

**ASX RELEASE
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Q1 2012 DRILLING PROGRAMMES: KANGWANE CENTRAL, MBILA

- **Kangwane Central: Phase 3 drilling starts to upgrade measured resource; results expected Q3 2012**
- **Mbila: 10 borehole infill drilling totalling 2 000m, to identify additional resources; results expected during April 2012**

ZYL Limited (“ZYL” or the “Company”) (ASX: ZYL), the Perth-based emerging anthracite producer, is pleased to announce Q1 2012 drilling schedules for its key South African projects, Kangwane and Mbila.

Kangwane Central

Phase 3 drilling at Kangwane Central has begun to upgrade the first five years of mineable resources to the measured category. The 25-borehole programme totalling 5 000 metres, to be undertaken by GeoPractica, will comprise exploration, verification and geotechnical drilling. Core samples will be prepared and sent for analysis at an accredited laboratory. The full drilling programme, analysis and subsequent geological modelling will be completed in Q3 and the results will be announced shortly afterwards.

Mbila

Phase 1 of an infill drilling programme, to identify additional resources lying between Mbila S Block and the adjacent Msebe exploration permit area (see map on following page), is scheduled to begin during the first week of March. Phase 1, consisting of 10 diamond drill holes totalling 2 000 metres, is expected to be completed by the end of March, with analysis results available in the first half of April. Phase 2 will start in the last week of March, with results expected mid-April. The results from both drilling phases will be integrated into the existing geological model and any additional resources identified will be incorporated into Mbila’s resource base and mine planning. ZYL expects to be in a position to update shareholders on Mbila’s resource position during May.

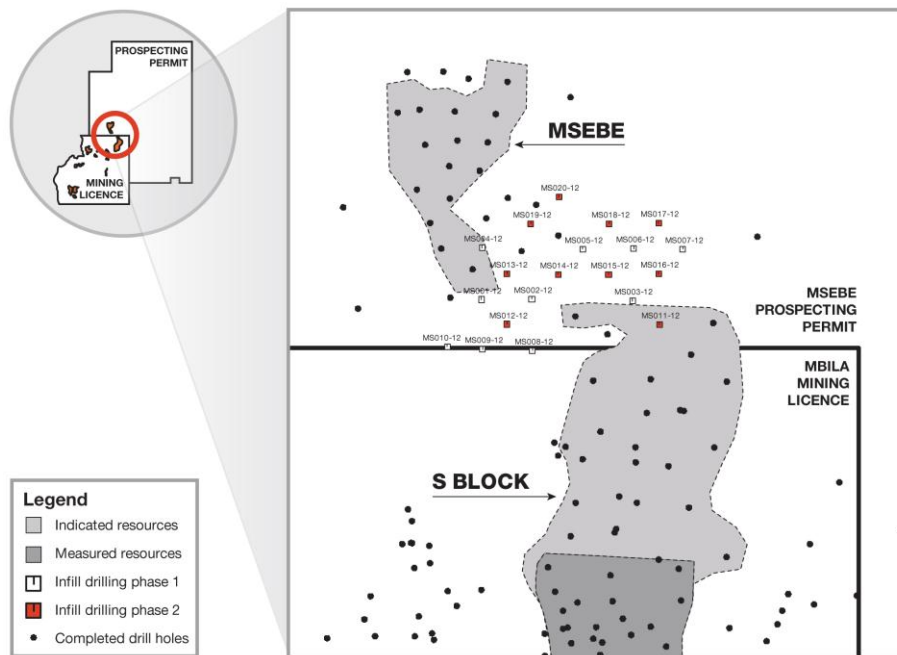
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Two structural definition drilling programmes will begin on the GA and AD Block at Mbila in the first week of March 2012. The programmes, consisting of 43 percussion drill holes totalling 2 580 metres, are to clarify structural definition in order for ZYL to complete the mine design for these two resource blocks. A further geotechnical drilling programme at S Block will start in the coming weeks, as technical information is required to complete the final mine design and scheduling for the Beaufort multi-seam underground mining configuration.

Commenting on the drilling programmes, Executive Chairman Bevan Tarratt said: “The new drilling programmes provide ZYL with the opportunity to expand and increase the resource at both the Kangwane and Mbila projects. The structural and geotechnical programmes to be completed at Mbila allow us to progress with completing the mine design as soon as possible.”

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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. Flagship projects are the Mbila and Kangwane projects in South Africa, located close to rail, port, power and water infrastructure.

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