



ASX Code: ZYL

5 August 2011

Company Announcements Office
Australian Securities Exchange
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Additional Coal Intersections at Kangwane

Highlights:

- **Drilling results confirm additional significant anthracite coal intersections at the Kangwane Anthracite Project**
- **Significant Additional Anthracite Coal Intersections include:**
 - **Potential open-cut coal intersections -**
 - **7.38m in 2 seams** from 70.33 metres to 78.67 metres (SY052P)
 - **3.74m seam** from 41.23 metres to 44.97 metres (SY053)
 - **5.77m in 2 seams** from 60.21 metres to 66.49 metres (SY087)
- **Second phase of drilling is expected to be completed during August 2011**

The Directors of emerging metallurgical coal producer, ZYL Limited (**ZYL** or the **Company**) are pleased to announce that drilling results confirm additional significant coal intersections at the Kangwane Anthracite Project (**Kangwane** or the **Project**). These results form part of the second phase of the drilling program, totalling 3000m, which is expected to be completed during August 2011.

‘Given the high value of anthracite coal, the thickness of seams intersected during the drilling programs represents a highly successful outcome for ZYL,’ stated Managing Director Dr Eric Lilford.

The complete drilling program is designed to prove up existing exploration results, increase the global resource base and to delineate Proven and Probable Reserves at Kangwane. The focus of the program is to confirm and expand upon existing areas identified for potential open-cut mining operations.

Significant recent coal intersections at Kangwane include:

Potential open-cut coal intersections

- **7.38m in 2 seams** from 72.10 metres to 78.67 metres (SY052P)

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- **3.74m seam** from 41.23 metres to 44.97 metres (SY053)
- **5.77m in 2 seams** from 60.21 metres to 66.49 metres (SY087)

Earlier coal intersection results from the initial drilling program were disclosed in announcements dated 31 May 2011 and 25 July 2011.

The first phase of the confirmatory and infill drilling program comprising of 40 coal boreholes, totalling approximately 4,000 metres, has been completed.

The results of phase one of the drilling confirm the near surface nature of the coal present, supporting the decision to focus the Bankable Feasibility Study on the proposed North Open-pit Mining Area and the proposed South Open-pit Mining Area.

The second phase of the drilling program, targeting 3,000 meters, is expected to be completed during August 2011. Six drill rigs are currently mobilised to further drill areas potentially amenable to open-cut mining.

Sampling and analysis of the cores retrieved from the boreholes at Kangwane is being completed by Midlabs in Middleburg, Mpumalanga Province. All drill cores have been split during sampling and the samples have been submitted for analysis of relative density, moisture, ash, volatile matter, total sulphur, calorific value and float and sink at 1.4, 1.5, 1.6, 1.7 and 1.8 relative densities.

ZYL will update shareholders as additional drill results and specific laboratory test-work results are received.

For further information regarding ZYL, 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

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 Anthracite Project
Drill Hole Summary**

Borehole Number	Y	X	Z	End of Hole	Start Depth	End Depth	Thickness	Seam
SY 036				136.02	42.38	42.70	0.32	1
					68.97	69.73	0.76	2
					90.53	91.84	1.31	3
					103.74	107.71	0.97	4
SY 052P				96.11	45.53	45.76	0.23	1
					65.47	66.02	0.55	2
					70.33	71.14	0.81	3
					72.10	78.67	6.57	4
SY 053				70.44	32.54	33.58	1.04	1
					37.84	38.12	0.28	2
					41.23	44.97	3.74	3
SY 056P	Awaiting final co-ordinates			114.83	63.41	64.26	0.85	1
					72.50	73.85	1.35	2
					84.65	85.29	0.64	3
					85.40	86.26	0.86	4
SY 058				115.37	39.67	40.14	0.47	1
					46.26	46.66	0.40	2
					54.92	56.22	1.30	3
					67.72	69.55	1.83	4
					74.94	75.44	0.50	5
					76.48	78.24	1.76	6
					78.84	79.25	0.41	7
					85.08	87.78	2.70	8
SY 079	-81442.26	2844136.51	236.02	70.42	No coal			
SY 087				117.10	28.82	29.23	0.41	1
					29.52	30.25	0.73	2
					45.37	46.10	0.73	3
					48.49	50.86	2.37	4
					55.40	55.99	0.59	5
					60.21	62.92	2.71	6
					63.43	66.49	3.06	7

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.