

**ASX RELEASE
14 DECEMBER 2011**

**EXPRESSIONS OF INTEREST TO ACQUIRE OR
PARTNER WITH ZYL RECEIVED**

MACQUARIE APPOINTED AS FINANCIAL ADVISER

- **Two expressions of interest to either partner with, or acquire ZYL received**
- **Macquarie First South Capital (Pty) Limited (“Macquarie”), an affiliate of Macquarie Capital Australia Limited, appointed as financial adviser to ZYL in relation to these expressions of interest**

ZYL Limited (“ZYL” or the “Company”) (ASX: ZYL), the Perth-based emerging coal producer with two key projects in South Africa, is pleased to announce that it has received two unsolicited expressions of interest (“EOIs”) from industry participants (“Interested Parties”). The EOIs seek to either partner with or acquire the Company.

Each of the Interested Parties has executed a confidentiality agreement in favour of ZYL to facilitate an orderly exchange of information. The Company may consider further EOIs from other third parties, and to this end has appointed Macquarie as financial adviser in relation to these EOIs.

ZYL Executive Chairman Bevan Tarratt said that the receipt of the EOIs is not unexpected, pointing to growing market recognition regarding the inherent value of ZYL’s asset portfolio, most notably:

- ever-diminishing supplies of high-quality anthracite in both the South African and global markets;
- the high quality of anthracite to be produced from the Mbila and Kangwane projects (the “Projects”), as well as the increasing resource bases of the Projects;
- the proximity of the Projects to key infrastructure such as railways, roads, ports and water supply, as well as sources of labour;
- the short timeframe required to bring the Projects into commercial production; and
- the ability of the Projects to increase production through organic growth over time.

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Tarratt added that the appointment of Macquarie to manage and provide advice to the Board on this process – specifically, all viable alternatives for maximising shareholder value – will allow the ZYL management team to remain focused on progressing the Projects towards production.

Accordingly, this announcement is being made in the interest of updating shareholders and, in that regard, shareholders should note that there is no guarantee that any of the EOIs will develop into a formal proposal that requires consideration by ZYL's shareholders. ZYL will make a further announcement in due course.

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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 metallurgical 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.

Important information

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