



ASX Code: ZYL

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Company Announcements Office
Australian Securities Exchange
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ZYL Renegotiates Southern Anthracite Project

Highlights:

- **ZYL has the right to acquire up to a 70 per cent interest in the Southern Anthracite Project**
- **Capital management initiative leads to reduction of up front acquisition cost by A\$3.15 million**
- **ZYL gains control on timing of Bankable Feasibility Study and mine development**
- **Similar anthracite coal specifications to Kangwane products well suited for export market**
- **Exploration will commence shortly to define JORC Code compliant resources**

Perth-based emerging metallurgical coal producer ZYL Limited (ASX:ZYL) has successfully renegotiated the acquisition of the Southern Anthracite Project in the Mpumalanga Province in South Africa.

ZYL now has the right to acquire a 70 per cent interest in the Southern Anthracite Project, an increase of 14 per cent direct interest in the project compared to the previous agreement.

“The renegotiation is approximately A\$3.15 million less than the original acquisition price and is a great outcome in terms of capital management,” said ZYL Managing Director Dr Eric Lilford.

The new share sale agreement gives ZYL complete control over the timing of a Bankable Feasibility Study (BFS) for the Southern Anthracite Project.

“This outcome is significant because it allows us to prioritise our resources, better manage our capital and implement our corporate strategy of developing Kangwane

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for anthracite exports whilst developing Mbila to supply domestic customers in the high quality ferro smelting and mineral sands industries,” said Dr Lilford.

Preliminary studies indicate the quality of anthracite for the Southern Anthracite Project has similar specifications to Kangwane and is well suited for export.

“In terms of our corporate strategy, we intend to develop the Southern Anthracite Project soon after the Kangwane Project commences production to reduce ZYL’s reliance on a single mine for export and provide surety of supply for potential export markets,” said Dr Lilford .

“The next step in the Southern Anthracite Project is to better define the resource through further exploration and release a JORC Code compliant update,” said Dr Lilford.

The new structure and commercial terms of the acquisition are detailed in the appendix.

About ZYL Limited

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

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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 the South African Council for Natural Scientific Professions and a fellow of the Geological Society of South Africa (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.

APPENDIX 1

Acquisition Summary

The new Share Sale Agreement allows ZYL to acquire 100 per cent of the issued share capital of Oakleaf Investment Holdings 61 (Proprietary) Limited (**Oakleaf**) from Prosperitas Capital S.A.R.L. (**Prosperitas**). Oakleaf owns 20 per cent of the issued share capital of Altius Trading 404 (Proprietary) Limited (currently 50 per cent owned by ZYL), which owns a 100 per cent interest in the Southern Anthracite Project (subject to the formal approval for transfer of the prospecting right by the Department of Minerals and Resources (**DMR**)).

The purchase price payable to Prosperitas is as follows.

- (a) A\$500,000 upon signing of the new Share Sale Agreement.
- (b) A\$500,000 on the 60th day following the signing of the Share Sale Agreement.
- (c) 3,472,000 fully paid ordinary shares in the capital of ZYL on the 60th day following the signing of the Share Sale Agreement or the date on which the Department of Minerals and Resources formally accepts Altius' application for the Mining Right in accordance with the South African Mineral and Petroleum Resources Development Act, Act 28 of 2002.

Structure of the Acquisition

ZYL's interest in the Southern Anthracite Project is set out in the diagram below:

