

ASX RELEASE
10 September 2013

ASIC Infringement Notices

On the 12 August 2013 the Australian Securities and Investment Commission (ASIC) issued two infringement notices to ZYL Limited (ASX:ZYL) alleging that ZYL failed to comply with the continuous disclosure obligations contained in the Corporations Act.

The basis of ASIC's allegation in the first Infringement Notice was that when the Bridging Facility, originally announced to the market on 10 September 2012, was drawn down on the 24 October 2012, ZYL was aware that the Bridging Facility was repayable on the earlier of 31 December 2012 and the date that ZYL issued convertible notes to Prestige Glory, or such other date agreed by ZYL and Prestige Glory and that disclosure of that information should have been made by ZYL to the market prior to its inclusion in the replacement Annual Report released to the market on 29 November 2012.

The basis of ASIC's allegation in the second Infringement Notice was that by 14 November 2012, ZYL was aware that the 'Mabila mining ratification workshop' held on 8 November 2012 confirmed a lower than expected conversion from Resources to Reserves within the Badger Study Area and that the proven reserves of anthracite in the Beaufort and Ecca seams of the Mabila Project were substantially lower than those indicated by Badger Mining and Consulting and that ZYL's announcements to the market on 5 November 2012 and on 4 January 2013 regarding the lower than expected conversion rate were insufficiently detailed to satisfy ZYL's continuous disclosure obligations.

ZYL does not consider that it is in the best interest of the Company or its shareholders for the Company to engage in a protracted legal dispute with ASIC. Given the size of the penalty in comparison to the potential costs of defending any action brought by ASIC and the potential for such dispute to divert management time and attention, ZYL has elected to pay the A\$66 000 penalty in respect of the two infringement notices to conclude the matter.

Compliance with the notices by virtue of making the payment is not an admission of guilt or liability and ZYL cannot be regarded as having contravened the Corporations Act.

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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. The Company's flagship project is the Kangwane Central Project in South Africa, located close to rail, port, power and water infrastructure.