

UPDATED MBILA RESOURCE ANNOUNCEMENT

Further to the announcement on 5th November 2013, the Company provides the following update on progress relating to the Mbila Project.

Highlights

- An updated Independent Competent Persons Report has been completed
- The total JORC compliant resources for the Mbila Project are 125.0 Mt GTIS
- Measured and Indicated Resources have increased by 28.0 Mt GTIS, which now comprises 69.9% of the total resources
- The additional 28.0 Mt GTIS Measured and Indicated Resources now capable of being converted to Proven and Probable reserves

Project Description

The Mbila Project is located on Portion 9 of Reserve № 12 and № 15832 in the KwaZulu Natal Province of South Africa (Figure 1) and consists of the Mbila Mining Right (KZN30/5/1/2/2/186MR), covering 19,180Ha, and the Msebe Prospecting Right covering 52,946Ha (196/07/PR).

Figure 1: Mbila Project Location Map



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Project Geology

Two types of Permian-aged anthracite occur in the project area, namely Ecca Group and Beaufort Group and the target seams are the Main Seam and the B Seam respectively. The Main Seam is on average 1.07m thick in the project area whilst the B Seam averages 12m in thickness and is made up of a package of coal and carbonaceous shale horizons with four major sub-seams, namely the B4, B3, B2 and B1 (from top to bottom). The sub-seams are on average 2.75m thick with 0.5-2.0m partings. In the Ecca Group two thinner coal seams occur above and below the Main Seam, namely the M+1 and M-1. In the Beaufort Group two lower quality seams occur approximately 20m below the B1 seam. These are called the A2 and A1 Seams. Coal Resource estimates includes these additional seams with the intention of increasing the potential for opencast mining with lower stripping ratios.

A major fault occurs to the east of the Mining Right area that has resulted in a wedge of Beaufort Group being down-thrown to occur at the same modern day topographic elevation as the Ecca Group. The Ecca resources occur within four separate blocks, namely G Block, A Block, K Block and O Block, whilst the Beaufort resources occur within the S Block and Msebe (Figure 2).

The average depth to the Main Seam is 43m and the seam dips moderately to the east at an average of at 2°. The B Seam package gently undulates throughout the Beaufort areas and sub-crops at the south of S Block and the north of Msebe. The average depth to the top of the B4 sub-seam is 98m and the general dip is 9° to the northeast. A combination of both opencast and underground mining is considered achievable on the project.

Dolerite intrusions occur on the property in the form of sills and dykes, which have resulted in portions of the coal to be burnt. These areas have been discounted from Resources estimations.

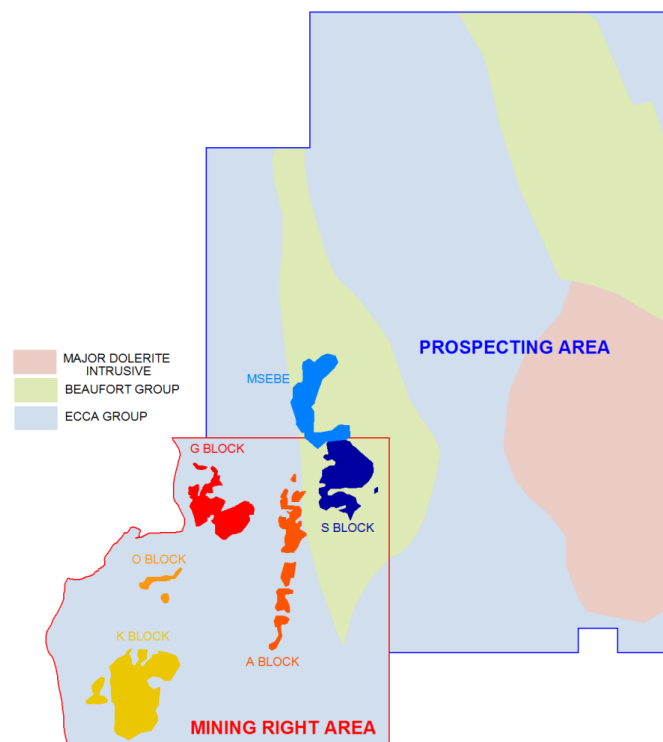


Figure 2: Mbila Project location map (Blocks G, A, K and O = Ecca Group; S Block and Msebe = Beaufort Group)

Database

The presence of both target seams has been identified on the property by both historical and recent drilling campaigns. A database consisting of 645 boreholes, both percussion and diamond core, has

been compiled and is currently being stored in GBIS 7 software. PC Meyer Consulting (the Independent Competent Person for the project) conducted a full and comprehensive database audit of Mbila in May 2012 and Msebe in August 2012.

The audit highlighted the necessity for an accurate surface topography of the project area and so a Lidar DTM survey on a 1 m grid interval was conducted by ZYL in July 2012.

Discrepancies between five of the borehole collars handwritten on the Msebe logs and those in the historical electronic database warranted a re-survey of the collars. All five of the erroneous boreholes were located in the positions according to the electronic database and subsequently re-surveyed.

Modelling

Information from the GBIS database was used to create a 3-dimensional block model in Micromine Software using inverse distance squared algorithm and 20 x 20 size blocks. For structural interpretation both the percussion and cored boreholes were used. The resource blocks were divided based on a 0.8 m seam thickness cut-off and structurally divided blocks, mostly caused by dolerite sill transgressions.

Within the database the Mbila Mining Right area has 275 boreholes with analytical data and the Msebe Prospecting area has 27. Of these there are 262 boreholes in Mbila that contain full washability data and 26 in Msebe. Only boreholes with washability data were used to define JORC classified Resources and a 40% minimum yield cut-off was applied to blocks G, K and A.

April 2013 Resources

The compilation and validation of the complete database has resulted in various iterations of the resources at Mbila since ZYL took ownership of the project in September 2011. ZYL consider the current data set to be the most complete and accurate version that has been used for geological modeling and resource estimations and is pleased to announce an updated JORC and SAMREC compliant Independent Competent Persons Report ('CPR') has been issued by PC Meyer Consulting.

JORC compliant resources total 125.0 Mt GTIS high-quality anthracite (Table 1 & Table 2).

Table 1: Updated Mbila Project Anthracite Resources

JORC CLASSIFICATION	ECCA MBILA GTIS (Mt)	BEAUFORT MBILA GTIS (Mt)	BEAUFORT MSEBE (Mt)	TOTAL CLASSIFIED RESOURCES
Measured Resource	8.6	27.6	17.7	53.8
Indicated Resource	1.9	21.2	10.4	33.6
Inferred Resource	3.5	34.0	0.0	37.5
TOTAL ANTHRACITE RESOURCES*	14.0	82.8	28.1	125.0

**Numbers have been rounded*

Table 2: Comparison between the August 2012 and April 2013 Mbila Resources

JORC CLASSIFICATION	CPR 29th August 2012 GTIS (Mt)	CPR April 2013 GTIS (Mt)
Total Measured Resource	36.2	53.8
Total Indicated Resource	23.2	33.6
Total Inferred Resource	94.8	37.5
TOTAL COMPLIANT RESOURCES*	154.2	125.0

**Numbers have been rounded*

The total Resource combines both the Mbila Mining Right and Msebe Prospecting Right areas and has been reported differentiating between Eccca and Beaufort quality anthracite. The Eccca resources are wholly contained within the Mining Right area and total 14.0Mt GTIS whilst the Beaufort resources extend across both the Mining Right area and the Prospecting Right area totaling 110.9Mt GTIS. The improvement in the measured and indicated resources of 28 million tonnes is very significant in terms of both absolute tonnes and their related confidence levels.

Resource Qualities

Resource qualities have been reported on an air dried basis and no moisture corrections were made. Washed product qualities for the Eccca Group are limited to a 10% and 13% ash content whilst the products for the Beaufort Group have been reported for a 15% and 22% ash content (Table 3).

Table 3: Mbila Project Washed Product Qualities

10% ASH CONTENT*							
BLOCK	CV (MJ/Kg)	INHERENT MOISTURE (%)	ASH (%)	VOLATILE MATTER (%)	FIXED CARBON (%)	TOTAL SULPHUR (%)	YIELD (%)
G BLOCK	29.1	1.8	10.2	5.4	82.5	1.0	69.4
A BLOCK	29.9	1.6	10.4	5.7	82.3	1.3	54.2
K BLOCK	30.1	2.1	8.9	4.6	84.4	1.3	90.6
O BLOCK	26.7	2.2	17.0	4.6	76.2	0.7	23.2

**Qualities for A Block and G Block are weighted averages including the M+1 and M-1 Seams for A Block and the M+1 Seam for G Block*

13% ASH CONTENT*							
BLOCK	CV (MJ/Kg)	INHERENT MOISTURE (%)	ASH (%)	VOLATILE MATTER (%)	FIXED CARBON (%)	TOTAL SULPHUR (%)	YIELD (%)
G BLOCK	27.8	1.8	12.9	5.5	79.9	1.1	81.8
A BLOCK	28.8	1.6	13.2	5.7	79.5	1.5	71.5
K BLOCK	29.8	2.1	9.7	4.7	83.5	1.4	93.7
O BLOCK	26.3	2.2	18.6	4.6	74.6	0.8	25.5

**Qualities for A Block and G Block are weighted averages including the M+1 and M-1 Seams for A Block and the M+1 Seam for G Block*

15% ASH CONTENT							
BLOCK	CV (MJ/Kg)	INHERENT MOISTURE (%)	ASH (%)	VOLATILE MATTER (%)	FIXED CARBON (%)	TOTAL SULPHUR (%)	YIELD (%)
S BLOCK	27.2	2.0	17.8	6.3	73.8	0.5	31.7
MSEBE*	29.2	1.2	16.1	7.5	75.2	0.7	64.5

*Msebe washed for a 16% ash content

22% ASH CONTENT							
BLOCK	CV (MJ/Kg)	INHERENT MOISTURE (%)	ASH (%)	VOLATILE MATTER (%)	FIXED CARBON (%)	TOTAL SULPHUR (%)	YIELD (%)
S BLOCK	25.3	2.0	23.0	6.2	68.7	0.5	54.7
MSEBE	26.9	1.3	21.2	7.4	70.1	0.7	85.8

Project Potential

The increase in Measured and Indicated resources can be attributed to the use of additional quality information for some of the historical boreholes as well as a re-survey of borehole collars at Msebe.

In the August 2012 CPR the 57.3 Mt GTIS resources at Msebe were all classified as Inferred. As a result of the re-survey of historical boreholes and the increased confidence in the data there are now 17.7 Mt of Measured Resources and 10.4 Mt of Indicated Resources at Msebe. As previously described, the increase in resources that can be converted into Proven and Probable reserves is considered to be a major benefit to the Mbila Project. In addition the Beaufort Group anthracite that occurs at Msebe has open cast potential due to favourable stripping ratios.

Competent Persons Statement

Information in this report that relates to exploration results and minerals resources is based on information compiled by Mr PC Meyer, who is a consultant to ZYL Limited. Mr PC Meyer is a member of the South African Geological Society and registered with the South African Council for Natural and Scientific Professionals (SACNASP), a 'Recognised Overseas Professional Organisation' ('ROPO') included in a list promulgated by the ASX, has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code of Reporting of Exploration, Mineral Resources and Ore Reserves'. Mr Meyer consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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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 Mabila and Kangwane projects in South Africa, located close to rail, port, power and water infrastructure.

Important information

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