

# PLACEMENT TO CHINESE STRATEGIC INVESTOR

24th June 2013

## Key Highlights

- Chinese group takes strategic stake in Chrysalis via share Placements;
- Initial Placement of up to \$2.35 million for up to 19.9% stake in Chrysalis subject to obtaining the necessary approvals in the Binding Term Sheet, followed by an Additional Placement for up to 25%;
- Group has first right of refusal to enter into an off-take agreement if Chrysalis develop a producing mining operation;
- Funds raised pursuant to the Placements will be used for further exploration on Chrysalis' Zambian copper projects and to meet working capital requirements;
- Appointment of an experienced interim Chief Executive Officer;
- Appointment of an executive director nominated by the Chinese group following the Initial Placement and a non-executive director following the Further Placement or Additional Placement; and
- The Placements are conditional upon Chrysalis obtaining any necessary regulatory, shareholder or other approvals to give effect to the Binding Term Sheet.

Chrysalis Resources Limited (ASX:CYS, "Chrysalis") is pleased to announce the formation of a strategic alliance with Chinese based investor, Eagle Brilliant Holding Limited ("EBH"). The strategic alliance was formed via the signing of a Binding Term Sheet under which EBH has agreed to subscribe for:

- (a) An Initial Placement, being either:
  - (i) 31,543,293 fully paid ordinary shares at 6 cents per share should Tiger Resources Limited (ASX:TGS, "Tiger") exercise its "top up right" under the Subscription Agreement executed between Chrysalis and Tiger on or around 27 August 2012 (Subscription Agreement); or
  - (ii) 39,134,074 fully paid ordinary shares at 6 cents per share should Tiger not exercise its "top up right" under the Subscription Agreement in relation to the Initial Placement;
- (b) (i) An additional placement of shares at 6 cents per share (Additional Placement) which will provide EBH with a shareholding in Chrysalis equivalent to 25%; or
- (ii) Should Chrysalis not be able to make the Additional Placement due to a failure to obtain any necessary waiver of ASX Listing Rule 6.18, Chrysalis will make a further placement (Further Placement) of:

Chrysalis Resources Limited	Company Snapshot	Company Structure	Board Management
A.B.N 58 125 931 964 Level 1 331 Hay Street SUBIACO WA 6008 PO Box 226, Wembley WA 6913  Phone: 618 9380 4430 Fax: 618 9481 5044 E: info@chrysalisresources.com.au www.chrysalisresources.com.au	Listed on ASX 27 May 2008  ASX Share Code CYS  Sector Mining	No of Shares on Issue 157,519,564  No of Options on Issue 35,036,327  Cash (as at 31 <sup>st</sup> May) \$0.65M	Dr Neale Fong - Executive Chairman  Mr Grant Kidner - Executive Director  Mr Adrian Paul- Non-Executive Director  Mr Brad Marwood - Non-Executive Director  Mr Trevor Benson - Non-Executive Director  Mr Michael Griffiths - Alternate Director  Ms Mel Cotterell- Company Secretary

- (i) 10,165,114 Shares if the scenario in (a)(i) occurs and Tiger exercises its “top up right” under the Subscription Agreement in relation to the Further Placement; or(ii) 9,537,701 Shares if the scenario in (a)(i) occurs and Tiger does not exercise its “top up right” under the Subscription Agreement in relation to the Further Placement; or
- (iii) nil Shares if the scenario in (a)(ii) occurs.

The Initial Placement will be made pursuant to Chrysalis’ placement capacity under Listing Rules 7.1 and 7.1A and shareholder approval will not be sought. The shares offered pursuant to the Placements will have the same rights as the other fully paid ordinary shares currently on issue.

The Additional Placement is conditional upon receiving a waiver from the Australian Securities Exchange (ASX) and secondly, shareholder approval at a General Meeting proposed to be held in Perth by the end of August 2013 (“Shareholder Meeting”). Should the Further Placement be made, this will also be conditional upon obtaining shareholder approval.

Pursuant to the Binding Term Sheet EBH will:

- Acquire 19.9% or 25% of Chrysalis subject to Shareholder Approval and obtaining any necessary ASX waivers;
- Appoint one executive board member to Chrysalis once the Initial Placement is completed;
- Appoint one non-executive board member once the Additional Placement or Further Placement is completed; and
- Subject to standard commercial terms and pricing, EBH will have the first right of refusal in relation to any off take agreement for mined ore or metal products when Chrysalis has a producing mining operation.

### About EBH

Eagle Brilliant Holding Limited (EBH) is a privately controlled, multi-national Chinese company focused on the exploration, development and processing of mineral resources around the world. EBH’s focus is to develop and invest in quality exploration and mining projects and provide off-take arrangements upon project development.

The Executive Chairman and owner of EBH, Mr Jiaping Jiang, is founder of the group behind EBH and the Chinese based Tian Di Long Group Co. Ltd (“TDL”). TDL has grown from its beginnings as a packaging company in east China’s Jiangsu Province to become a global enterprise with a diversified business portfolio including the manufacture of copper cathodes, rods and electric wires. TDL has an annual copper metal consumption capacity of 300,000-350,000t. The Group is also commissioning Asia’s largest aluminium wire plant with an annual output capacity of 150,000t for its first production line. TDL is now one of China’s leading copper rod and cable production companies.

TDL also invests in a diverse range of projects from exploration and mining through to smelting, property development and shopping malls.

TDL has more than 20 operational entities, four offices being in Hong Kong, Beijing, Shanghai and Nanjing and corporate assets of more than RMB10billion (A\$1.5 billion).

Mr Jiang said, "As a Chinese investor, TDL and EBH are interested in international copper and gold exploration and mining opportunities. Current slow down in world economy and depressing stock markets around the globe has not diminished our passion for copper. We have assessed a number of opportunities and see Chrysalis as a very attractive junior company with huge potential for discoveries of major copper resources in Zambia.

China is already the largest foreign investor in Zambia's minerals sector with China's single largest investment in the African Continent being the high-profile Chambishi copper mine which includes integrated mining and smelting facilities. We are pleased to have selected Chrysalis for investment and we very much look forward to being actively involved in the Company to create an exciting and profitable copper business not only for our Group but all shareholders of Chrysalis".

Yours sincerely,



**Dr Neale Fong**  
**Executive Chairman**