

**ZYL**  
LIMITED

[www.zyllimited.com.au](http://www.zyllimited.com.au)

ASX:ZYL

## INVESTOR PRESENTATION

MAY 2013

# Important information



The information in this presentation is an overview and does not contain all information necessary to make an investment decision. To the extent permitted by law, no representation or warranty, express or implied, is made as to the accuracy, adequacy or reliability of any statements, estimates or opinions or other information contained in this presentation, any of which may change without notice. This document is not a prospectus, disclosure document or offering document under Australian law or under any other law. It does not constitute an offer or invitation to apply for securities. It is for information purposes only. This presentation is not an offer of securities for subscription or sale in the United States or any other jurisdiction in which such an offer or solicitation is not authorised or to any other person to whom it is unlawful to make such an offer or solicitation. Some of the information contained in this presentation constitutes forward-looking statements that are subject to various risks and uncertainties, not all of which may be disclosed. These statements discuss future objectives or expectations concerning results of operations or financial condition or provide other forward looking information.

Prospective investors should make their own independent evaluation of an investment in the securities. The material contained in this document does not take into account the investment objectives, financial situation or particular needs of any particular investor. No recommendation to investors regarding the suitability of the securities has been made and the recipient must make its own assessment and/or seek independent advice on financial, legal, tax and other matters, including the merits and risk involved. This presentation and its contents have been distributed to you, in confidence, solely for your information and may not be retransmitted or otherwise reproduced or disclosed to third parties or made public in any way, in whole or in part, for any purpose without written permission.

## Competent person statement

Information in this presentation that relates to exploration results, minerals resources or ore reserves is based on information compiled by: Mr Dawie van Wyk in respect of Kangwane Central, Kangwane South and Mbila; Mr Petrus Meyer and Mrs Liz de Klerk in respect of Mbila. Messrs van Wyk and Meyer and Mrs de Klerk are consultants to the Company. Mr van Wyk is a member and fellow of the Geological Society of South Africa and SACNASP, a Recognised Overseas Professional Organisation. Mr Meyer is a member of the Geological Society of South Africa and of the Fossil Fuel Foundation. Mrs de Klerk is on the council of the Geological Society of South Africa and is a member of the British Geological Society. Messrs van Wyk and Meyer and Mrs de Klerk have sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australian Code of Reporting of Exploration, Mineral Resources and Ore Reserves'. Messrs van Wyk and Meyer and Mrs de Klerk consent to the inclusion in this presentation of the matters based on their information in the form and context in which it appears.

# Key Management & Presenters

- Yuzheng Xie:
  - Chairman ZYL Ltd (Non-Executive)
  - Extensive steel material marketing and trading
  - Junior mining companies – project finance & capitalisation
  - Representative of major shareholder: Prestige Glory (“PG”)
    - Share placement AUD 1,3m (April 2013)
    - Underwriter of share placement of AUD 5,6m (June 2013)
    - “Best endeavours“ underwriter of Convertible Note of AUD6,0m
  
- Phillipe Lalieu (Presenter):
  - Commercial Director ZYL Ltd
  - B Com
  - >15 years of corporate finance / business development – mining sector
  - Co-founder of Corporate Finance advisory business - mining sector
  - Senior management positions at Anglo Platinum

# Key Management & Presenters

- Jan Britz:
  - Chief Operating Officer (“COO”) ZYL Ltd
  - BSc Mining Engineering, MBA, Pr. Eng
  - >20 years in SA coal mining industry
  - Underground & opencast experience with SA coal majors
  
- John Beck (Presenter):
  - Strategic consultant to ZYL
  - BSc & CA (SA)
  - Previous CEO & Director of numerous large SA private & publicly listed companies
  - CEO of Mineral Technologies International (SA) (“MTI”)
  - >10 years in SA domestic and global anthracite business
  - MTI = majority vendor of Mbila project
  - MTI = Contingent major shareholder & interested party (28% post current capital raising processes)
  
- Board Constitution

# CURRENT CORPORATE EVENTS



# Notice of Meeting

- NOM currently being reviewed by the ASX
- To be issued to secure shareholder approval for:
  - Approval of the Settlement Agreement including the associated issuing of shares to MTI
  - Ratification of shares already placed and future placement of shares to Prestige Glory
  - Potential top-up placement
  - Issue of shares for various fee obligations outstanding
  - Appointment of Mr Yuzheng Xie

# Mbila Settlement Agreement

- Principle terms:
  - (a) Transfer current interest in Mbila back to the Mbila vendors – security for CP's
  - (b) Consulting agreement with Beck (CP – completed)
  - (c) Initial placement to Prestige Glory – AUD 1,3m (CP - completed)
  - (d) Further share placement / rights issue to Prestige Glory – AUD 5.6million (CP –in progress)
  - (e) Issue of convertible note to Prestige Glory (AUD 6,0m – in progress)
  - Fulfilment of CP's, Mbila vendors to sell 74% interest in Mbila project to ZYL for 588,4 m shares in ZYL (35% - after full dilution of (a), (b), (c) & (d))
  - Failure of CP's, Mbila vendors retain claims against ZYL (USD 27,6m).
- Value at AUD 0.02 cps of Mbila vendor shares = AUD 11,8m vs. Mbila vendor claims of USD 27,6m - significant improvement
- Mbila Assets

# Share Data



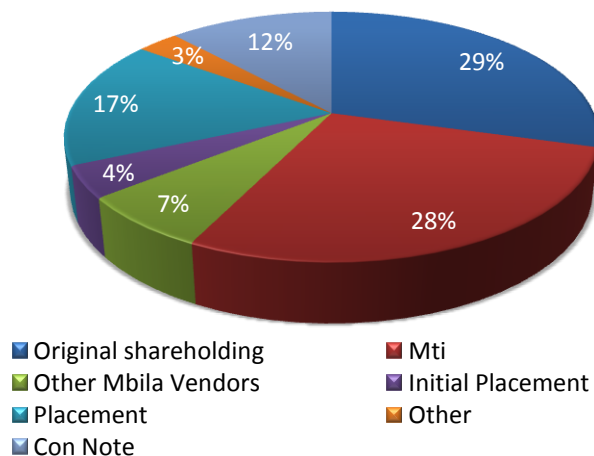
Description	AUD \$
Current Share Price	0.015
Market Capitalisation	\$ 8.43
Shares in Issue	561 667 899
Number of shareholders	2 694
Major shareholders	
	Prestige Glory Limited (15.16%)
	Macquarie Bank Limited (7.07%)
	Sin-Tang Development Pte Ltd (4.86%)
Cash at bank	\$ 610 433.00



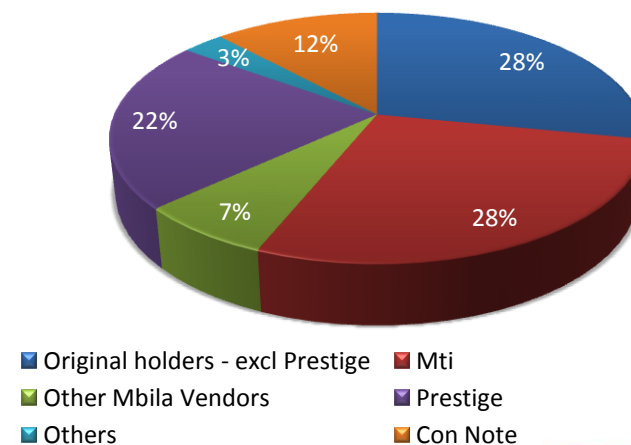
# Short Term Funding Initiatives

Description	AUD \$	Status
Initial Placement	1.37	Concluded
Placement	5.60	Committed
Convertible Note	6.00	Best Endeavour Commitment
<b>Total</b>	<b>12.97</b>	
Potential Top-up Placement	5.60	TBD
SPP	1.50	TBD
<b>Total</b>	<b>20.07</b>	

Initiatives impacting capital structure

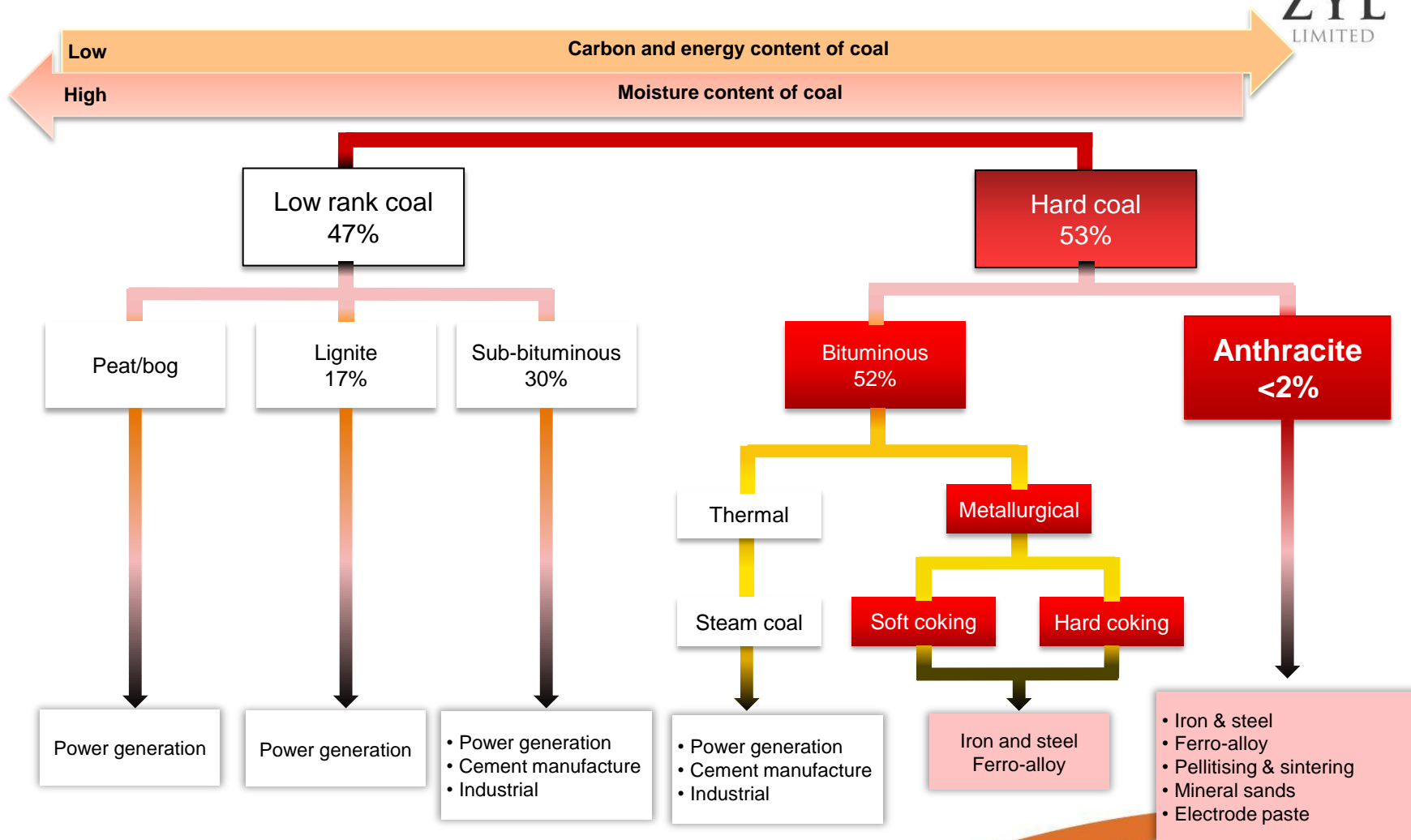


Expected shareholding following capital restructuring



# ANTHRACITE POSITIONING

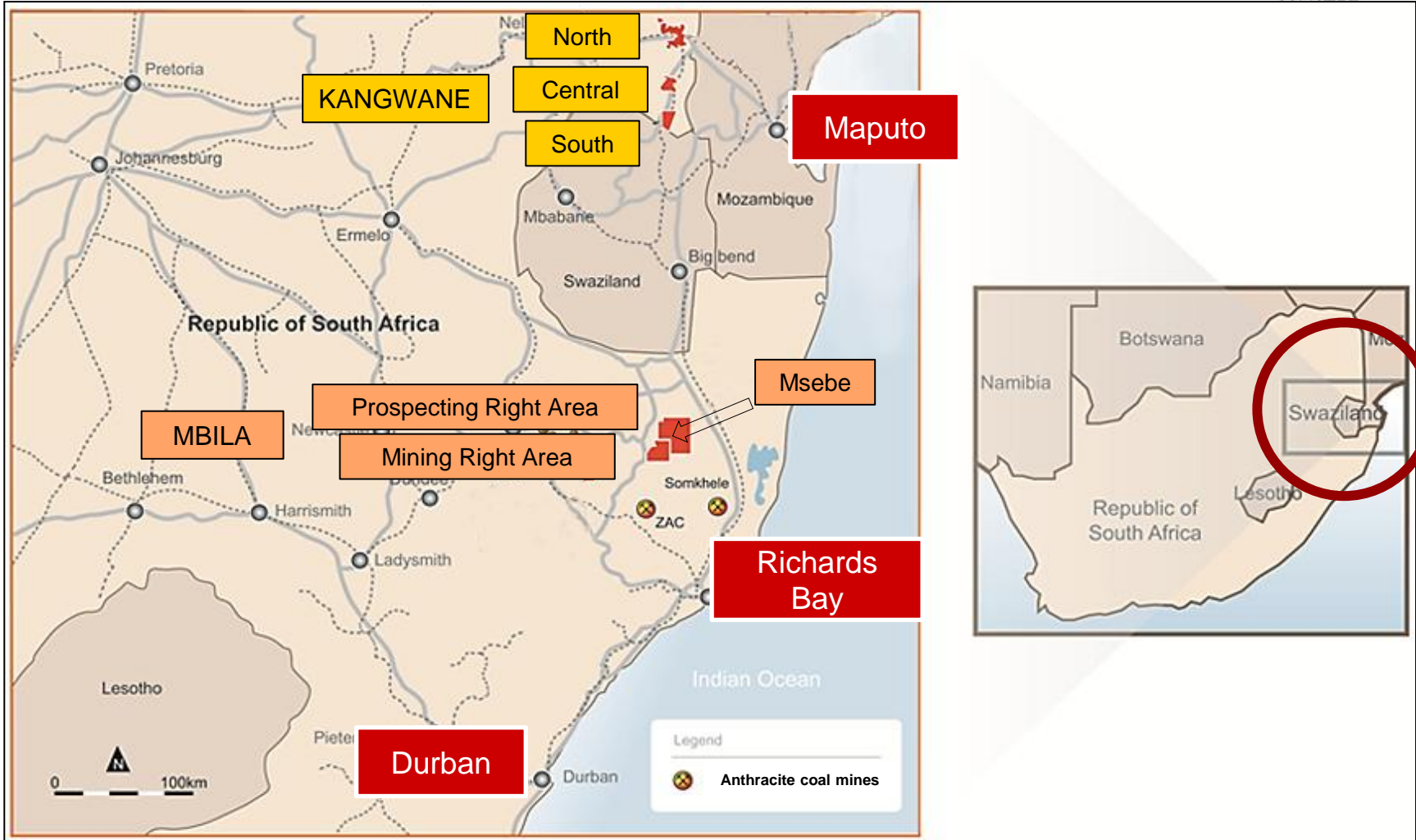
# Anthracite - high carbon, low volatiles (<10%)



Source: Adapted from the World Coal Association 2011

# ANTHRACITE ASSETS

# Locality Map



# Resource Base



CURRENT JORC COMPLIANT GTIS RESOURCES				
PROJECT	MEASURED	INDICATED	INFERRED	SUB-TOTAL
Kangwane North	0	0	0	<b>0</b>
Kangwane Central MRA	94.3	0	0	<b>94.3</b>
Kangwane Central LOM	105.7	0	0	<b>105.7</b>
Kangwane South	0	73.9	25.8	<b>99.7</b>
Mbila Ecca	8.6	1.9	3.5	<b>14</b>
Mbila Beaufort	27.6	21.2	34	<b>82.8</b>
Msebe	17.7	10.4	0	<b>28.1</b>
<b>TOTAL</b>	<b>253.9</b>	<b>107.4</b>	<b>63.3</b>	<b>424.6</b>

Tonnages are GTIS resource based on RAW *in situ* coal with <50% ash

Mbila and Beaufort seam thickness cut-offs are 0.80m

Kangwane Central seam thickness cut-off is 0.5m

The Kangwane Central Prospecting Right area consists of the Mining Right area and LOM area.



# THE FUTURE

# Previous Strategic Focus

- Resource aggregation – niched metallurgical coals (anthracite)
- Exploration targets
- Feasibility studies
  - Initial scoping poor
  - Cost & time over-runs
- Objectives
  - Short term
  - Shift resources up value curve
- Bloated overhead structure

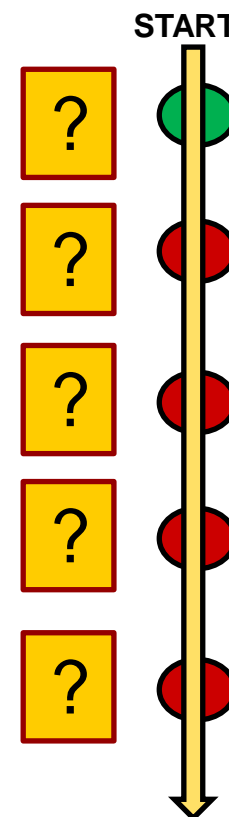


# Historic Strategic Focus

- End result – complicated:
  - Vendor structures
  - Shareholders & associated entities
  - Funding models
  
- In certain cases:
  - Disproportionate vendor risk profiles
  - Weak commercial transactions
  - Unintended consequences

# New Strategic Focus

- Same product focus – niche metallurgical coals (anthracites)
- Resource aggregation → operational mining
- Feasibilities → execution & implementation
- Absolute resources → quality mineable assets
- Short term → long term
  - Focussed “line of sight” for >15 year “Life of Project”
  - Manageable “ramp up” from small to larger operational base



# New Strategic Focus

- Exploration focussed on 3 – 5 years ahead
  - Purpose
    - Mining planning
    - Mining risk mitigation
  
- No indiscriminate exploration for sole purpose of “fattening” reserve base



*Illustrative*

# How do we intend to execute upon new strategic focus?

## ○ Evaluation process – Step 1

- Mind set change from exploration → mining
- Communicate strategic shift to shareholders/stakeholders
- Critically rule out marginal assets
  - High risk
    - Economically too small?
    - Villages / towns?
    - Communities & access?
    - Poor infrastructure?
    - Environmentally sensitive etc.?



*Illustrative*



# How do we intend to execute upon new strategic focus?



- That require considerable additional future exploration (low confidence levels)
- Does not fit mining “roadmap”
  - “Use it or lose it” principle
- Complex funding & vendor structures
- Weak commercial transactions
  - Disproportionate vendor risk profiles
  - Inappropriate investment levels
  - Overpriced

# How do we intend to execute upon new strategic focus?



## ○ Execute upon results of evaluation process – Step 2

- “Cull”
  - High risk assets
  - Assets that do not fit mining “roadmap”
- Determine overall mining “roadmap” – “line of sight” > 15 years
- Renegotiate
  - No “distress” negotiating!!
- Chase down:
  - Funding requirement
  - Regulatory requirements
  - Final detailed design requirements

In order to be compliant to commence mining operations

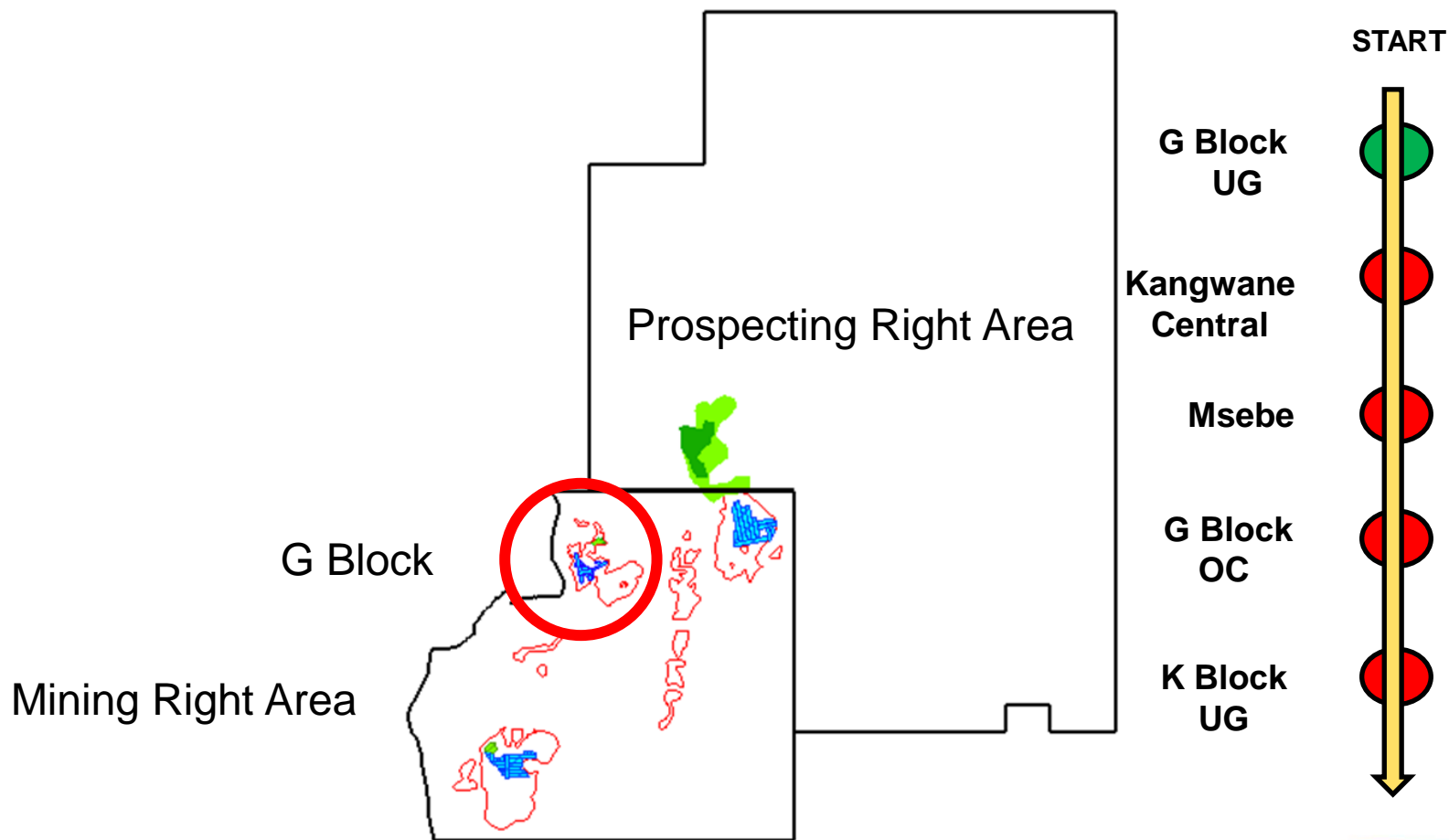
- Commence sequenced mining operations



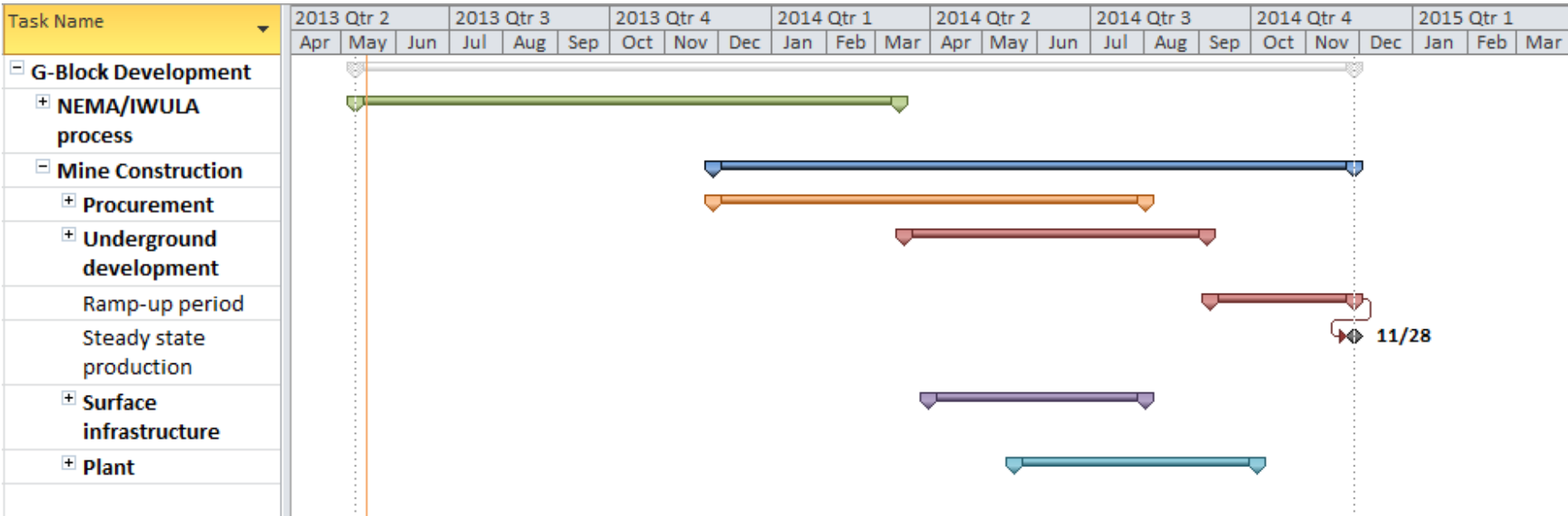
# Mbila Location Map



# MBILA – Mining & Prospecting Right Areas



# G Block Development Plan





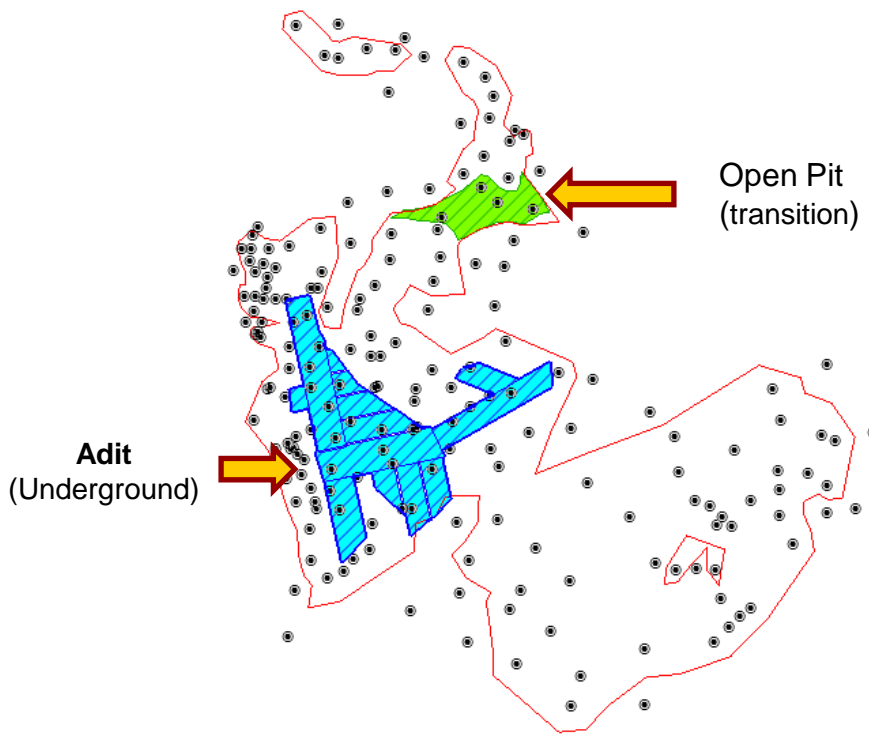
# G Block



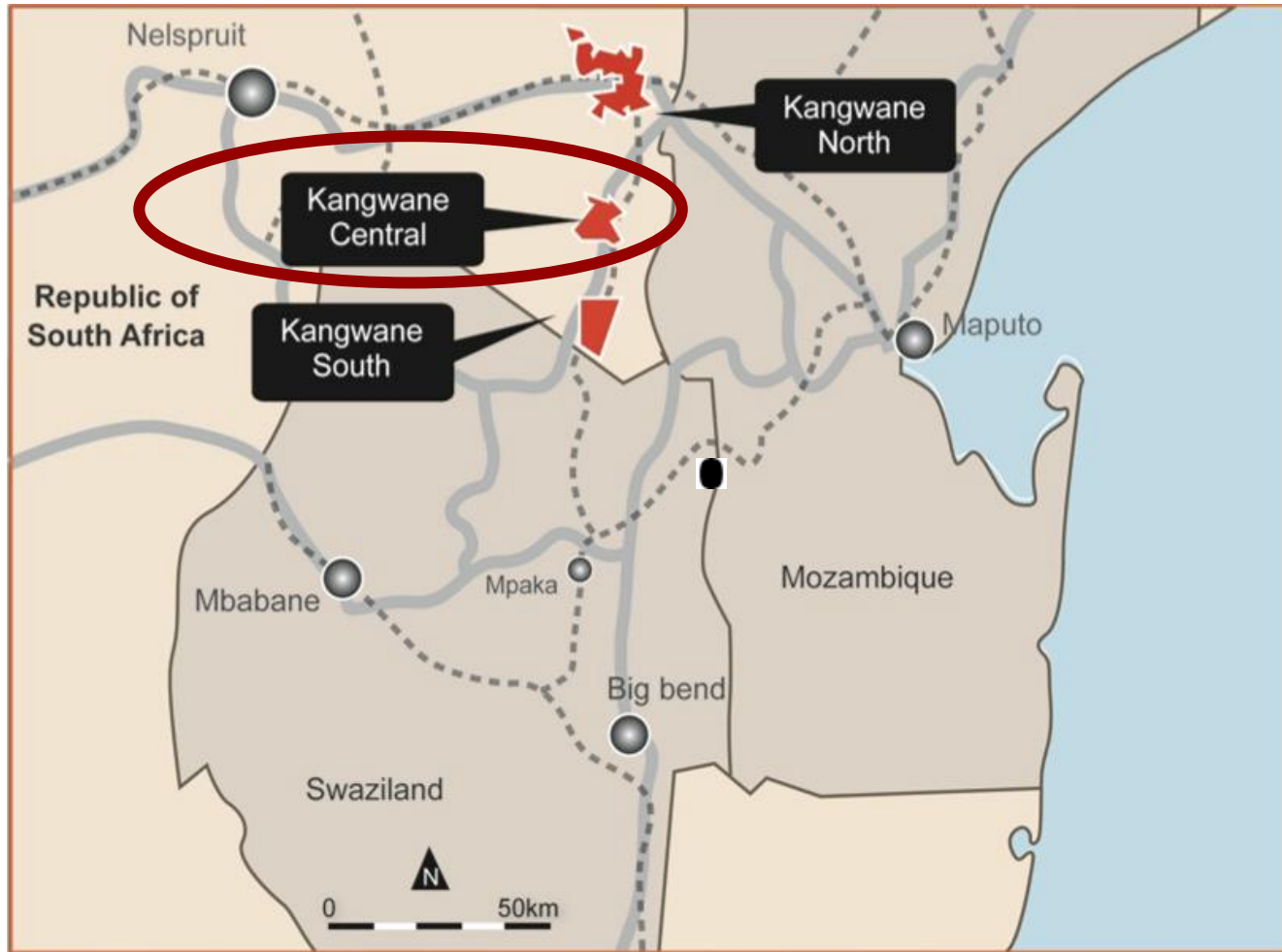
*Illustrative*



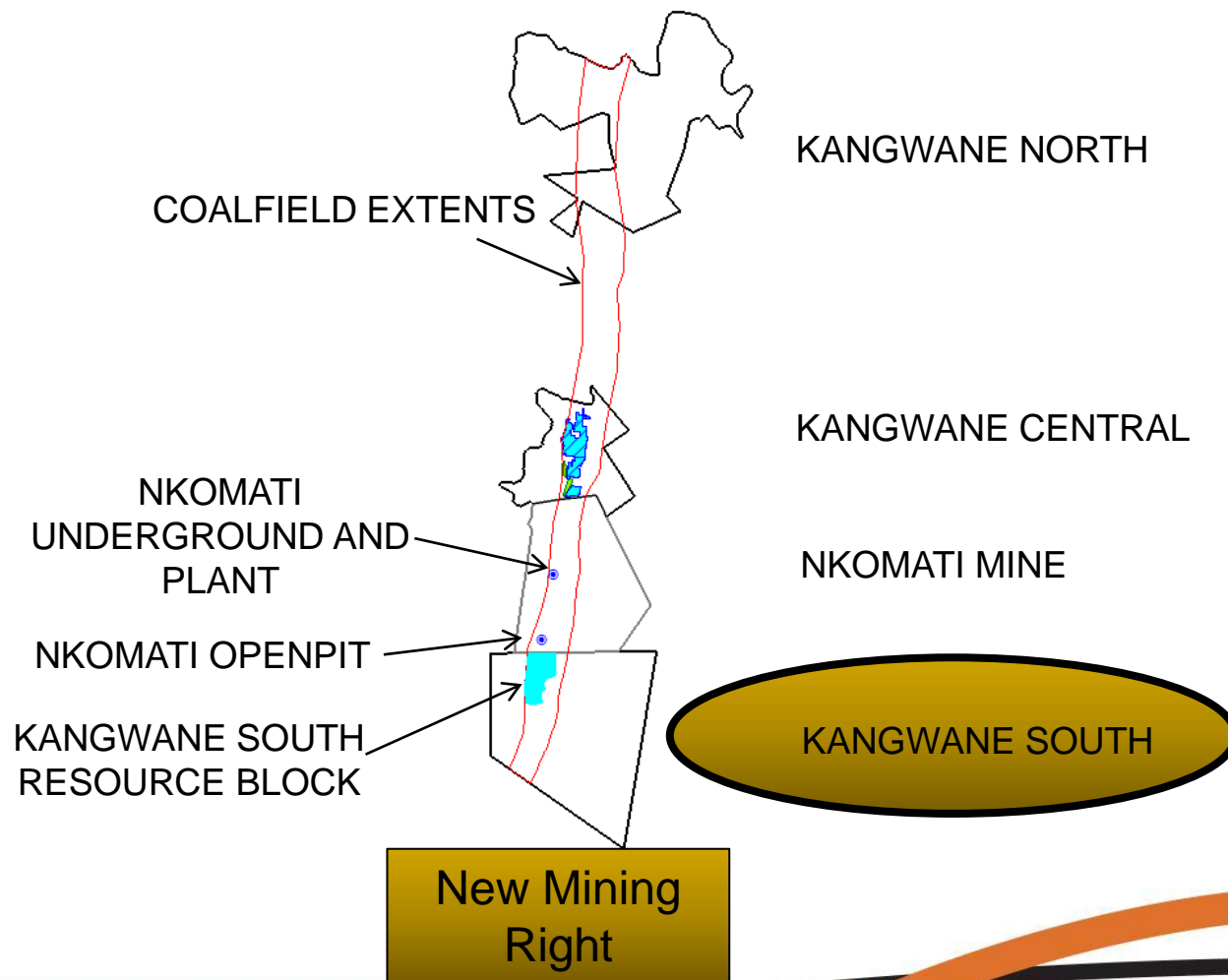
*Illustrative*



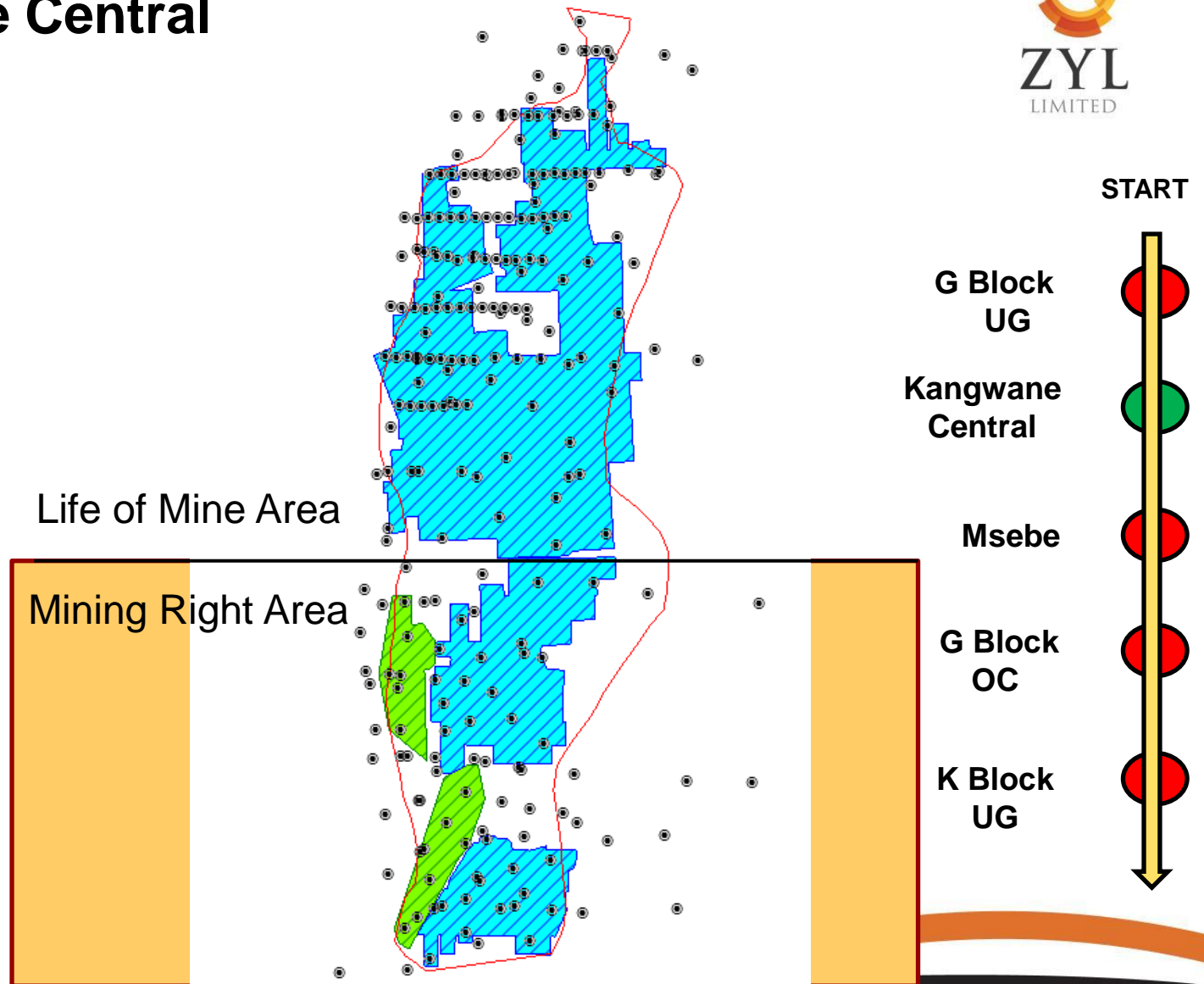
# Kangwane Central



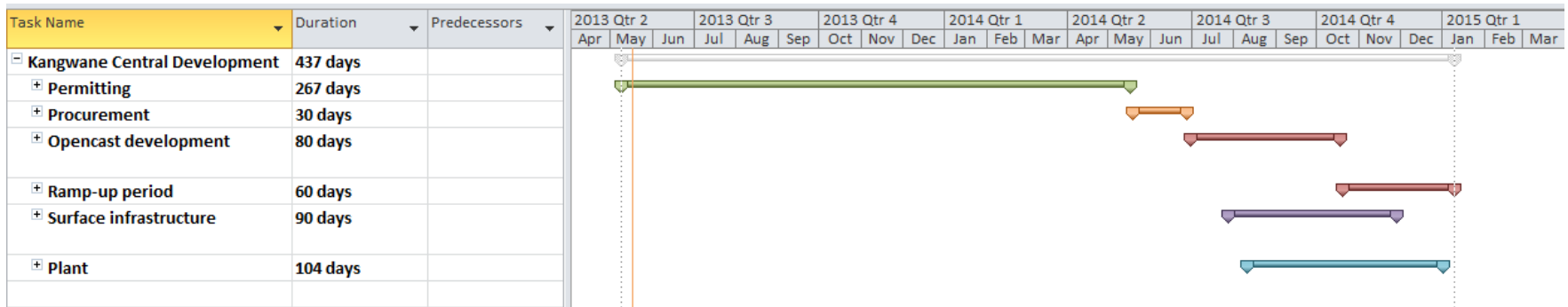
# Kangwane Projects Locality Map



# Kangwane Central

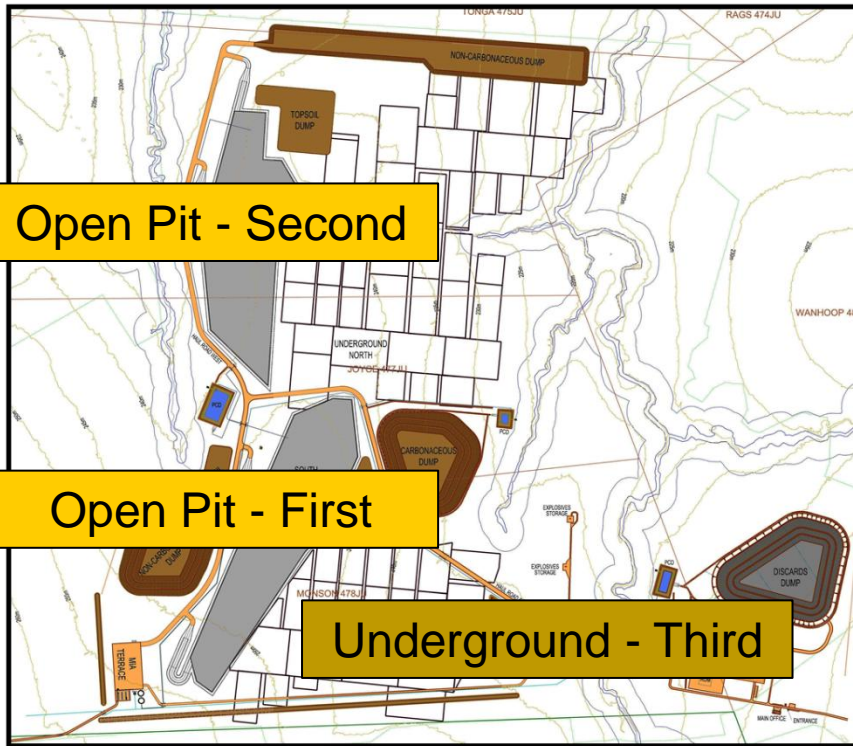


# Kangwane Central Development Plan





# Kangwane Central



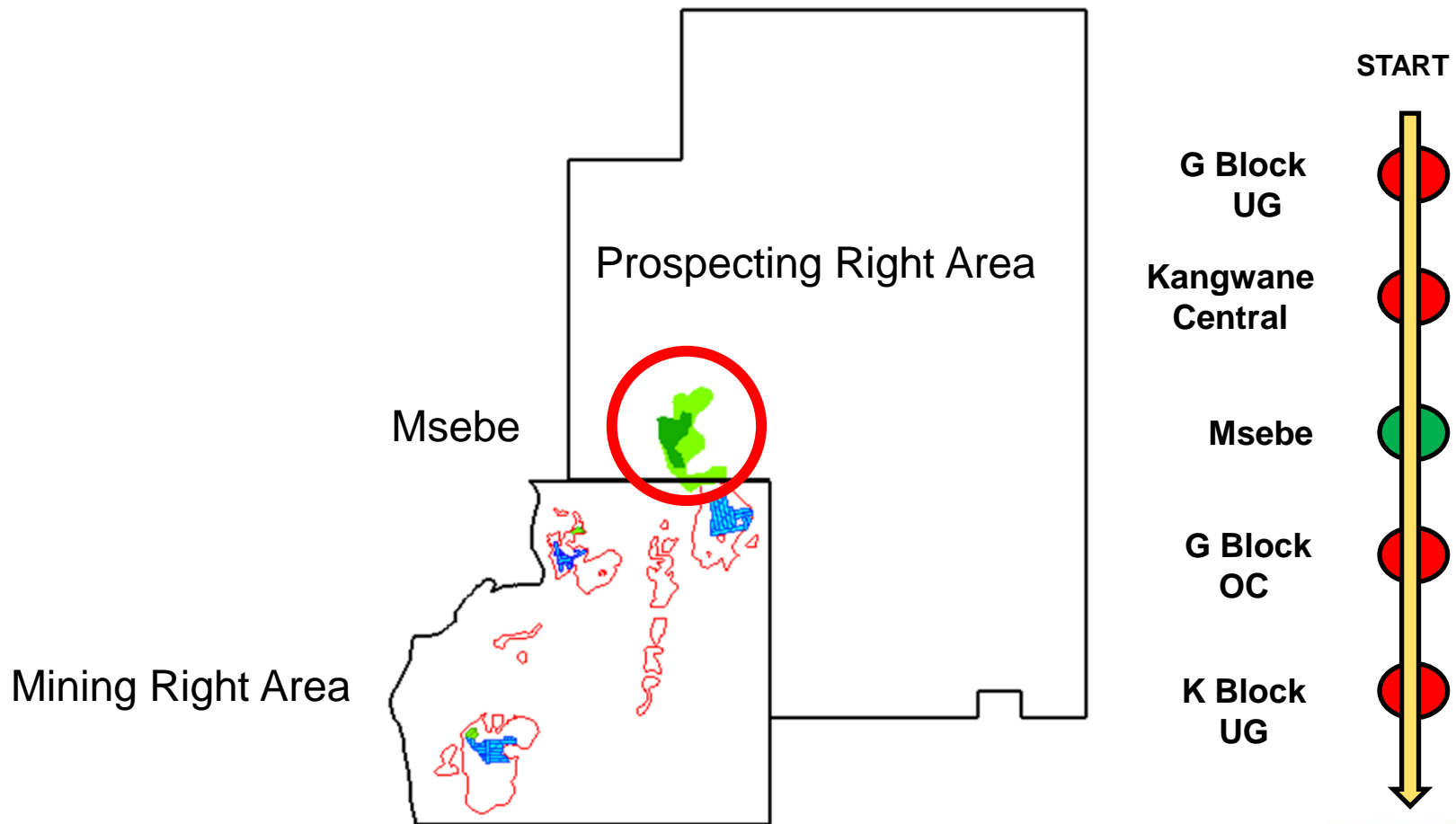
*Illustrative*



*Illustrative*



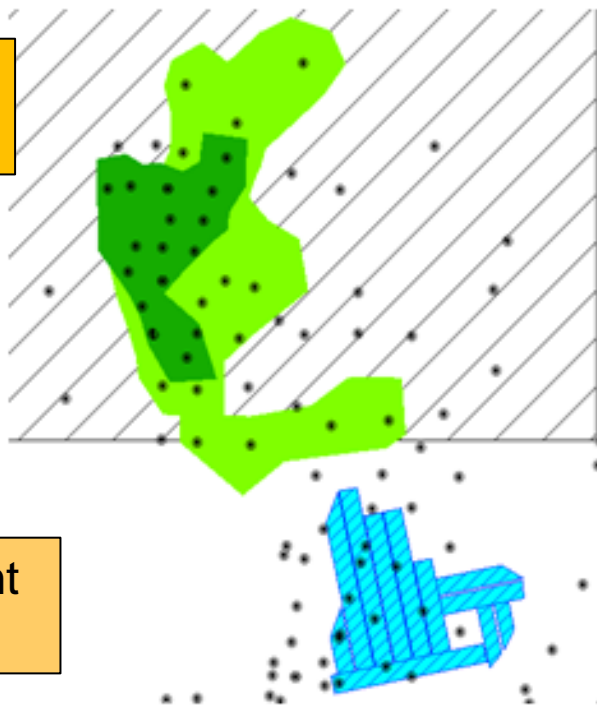
# MBILA – Mining & Prospecting Right Areas



# Mbila – Msebe & S Block North

MSEBE AND S BLOCK NORTH - BEAUFORT

Prospecting  
Right Area



Mining Right  
Area

*Alternative*

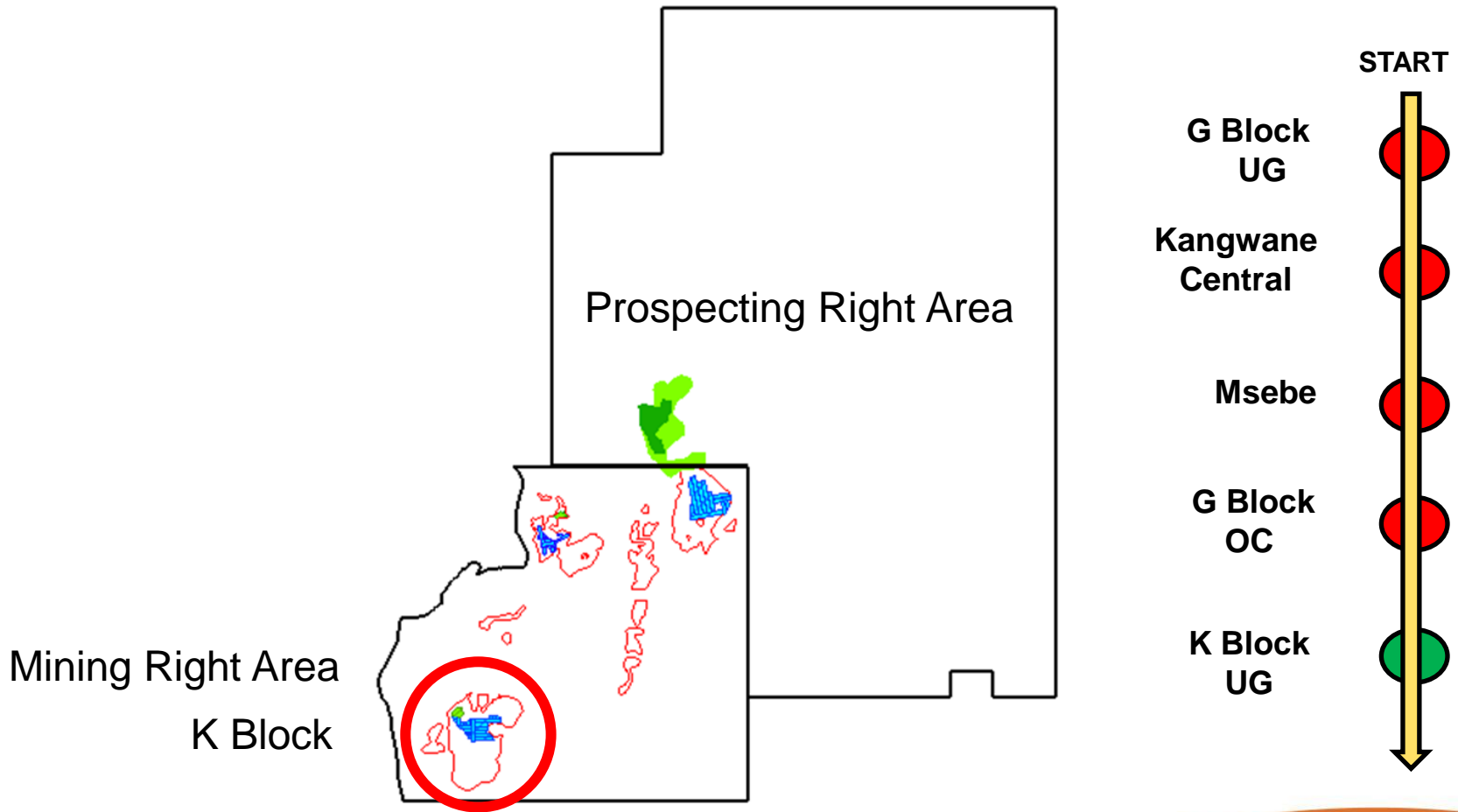


*Illustrative*



*Illustrative*

# MBILA – Mining & Prospecting Right Areas



# Mbila – K Block

K BLOCK - ECCA



*Low Profile Battery Scoop  
Illustrative*



*Augur  
Illustrative*



# Future Potential Anthracite in Mbila Prospecting Area



FURTHER ECCA GROUP SEQUENCE

POTENTIALLY COMPLETE BEAUFORT GROUP

FAULTED WEDGE OF BEAUFORT COAL HOSTING MSEBE AND S BLOCK

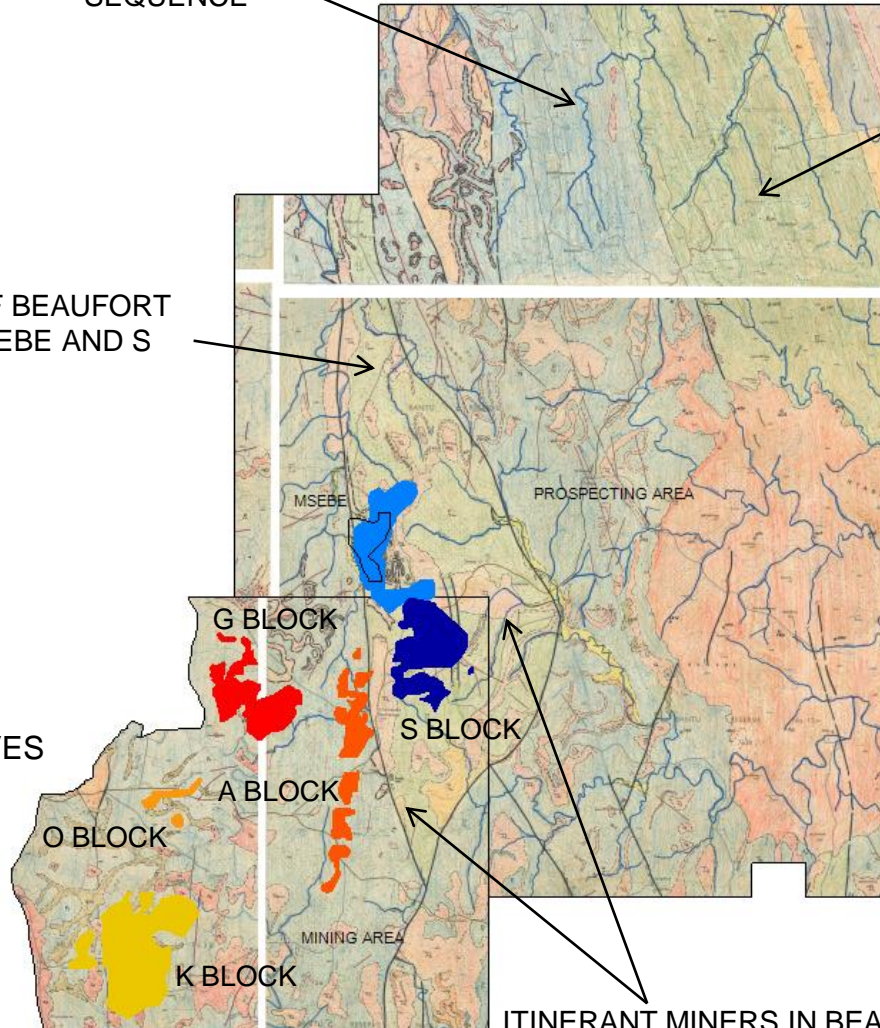
FAULTS

RIVERS

ECCA GROUP

BEAUFORT GROUP

DOLERITE INTRUSIVES



ITINERANT MINERS IN BEAUFORT

# Summary & Conclusions

- Anthracite markets remain highly attractive & sustainable in the long term
- Quality Anthracite resources to deliver into the market
- Well located:
  - Local demand
  - Export through existing infrastructure
- Clearly defined road map to development
- Simplified ownership structure
- Reduced overheads
- Support of major shareholders

# Questions and Answers





**Phillipe Lalieu, Commercial Director**

Mobile

+27 (0)83 455 6867

Telephone

+27 (0)10 591 0638

Email

plalieu@zylimited.co.za

**Registered Office, Perth Australia**

Telephone

+61 (0) 8 9486 4036

Email

info@zylimited.com.au

Website

www.zylimited.com.au



*Illustrative*

# TECHNICAL REPORTS (MBILA & KANGWANE CENTRAL)



## MBILA

- May 1975 – Report on the prospecting undertaken in Bantu Reserve No. 12, Nongoma – Kwa Ngoma Mines (Pty) Ltd
- February 1982 – Geological report on the Msebe anthracite prospect – Mining Corporation Ltd;
- September 2006 – Geological report on the Mbila resources – GeoCoal Services;
- October 2006 – Pre-feasibility report on ‘original’ prospecting area – Badger Mining and Consulting;
- December 2007 – An abbreviated geological report on the Mbila coal project – GeoCoal Services;
- February 2008 – Mbila Project “BFS” – Badger Mining and Consulting;
- April 2008 – An independent review and assessment of the exploitation potential of the Msebe coal deposit – SRK Consulting;
- July 2008 – An updated cost estimate for the exploitation of the Msebe coal deposit- SRK Consulting;
- April 2010 – An updated approach for the exploitation of the Msebe coal project for incorporation into a Mining Right Application – SRK Consulting;
- January 2011 – Report on the Coal Resources and Reserves associated with the Mbila and Msebe coal projects – SRK Consulting;
- September 2011 – An independent competent persons review of the Mbila and Msebe coal projects – PC Meyer Consulting;
- January 2011 – An independent technical report on the Mbila coal resources – DK Exploration;
- August 2012 – Independent competent persons report of the Mbila mining area and Msebe exploration project – PC Meyer Consulting;
- September 2012 – York Energy Mbila anthracite project Feasibility Study report – Mindset Mining Consultants;
- November 2012- DRAFT Independent competent persons report on the resources and reserves of the Mbila mining area and the Msebe exploration project – PC Meyer Consulting; and
- April 2013 – Updated independent competent persons report on the resources and reserves of the Mbila mining area and the Msebe exploration project – PC Meyer Consulting.

## KANGWANE CENTRAL

- Kangwane Anthracite Project, Bankable Feasibility Report, RSV enco Consulting (Pty) Ltd, November 2012

# Mbila Update

## Mining right area (History)



- Badger Bankable Feasibility Report 2008
- SRK January 2011 – Report on Coal Resources and reserves associated with the Mbila and Msebe Coal projects
- Interim Feasibility Report -RSV Enco 2011
- Bankable Feasibility (Not completed) – RSV Enco 2012(work stopped in Sept 2012 due to resource to reserve conversion challenges)
- Technical workshop – November 2012
  - Focus on Small scale mining
  - Do additional drilling to mitigate risks in reserve conversion
  - Do horizontal drilling as part of the mining cycle
  - Do further metallurgical assessment

# Mbila Update

## Msebe (History)



- SRK April 2008 – Independent review and assessment of the exploitation potential
- SRK July 2008 – Updated cost estimate
- SRK 2010 - An Updated Approach for the Exploitation of the Msebe Coal Project for incorporation into a Mining Right Application
- SRK January 2011 – Report on Coal Resources and reserves associated with the Mbila and Msebe Coal projects
- Resource numbers have been reviewed and were announced in April 2013, confirming measured and indicated resources