane Project located in Mpumalanga, South Africa.

MPRDA means the Mineral and Petroleum Resources Development Act of South Africa.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Original Notice means the notice of meeting dated 18 January 2012.

Original Meeting means the general meeting of Shareholders to be held on 20 February 2012.

Plan or **Employee Share Plan** means the Company's Employee Share Plan approved by its Shareholders at its general meeting on 18 April 2011.

Plan Share means a Share issued under the Plan.

Proxy Form means the proxy form accompanying the Notice.

Related Parties has the meaning given to it in Section 2.1 of the Explanatory Statement.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Spoornet means Spoornet, a division of Transnet Freight Rail, a South African rail transport company.

VWAP means volume weighted average share price as traded on ASX on a period of 5 trading days prior to the issue of Shares.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF EMPLOYEE SHARE PLAN

The full terms and conditions of the Employee Share Plan may be obtained free of charge by contacting the Company. A summary of the terms and conditions of the Employee Share Plan is set out below.

(a) **Grant of Shares**

The Directors, at their discretion, may issue Shares (**Plan Shares**) to Participants (or to a nominee as the Participant directs) at any time, having regard to relevant considerations such as the Participant's past and potential contribution to the Company, and their period of employment with the Company.

(b) **Participants**

Full-time employees, part-time employees and Directors of the Company, or of a related body corporate, who hold a salaried employment or office in the company or in a related body corporate, are eligible to participate in the Employee Share Plan (**Participants**). However, in the event that Directors of the Company are invited to participate in the Plan, the Company will seek Shareholder approval for that participation in accordance with Listing Rule 10.14.

(c) **Issue Price of Plan Shares**

Plan Shares may be issued at an issue price to be determined by the Board, which may be a nominal or nil issue price if so determined by the Board.

(d) **Maximum Number of Plan Shares**

The Company must take reasonable steps to ensure that the number of Plan Shares offered by the Company under the Employee Share Plan when aggregated with:

- (i) the number of Plan Shares issued during the previous 5 years under the employee Share Plan (or any other employee share plan extended only to Eligible Employees); and
- (ii) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive Plan of the Company were to be exercised or accepted,

does not exceed 5% of the total number of issued Shares at the time of an offer of Plan Shares (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with the ASIC Class Order 03/184.

(e) **Term of Plan Shares**

The Plan Shares will be issued on the same terms as the fully paid, ordinary shares of the Company and will rank equally with all of the Company's then existing Shares.

(f) **Restrictions on transfer of Plan Shares**

The Board may impose conditions in an offer of Plan Shares that must be satisfied (unless waived by the Board in its absolute discretion) before the Plan Shares to which the condition applies can be sold, transferred, assigned, charged or otherwise encumbered (**Restriction Conditions**).

Subject to the exceptions identified below, a Participant may not sell, transfer, assign, mortgage, charge or otherwise encumber a Plan Share until any applicable Restriction Conditions are satisfied or waived by the Board in its absolute discretion.

Where any applicable Restriction Conditions in relation to Plan Shares have not been satisfied and:

- (i) the Participant dies;
- (ii) the Eligible Employee to whom the offer was originally made ceases to be employed as a result of:
 - (A) bona fide retirement from the workforce (unless the retirement happens within six (6) months of the date of the issue of the Plan Shares);
 - (B) bona fide redundancy; or
 - (C) total and permanent disability,

the Board may elect to:

- (iii) allow the Participant to retain the Plan Shares;
- (iv) waive any of the Restriction Conditions; and/or
- (v) permit the Participant (or their personal legal representative) to sell, transfer, assign, mortgage, charge or otherwise encumber the Participant's Plan Shares.

(g) **Buy back of Plan Shares**

Subject to the exemptions identified in sub-clause (f) above, where a Restriction Condition in relation to Plan Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company must, unless the Restriction Condition is waived by the Board:

- (i) where the Plan Shares were issued for no cash consideration, subject to the Corporations Act and the ASX Listing Rules, buy back the relevant Plan Shares within 12 months of the date the Restriction Condition was not satisfied (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act at a price equal to \$0.0001 per Share; or
- (ii) where the Shares were issued for cash consideration, subject to the Corporations Act and the ASX Listing Rules, use its best endeavours to buy back the relevant Plan Shares within 12 months of the date the Restriction Condition was not satisfied (or became incapable of

satisfaction) under Part 2J.1 of the Corporations Act at a price equal to the cash consideration paid by the Participant for the Plan Shares.

(h) **Quotation of Plan Shares**

The Company will make application for official quotation of all Plan Shares as soon as practicable after their Issue Date.

(i) **Powers of the Board of Directors**

The Employee Share Plan is administered by the Directors of the Company, who have the power to:

- (i) determine appropriate procedures for administration of the Employee Share Plan consistent with its terms;
- (ii) resolve conclusively all questions of fact or interpretation in connection with the Employee Share Plan;
- (iii) delegate the exercise of any of its powers or discretions arising under the Employee Share Plan to any one or more persons for such period and on such conditions as the Board may determine; and
- (iv) suspend or terminate the Employee Share Plan by giving written advice to Eligible Employees.

PROXY FORM

APPOINTMENT OF PROXY
ZYL LIMITED
ACN 008 720 223

GENERAL MEETING

I/We

of

being a member of ZYL Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR ☐ the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at 10.00 am (WST), on 2 May 2012 at The Melbourne Hotel, 945 Hay Street, Perth Western Australia, and at any adjournment thereof.

☐

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolution 1 to 3** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 to 3 and that votes cast by the Chair of the General Meeting for Resolutions 1 to 3 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1 to 3 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 3.

If no directions are given, the Chair will vote in favour of all the Resolutions in which the Chair is entitled to vote undirected proxies.

OR

Voting on Business of the General Meeting

Resolution 1 – Issue of Shares to Mr Ian Benning
Resolution 2 – Issue of Shares to Mr Phillippe Lalieu
Resolution 3 – Issue of Shares to Mr Bevan Tarratt

FOR	AGAINST	ABSTAIN
☐	☐	☐
☐	☐	☐
☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____ %

Signature of Member(s):

Date:

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

ZYL LIMITED
ACN 008 720 223

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to ZYL Limited, PO Box 7653 Cloisters Square, Perth 6850; or
 - (b) facsimile to the Company on facsimile number +61 8 9486 4799,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.