

QUARTERLY REPORT FOR THE PERIOD ENDING 30TH SEPTEMBER 2013

31 October 2013

HIGHLIGHTS

- Inferred resource of 18.6Mt at 0.52% Cu containing 96,000 tonnes of copper (0.3% Cu cut-off).
- Resource model based on mineralisation to approximately 250 metres vertical depth.
- Potential to increase the maiden resource estimate as mineralisation remains open along strike and at depth.
- Independent Experts Report completed
- Appointment of Interim Chief Executive Officer
- Shikila RC drilling and IP survey due to commence early next quarter

EXPLORATION

ZAMBIA

Shikila Project – Resource Estimate

On 20th August 2013 Chrysalis Resources Limited (“Chrysalis; the Company”) announced a maiden inferred copper resource estimate of 18.6Mt at 0.52% Cu containing 96,000 tonnes of copper (0.3% Cu cut-off) for the Wangolo Copper deposit, within its 99.9% owned Shikila Project, Zambia. The resource estimate was completed by Optiro Pty Ltd (“Optiro”). The Wangolo Prospect is located within the Shikila Licence (13405-HQ-LPL) which is situated between the Lumwana (Barrick ABX: TSX) and Kansanshi (First Quantum FM: TSX) deposits in the North Western Province of Zambia which falls within the central southern portion of the Zambian Copper Belt.

The resource at Wangolo has been classified by Optiro as Inferred which reflects the use of historical data, and the current understanding of geology and controls on mineralisation. About 15% of the resource estimate can be considered extrapolated.



Figure 1: Wangolo Resource Location Plan

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 196,899,454 Cash (as at 30th Sept) \$1.5M	Dr Neale Fong - Executive Chairman Mr Grant Kidner - Executive Director Mr Jian Hua Sang - Executive Director Mr Adrian Paul - Non-Executive Director Mr Trevor Benson - Non-Executive Director Mr Michael Griffiths - Non-Executive Director Ms Mel Cotterell - Company Secretary

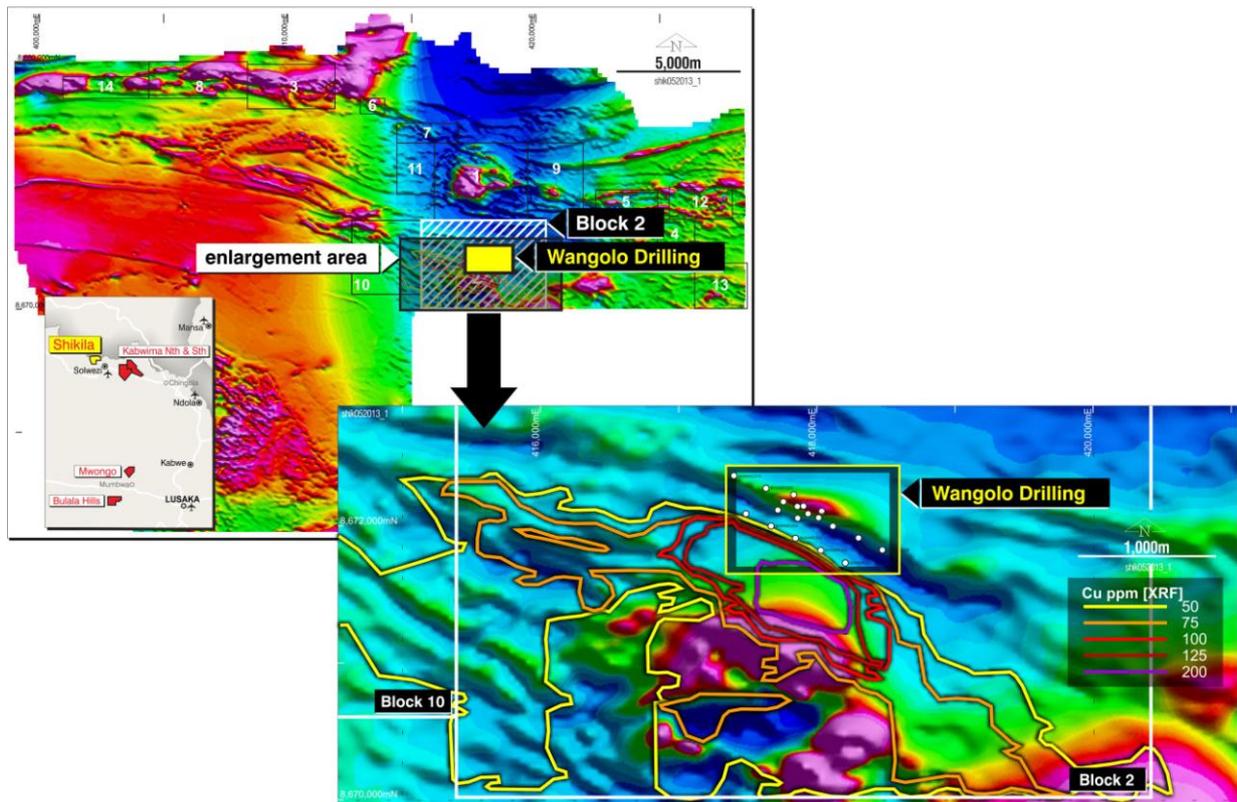


Figure 2: Wangolo Cu-in-soil contours over aeromagnetic image

Please refer to the Wangolo Maiden Resource Estimate as announced with ASX on 20 August 2013 for a table containing various resource estimates at a range of copper cut-off grades.

Shikila Project – Regional Exploration

During the quarter infill soil sampling, pitting and trenching continued in Blocks 2, 3, 4, 5, 8 and 9 within the Shikila Project. A total of 3,023 soil samples were collected on a 125m x 25m grid and assayed by a hand held Niton XRF analyser. Twelve pits were hand dug at the Wangolo deposit, 8 pits hand dug within Blocks 2, 3, 4 and 6, and one trench was completed in Block 5, all to obtain a sample of residual copper mineralisation within saprolite and to enable the identification of the underlying lithology.

Soil sampling results have further defined the 12 previously announced significant Cu-in-soil anomalies within Blocks 2-9 mentioned above (Fig. 3). Pitting at Wangolo has exposed minor malachite at between 5 metres and 8 metres in the final 4 pits of the program. Pitting and trenching elsewhere has intercepted a variety of rock types including limonitic carbonaceous grey shale, limestone, dolomite, marble, muscovite schist, sandstone, and gabbro.

Outcrop lithological and structural mapping continued in synchrony with soil sampling during the quarter.

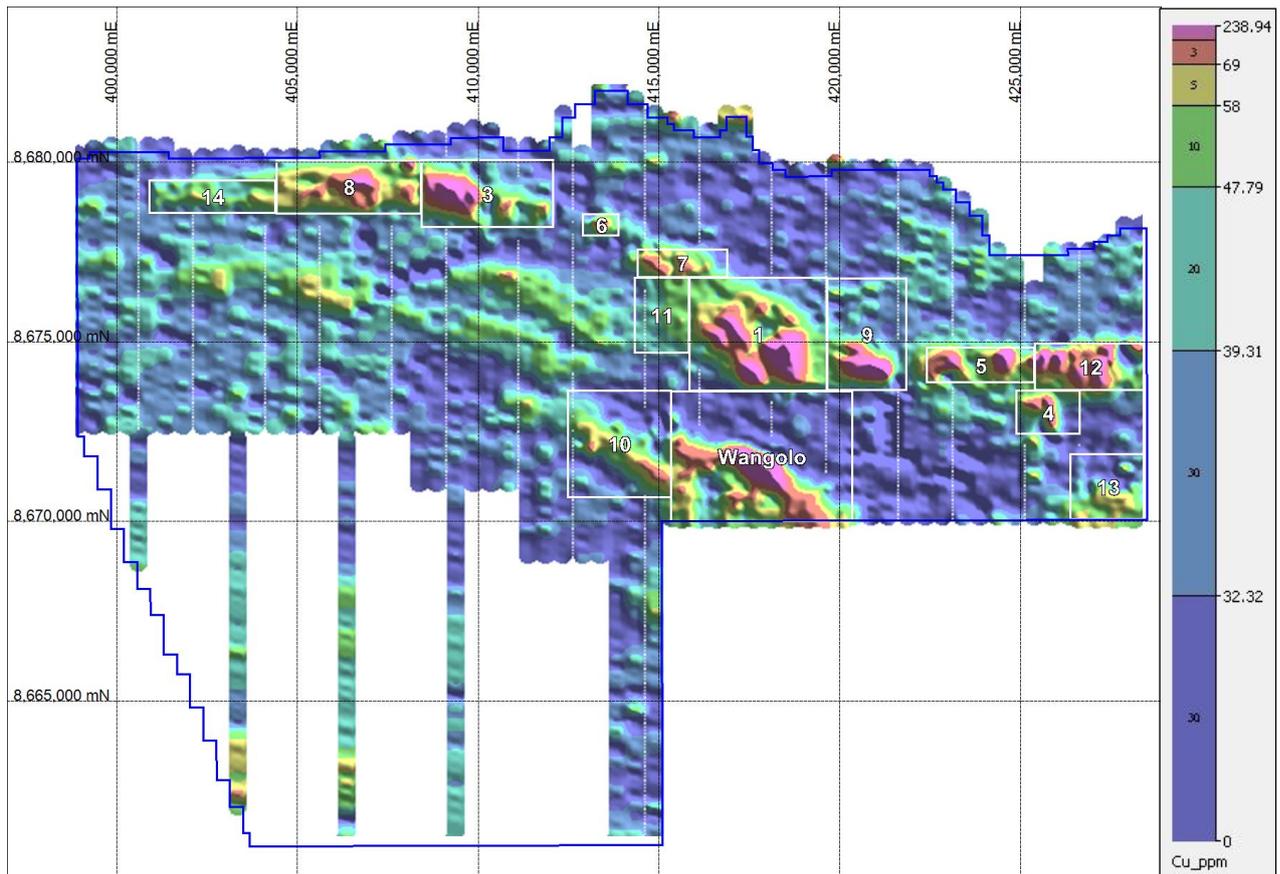


Figure 3: Shikila Project – labelled prospect blocks over Cu-in-soil image

A ground magnetic survey was completed over Blocks 1, 2, 3, 4, 5, 8, 9, 12 and the Wangolo deposit. Readings were collected every 10m on lines were 100m apart for a total of 233 line kilometres. The work has improved the shallow magnetic definition of each area surveyed and has greatly aided lithological interpretations and subsequent drill program design.

Exploration over the next quarter will involve the completion of soil sampling, pitting, an IP survey across Block 1 and the Wangolo deposit, and RC drilling of seven of the best Cu-in-soil geochemical anomalies within Blocks 1, 3, 4, 5, 9, and 12. The RC drilling and IP survey is due to commence early in October 2013.

Kabwima South

During the quarter 2,231 soil samples were collected. Samples analysed by the Niton XRF to date have identified 4 separate anomalies. Only one >100ppm Cu anomaly measuring 4.6km x 1.2km and corresponding to a strong ENE-trending aeromagnetic lineament has been properly defined to date (Block G). The other Cu-in-soil anomalies remain open along strike and are the subject of current infill and extension soil sampling. One pit was hand dug at the centre of the Block G anomaly. This pit intercepted variably brecciated limonitic carbonaceous shale at 8m depth, less than 1kilometre SW of outcropping folded limestone and marble units, confirming a similar geological setting to the Wangolo area. The pit sample has not been analysed as yet.

Outcrop lithological and structural mapping continued in synchrony with soil sampling during the quarter.

Mwongo

During the quarter 641 first pass and infill soil samples were collected on 500m x 100m and 250m x 50m grid spacings from the Uranium 1, Kasonkomona, Kaporoso, and Musontwa prospects. Each prospect / target was identified from multi-element regional stream sediment anomalism and structural /lithological interpretation of the recently flown aeromagnetic survey. All samples have been analysed by a hand held Niton XRF analyser. The results have identified several anomalies displaying a selection of elevated As, Cu, Zn, Ni, Fe, Mo, and U results associated with “bullseye’ aeromagnetic anomalism, however the extent of sampling to date has not been sufficient enough to determine the background geochemical thresholds for each element in each area.

During the soil sampling program 66 rock samples were collected and analysed with the Niton XRF. The results included 12 samples >75ppm Cu up to a maximum of 7.1% Cu from a quartz-chrysocolla vein within an artisanal pit. Infill and extension soil and rock chip sampling is planned for the next quarter.

Corporate Social Responsibility

The Zambian Agricultural College bridge used to access the Shikila Project and all the rural areas to the NW of Solwezi will be repaired early in the next quarter. Discussions with respect to supplying electricity to Kamilambo Secondary School, Medical Clinic and attached staff residencies within the Mwongo Project have been initiated.

Exploration General – Zambia and Western Australia

During the quarter Chrysalis commissioned an independent experts report. This report was prepared by Optiro, with respect to the Zambian project, and CSA Global, with respect to the Western Australian Projects. These reports were included in the Notice of General Meeting to Shareholders dispatched on the 12th September 2013.

CORPORATE

Notice of General Meeting

During the quarter Chrysalis announced a general meeting of shareholders to be held on 14th October 2013 at 3pm (WST). Please refer to the notice of meeting and results of the meeting as announced with ASX on the 12th September 2013 and 15th October 2013 respectively.

Appointment of Interim Chief Executive Officer

Mr Jian Hua Sang was appointed, pursuant to the Binding Term Sheet with Eagle Brilliant Holdings Limited (“EBH”), as Interim Chief Executive Office of Chrysalis effective 9th August 2013. Mr Sang will assist Chrysalis while the search for a Chief Executive Officer is progressed.

Mr Sang has technical, managerial and commercial experience knowledge. Mr Sang has more than 25 years of international exploration, mining and corporate experience in Asia, Australia and Africa. He is currently Non-Executive Chairman of ASX-listed Emergent Resources Limited and Non-Executive Director of ASX listed Vector Resources Limited.

Appointment and Resignation of Non-Executive Directors

On the 29th July 2013 Chrysalis announced Mr Brad Marwood resigned as a Non-Executive Director due to his time commitments as Managing Director of Tiger Resources Limited (“Tiger” ; ASX:TGS). Pursuant to the Subscription Agreement with Tiger, Mr Michael Griffiths was appointed as a Non-Executive Director, effective 26th July 2013.

Waiver from Listing Rule 6.18

During the quarter the ASX granted Chrysalis a waiver from ASX listing rule 6.18, to the extent necessary to permit Eagle Brilliant Holdings Limited (EBH) to maintain, by way of a right to participate in any issue of shares or to subscribe for shares, its percentage interest in the issued capital of the Company ("Top-up Right"). This Top-up Right was granted in respect of a diluting event which occurs or is announced following completion of the Term Sheet entered into between CYS and EBH as announced with ASX on 24 June 2013.

Cash position

The company had \$1.5M in cash as at 30 September 2013.

Yours sincerely,



Dr Neale Fong
Executive Chairman

Competent Person's Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Leigh Ryan, a consultant geologist with Spacial Data Services engaged by Chrysalis Resources Limited, who is a Member of the Australian Institute of Geoscientists (MAIG). Mr Ryan has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ryan consents to the inclusion in the report of the matters based on information in the form and context in which it appears.