



**BUILDING A STRATEGIC ANTHRACITE HOLDING**  
**Noosa Mining and Exploration Conference**  
*July 2012*



# Investment highlights

- South African-based team, focused on project development and product marketing
- Building a strategic anthracite holding targeting domestic and international markets
- Acquisition of York Energy NL
  - increased ownership in flagship project
  - two additional anthracite projects
- Company is not infrastructure dependent
- Buoyant anthracite markets
  - South Africa and globally
  - long-term market fundamentals are solid
  - non-binding expressions of interests (EOIs) received exceed saleable production for both projects
- South Africa: a stable investor destination

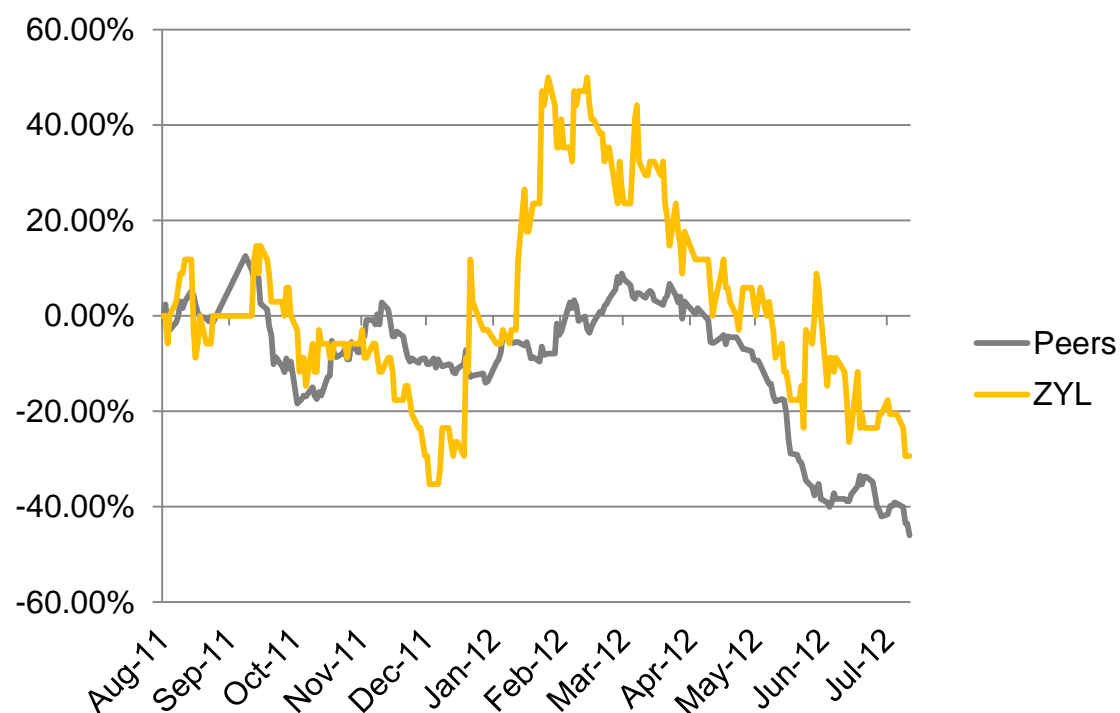




# Corporate Overview



Ordinary Shares	492 million
Current Share Price	13c
Market Capitalisation	\$64 million
12 Month Share Price	8.5c - 28c
Major shareholders	Macquarie Bank (8.11%) Sin-Tang Development Pte Ltd (5.5%)
Top 20 shareholders	41.3%





# Experienced management team



**Ian Benning**  
**Chief Executive Officer**

- South African-based, takes day-to-day accountability/responsibility for project development
- 30 years' mining industry experience in both production and mine management, and investment banking
- Previously worked for Anglo American, ending as Group Mining Engineer for Shaft Sinkers (Pty) Ltd, overseeing mining design, development, planning and feasibility studies

**Glenn Whiddon**  
**Non-executive Chairman**

- Joins board to assist with corporate activity
- Extensive background in equity capital markets, banking and corporate advisory, with a specific focus on natural resources
- Experience as a director for numerous Australian and international public listed companies



**Phillipe Lalieu**  
**Commercial Director**

- South African-based, takes responsibility for pursuing and developing commercial opportunities in-country
- 13 years in corporate finance and business development. In-depth knowledge of South African investment banking, corporate and regulatory requirements

**Bevan Tarratt**  
**Executive Director: Marketing**

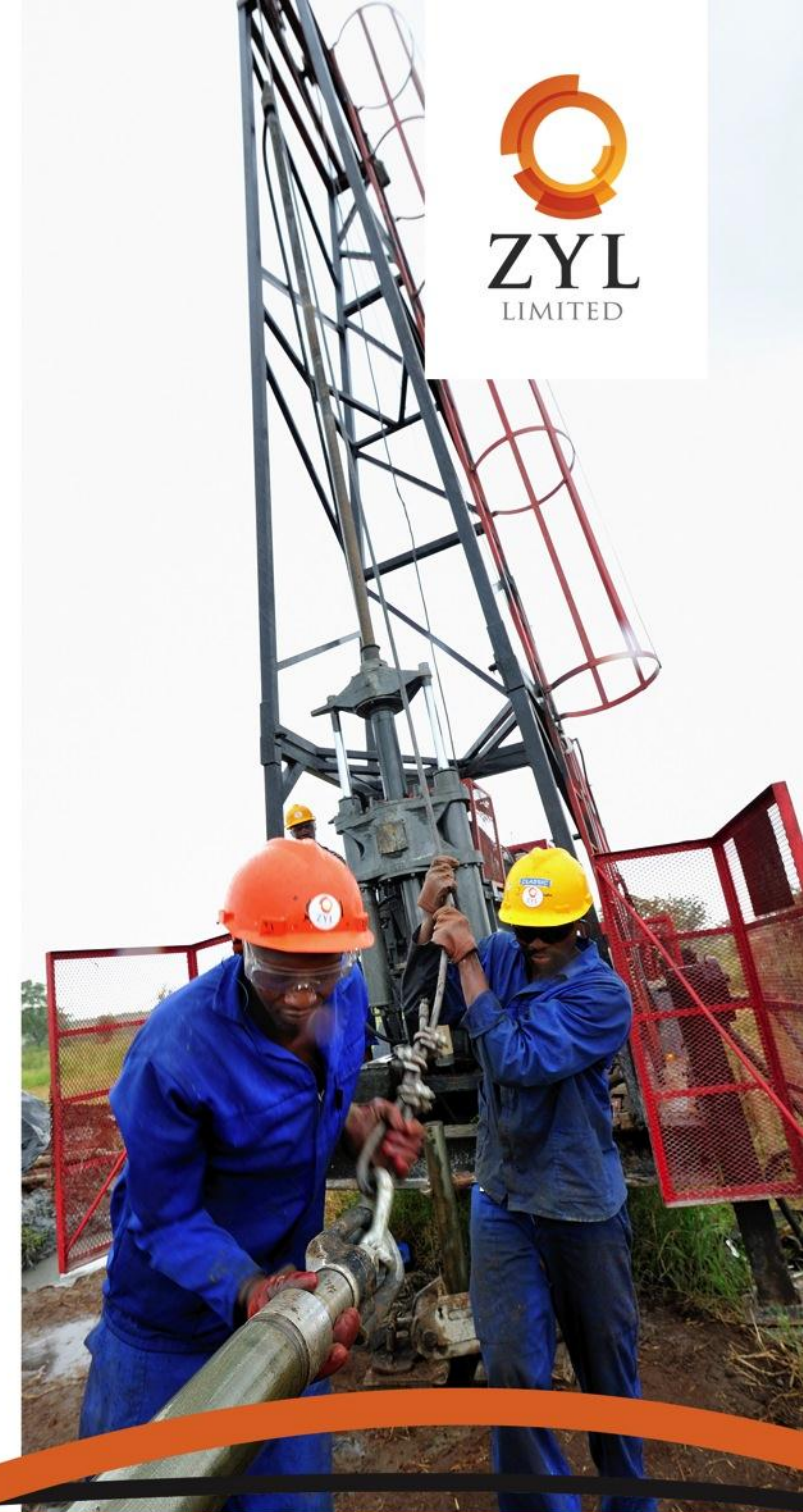
- Director of a number of ASX-listed companies with experience in primary and secondary capital raisings and strategic consulting
- Accounting background focused on small cap resource companies and equity markets experience with Patersons Securities





# What is anthracite?

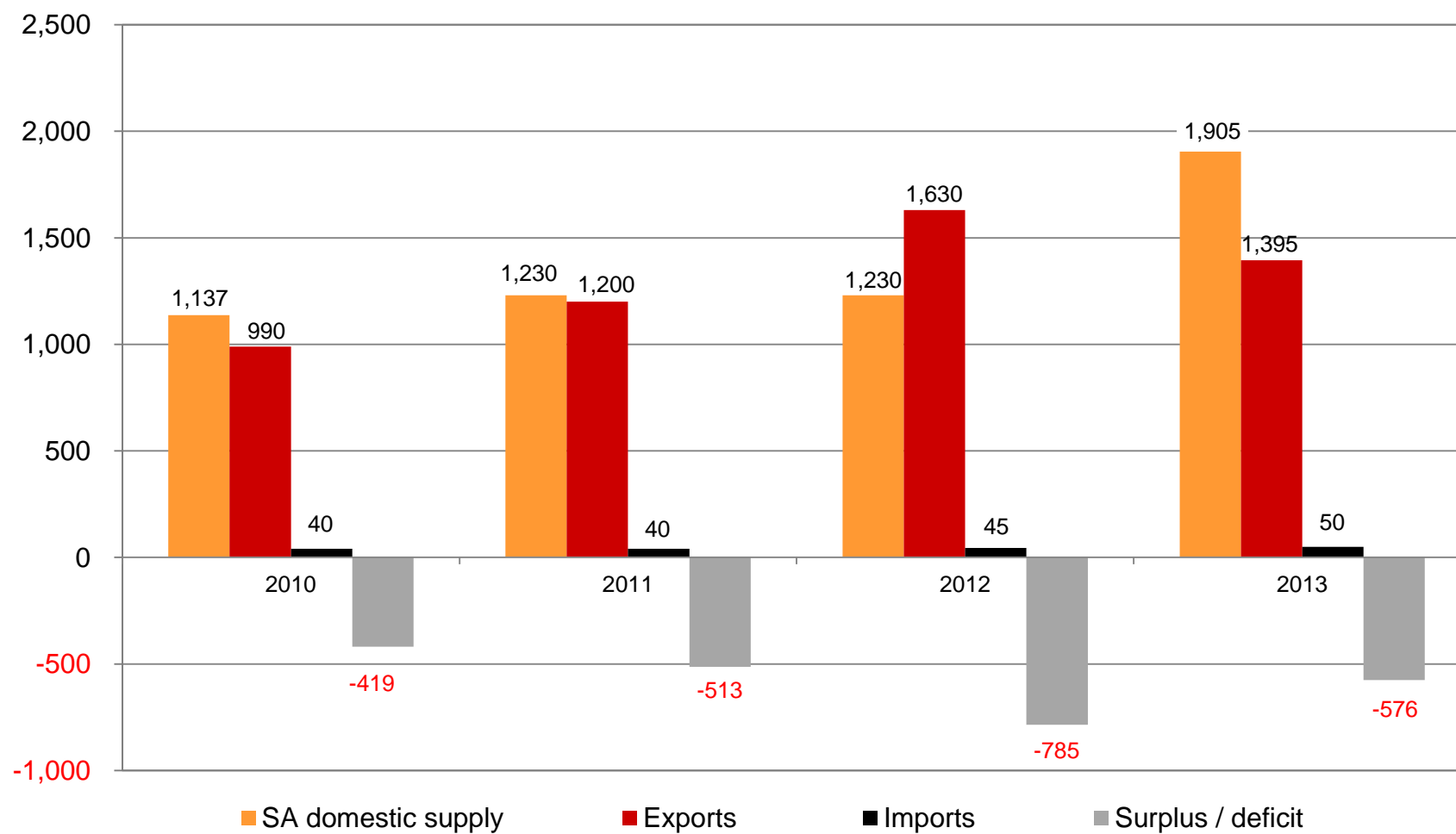
- Type of metallurgical coal
  - used as a coking coal substitute
  - no requirement for coking ovens
- Highest ranking of all coals
  - accounts for less than 2% of world reserves
  - carbon content of up to 98%
  - low volatiles and impurities
- Used in the production of
  - steel
  - titanium slag and pig iron from mineral sands
  - ferrochrome and ferromanganese
  - silicon carbide and electrode paste
- High demand
  - estimated shortfall in South Africa - both local and imported product - of 800 000tpa in 2012
  - SA export market dominated by Brazil, India and Europe
  - estimated global shortfall of 21.7Mt in 2015





# Anthracite: South African market

SA domestic supply vs imports vs exports

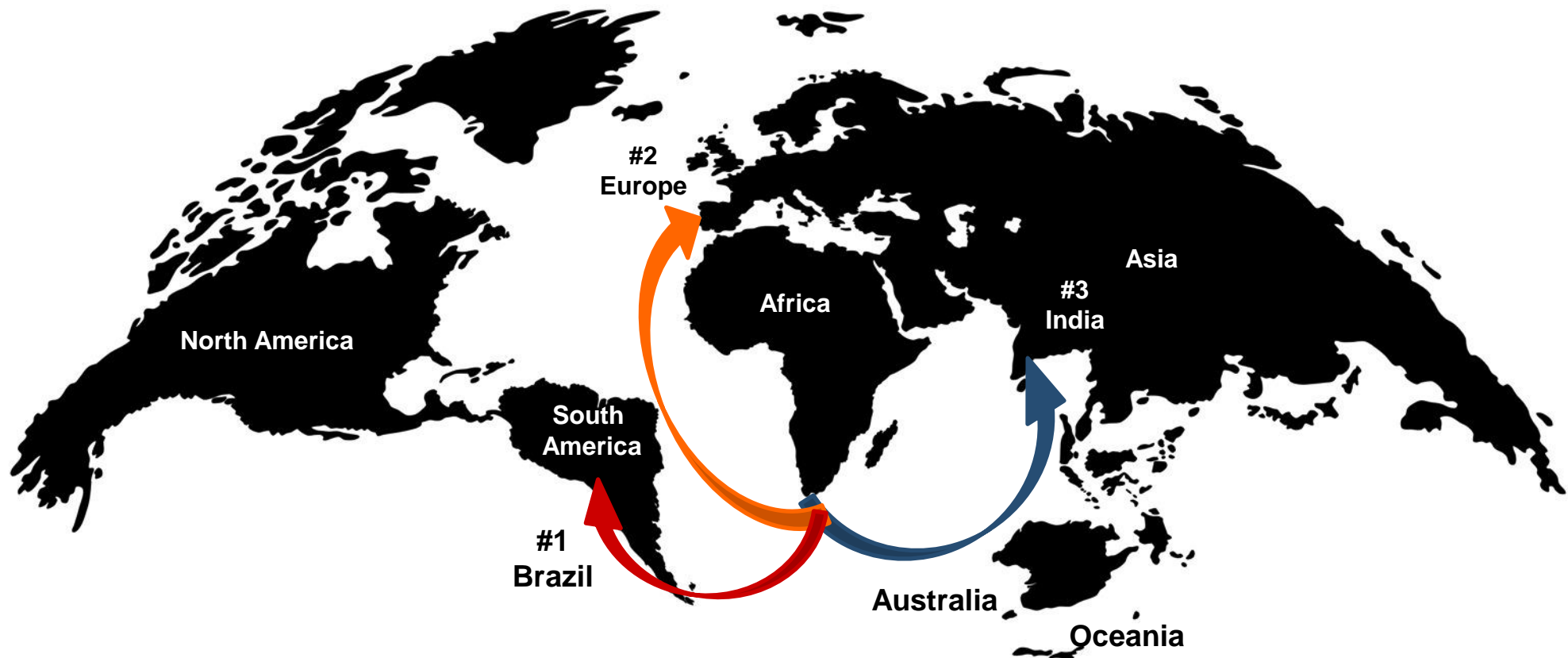


Source: Estimates Mineral Technologies International 2011



# Major anthracite export markets

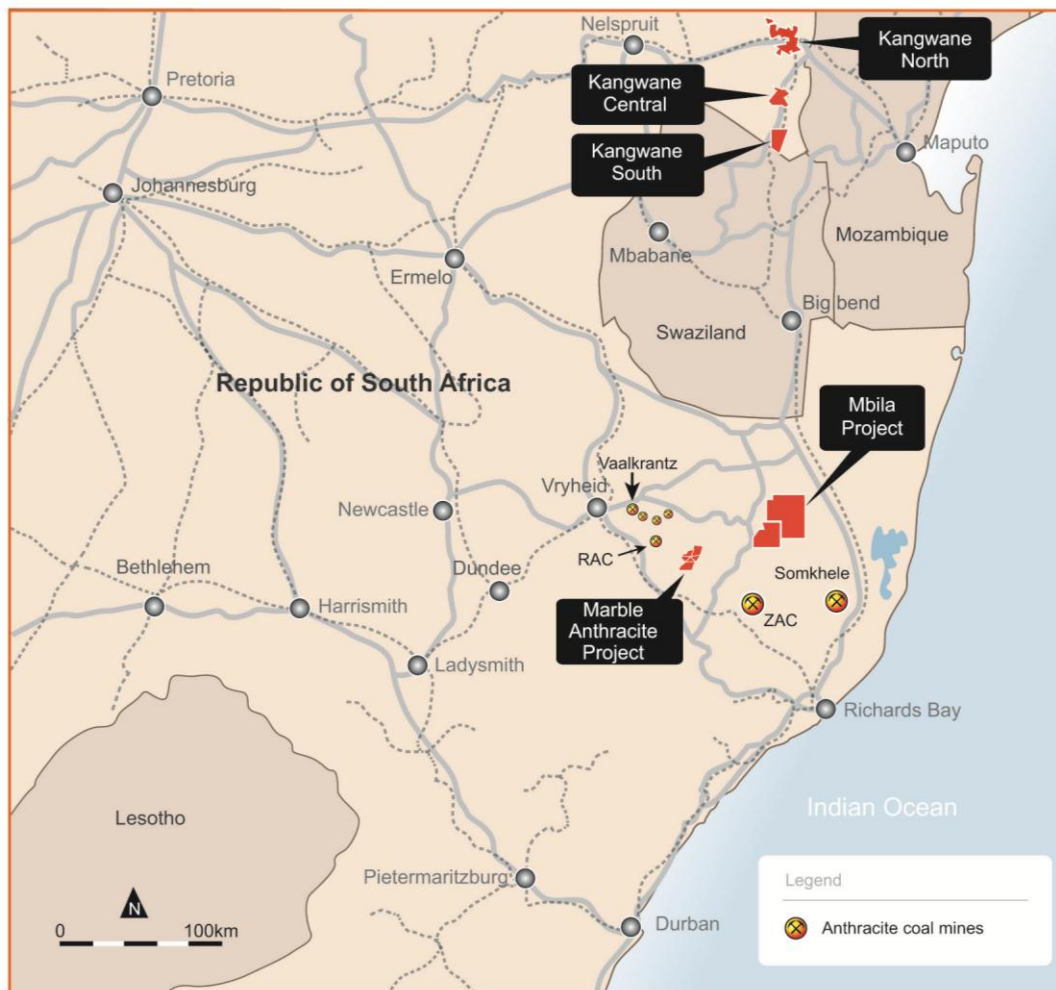
- Estimated global supply shortfall by 2015: 21.7Mt
- SA export market dominated by Brazil, Europe, Turkey, India
- Kangwane anthracite – low sulphur and low moisture characteristics – particularly well suited to the Brazilian market





# Project locations

- Exploring and developing a strategic anthracite holding in South Africa
- Target the domestic and export markets via multiple port and transport alternatives





# York acquisition

- Binding Heads of Agreement to acquire 100% of York Energy N.L. and its rights and interests in three South African anthracite projects\*
- The key asset is the increase in rights of 30% of the Mbila project
- Increases ZYL's strategic anthracite holdings in South Africa



\*Subject to shareholder approval

\*\*The diagram above represents the rights to and/or interest in the individual projects



# Approaching half a billion tonnes of resources



Project	JORC-compliant resource (GTIS)	Exploration target (GTIS) <sup>1</sup>
Mbila	124.7	20-60
Kangwane Central	177.7	260-315
Kangwane South	99.7	20-100
Kangwane North	-	50-70
Marble	-	15-21
<b>Total Resources</b>	<b>402.1</b>	<b>450-670</b>

- Exploration targets are in addition to the JORC compliant resource

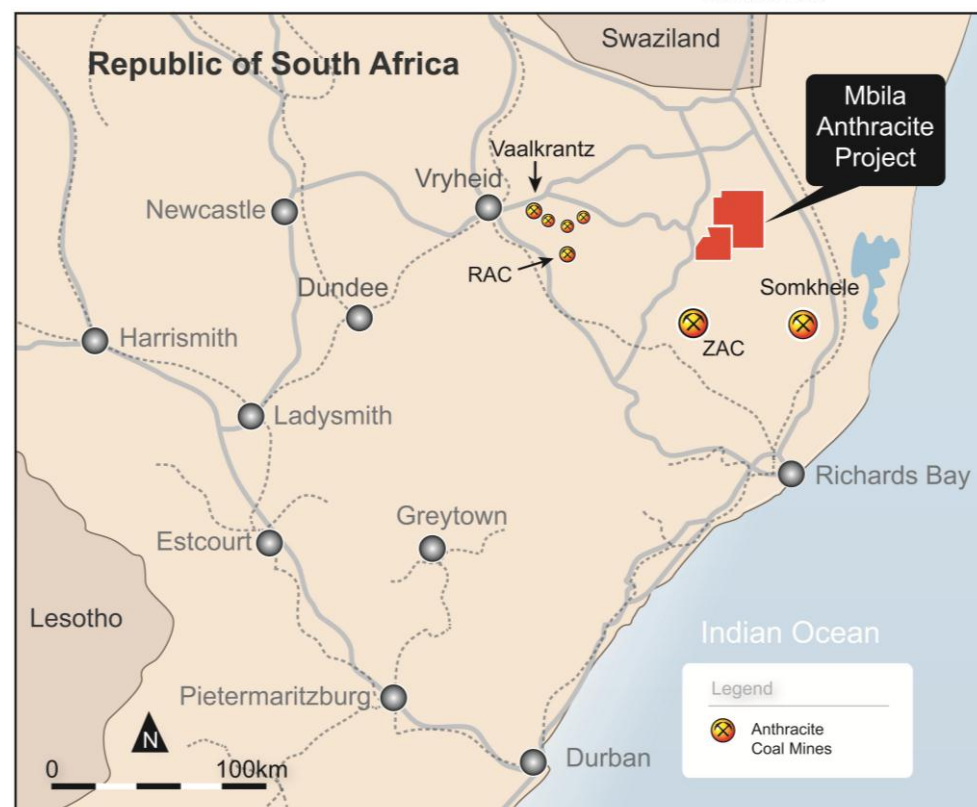
<sup>1</sup> The potential quantity and grade of the above Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



# Mbila profile



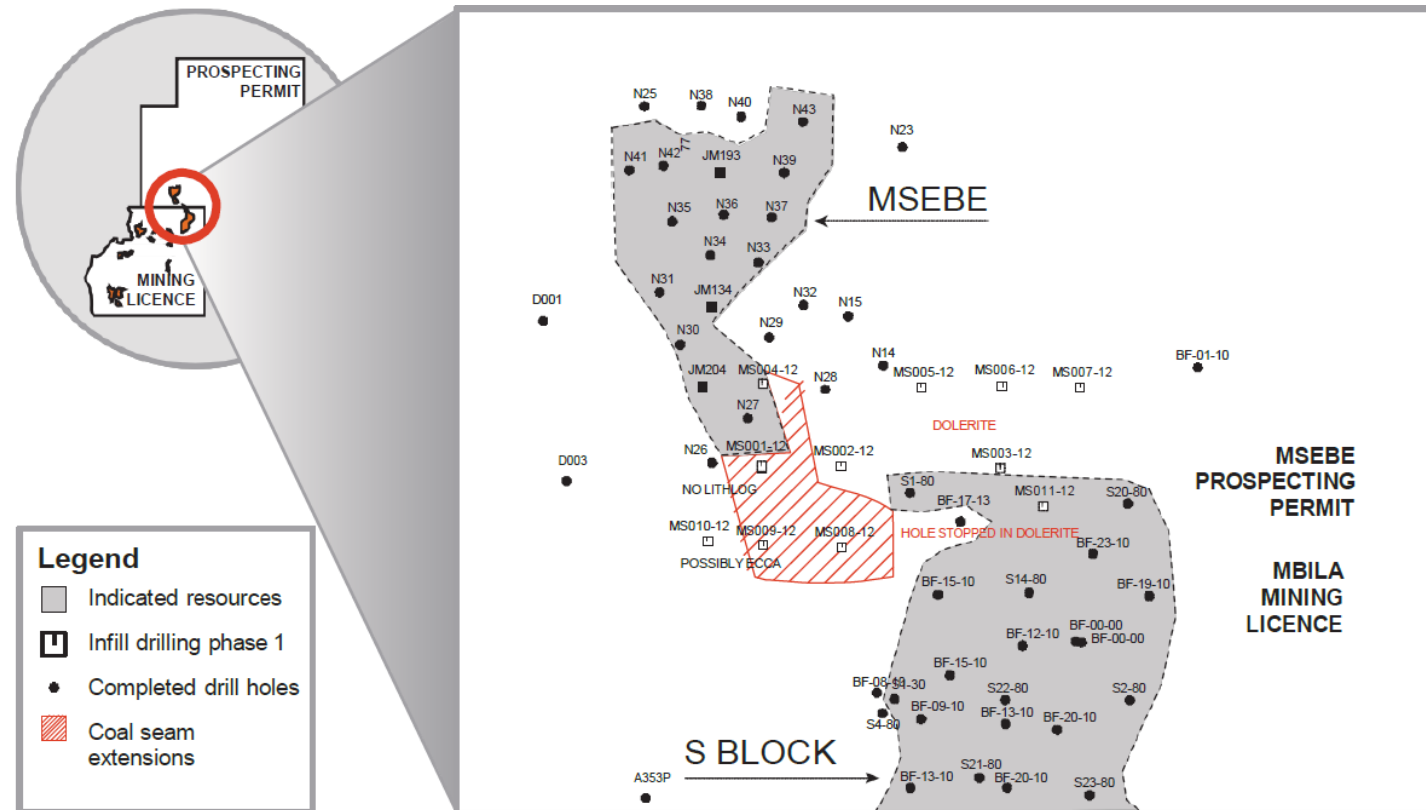
- ZYL (44%); right to acquire up to 74%
- 124.7Mt JORC-compliant resource
- New Order Mining Right, Social and Labour Plan and Environmental Management Programme approved
- High-grade anthracite product
  - low phosphorus, low ash, high fixed carbon
  - high domestic demand (mineral sands, ferrochrome, ferromanganese, silicon carbide)
  - potential for mine gate sales with premium pricing at mine gate
  - expressions of interest (EOIs) signed with some major international resource companies
  - EOIs received for 2.3Mtpa
- Msebe
  - New Order Prospecting Right over 53 000ha
  - exploration upside





# Mbila development

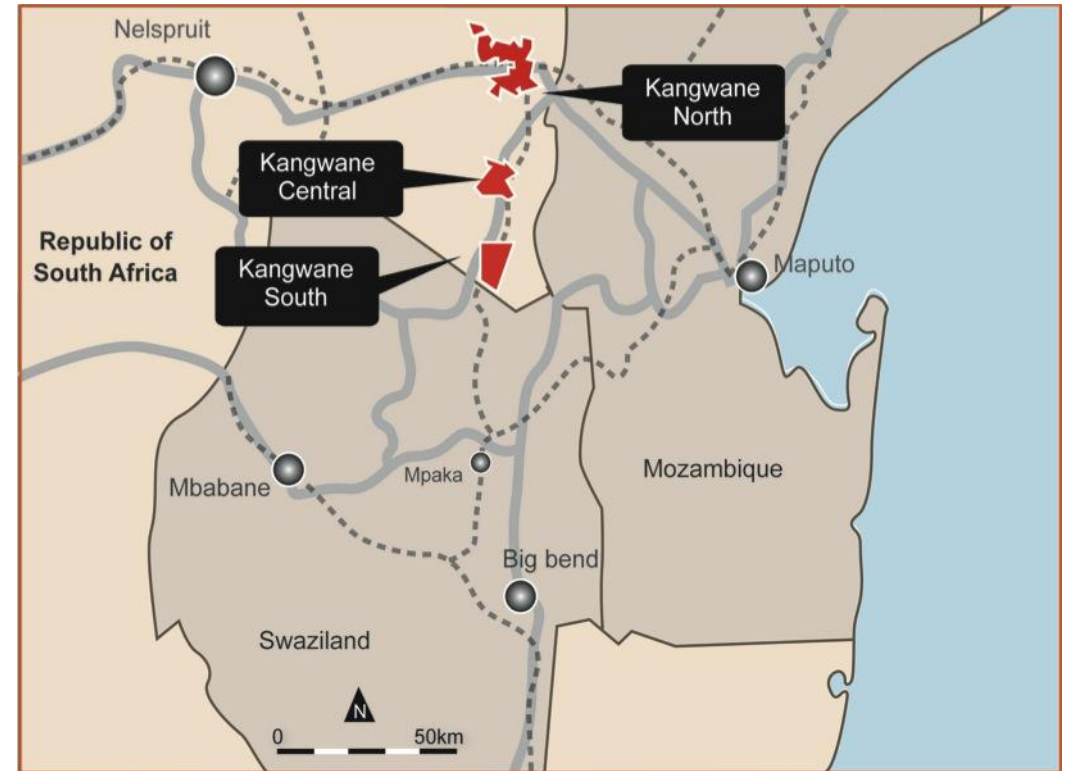
- Phase 1 of infill drilling programme completed
  - identified a continuation of coal seams between S Block and Msebe Block deposits
  - expected to materially increase the resource
- 3D modelling of resource underway
  - previous modelling was 2D
  - includes a review of all the historical data
- Updated Competent Persons Report (“CPR”) and resource statement due August 2012
- BFS review to include drilling programme results and 3D modelling
  - the overall project development plan is on schedule





# Kangwane Central profile

- 177.7Mt JORC-compliant resource
- BFS nearing completion
- Pre-feasibility study proves viability
  - capex: A \$58m (ZYL portion)
  - production rate:
    - 1.8Mtpa ROM
    - 1.2Mtpa saleable
  - low sulphur, low moisture product
- EOIs received for 1.7Mtpa
- Infrastructure nearby
  - rail siding on site
  - well located for trucking to Maputo port
- CPR to be completed in August 2012
  - anticipated further upgrade to resource tonnages and confidence levels





# Kangwane Central – Southern Open Pit

- Initial probable ore reserves of 26.7Mt
- Upgrade to proven ore reserves shortly
- Reserves support life-of-mine in excess of 10 years
- Phase 3 drilling campaign completed
  - 28 boreholes totalling 3,811 metres
- Potential to be one of the largest open pit anthracite mines in Southern Africa





# Kangwane South and North profile

## ○ Location:

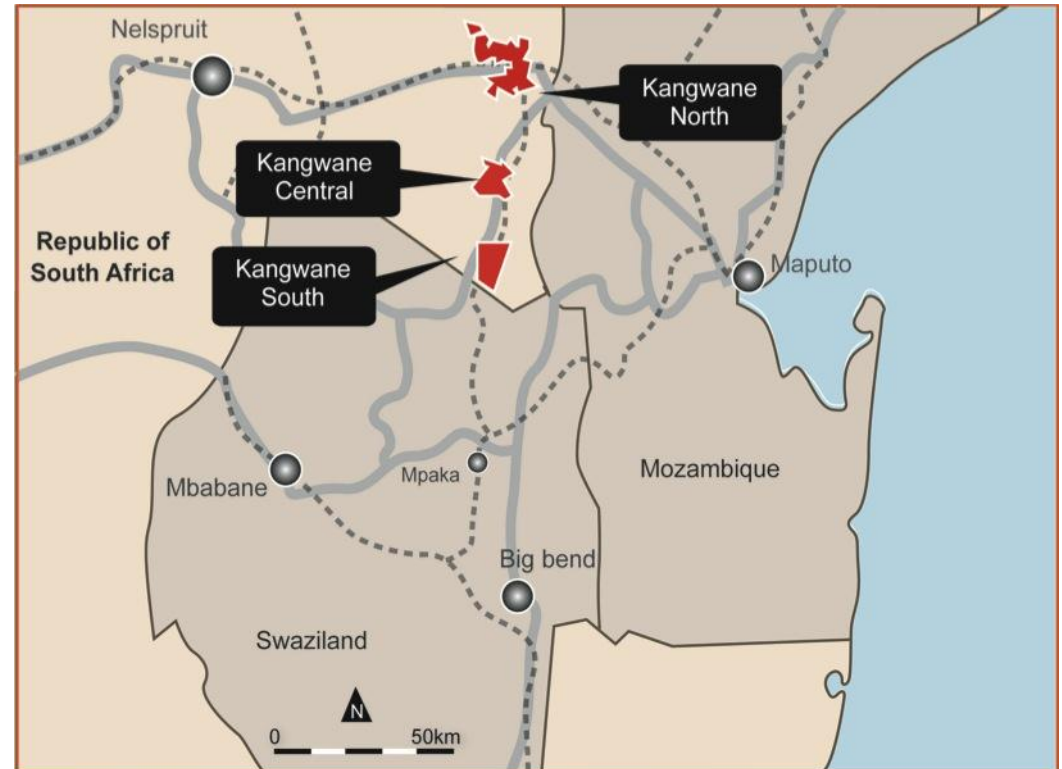
- extensions of the Nkomati coal field which holds Kangwane Central
- existing port, rail and other logistical infrastructure in close proximity

## ○ Kangwane South

- 99.7Mt JORC-compliant resource
- Exploration target<sup>2</sup>: 20 - 100Mt
- an application for a Mining Right has been accepted by the DMR

## ○ Kangwane North

- Prospecting Right covering 18 000ha over three properties
- Exploration target<sup>2</sup>: 50 - 70Mt
- Potential exploration upside – expansion of Prospecting Right submitted

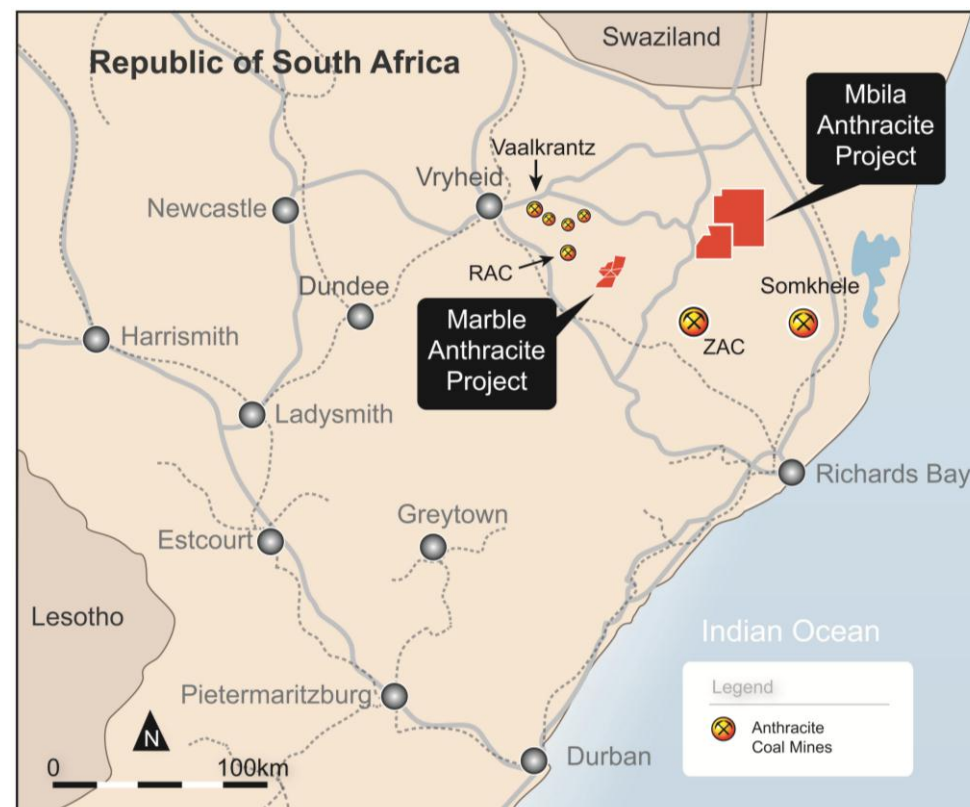


<sup>2</sup> The potential quantity and grade of the above Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



# Marble profile

- Prospecting Right covering 8 000ha
- Exploration target: 15 – 21Mt<sup>3</sup>
- Expected calorific value range of 28MJ/kg to 32MJ/kg washed, with low sulphur and low ash content
- Location
  - 30km directly to the west of the Mbila project allowing for use of single wash plant
- Geological database including adit sampling and 11 830m of drilling completed by Anglo American and Rand London Corporation
- Scoping study completed in 2010
  - Phase 1 target production rate: 550ktpa



<sup>3</sup> The potential quantity and grade of the above Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



# Summary

- Near term pathway
  - fast tracking production and development
- Perfectly placed to take advantage of the growing domestic and global anthracite shortfall
- New acquisitions provide
  - exploration upside
  - strategic anthracite holding in South Africa
- EOIs for ZYL products of 4.0Mtpa for Kangwane and Mbila product
  - exceeds saleable tonnes at both projects
- Mbila project
  - recently identified continuation of known deposits
  - 3D modelling underway
  - review of BFS to incorporate new data
  - the overall project development plan remains on schedule
- Kangwane Central project
  - BFS and CPR nearing completion





**Ian Benning**, Chief Executive Officer

Mobile

+27 (0)83 702 8221

Telephone

+27 (0)10 591 0634

Email

ian.benning@zyllimited.co.za

**Phillipe Lalieu**, Commercial Director

Mobile

+27 (0)83 455 6867

Telephone

+27 (0)10 591 0638

Email

plalieu@zyllimited.co.za

**Head Office**, Perth Australia

Telephone

+61 (0) 8 9486 4036

Email

admin@zyllimited.com.au

Website

www.zyllimited.com.au





# Annexure A: 497.3Mt global JORC resource

	Resource Category	JORC-compliant resource (GTIS)	Exploration target (GTIS) <sup>1</sup>
Mbila Project	Measured	24.8	
	Indicated	67.1	
	Inferred	32.8	
<b>Mbila Project Total</b>		<b>124.7</b>	<b>20-60</b>
Kangwane Central	Measured	47.7	
	Indicated	107.3	
	Inferred	22.7	
<b>Kangwane Central Total</b>		<b>177.7</b>	<b>260-315</b>
Kangwane South	Measured	-	
	Indicated	73.9	
	Inferred	25.8	
<b>Kangwane South Total</b>		<b>99.7</b>	<b>20-100</b>
<b>Kangwane North Total</b>		<b>-</b>	<b>50-70</b>
<b>Marble Total</b>		<b>-</b>	<b>15-21</b>
<b>TOTAL RESROUCES</b>		<b>402.1</b>	<b>450-670</b>

<sup>1</sup> The potential quantity and grade of the above Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



# Annexure B: Mbila project coal qualities



Mbila – washed			
	Ecca Seam	Beaufort primary product	Beaufort secondary product
Coal classification	High Rank B anthracite	High Rank C anthracite	Mid Rank anthracite
Yield %	64.3	51.2	17.3
Phosphorus %	0.008	0.012	-
Ash content %	9.7	14.9	22.0
Inherent moisture %	2.1	1.1	1.0
Volatile matter %	5.1	5.8	5.5
Fixed carbon %	83.1	78.2	71.4
Gross calorific value MJ/kg	31.58	29.45	25.40
Total sulphur %	1.04	0.65	0.84



# Annexure C: Kangwane Central coal qualities



Kangwane Central – washed			
	4U Seam	3 Seam	2 Seam
Yield %	88.70	60.33	70.00
Ash content %	15.92	15.48	15.89
Inherent moisture %	1.08	1.77	1.66
Volatile matter %	6.85	6.00	6.96
Fixed carbon %	76.15	76.75	75.49
Gross calorific value MJ/kg	28.90	28.37	27.89
Total sulphur %	0.46	0.36	0.25



# Annexure D: Kangwane South coal qualities



## Kangwane South Seam 3– washed

Yield %	64.37
Ash content %	16.81
Inherent moisture %	1.69
Volatile matter %	7.68
Fixed carbon %	73.82
Gross calorific value MJ/kg	28.16
Total sulphur %	0.59



# Annexure E: Marble coal qualities



Marble coal qualities	
Ash content %	12.1
Inherent moisture %	2.5
Volatile matter %	4.8
Fixed carbon %	80.6
Gross calorific value MJ/kg	29.35
Average sulphur %	0.89
Average phosphorus %	0.022



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