Churchill Court
Suite 9/232 Churchill Court
Subiaco WA 6008

4th September 2009
ASX Release

ACQUISITION OF GROUND AT DOOLGUNNA

Chrysalis Resources Limited is pleased to announce the acquisition of a granted exploration tenement approximately 20 kilometres west along strike from the Sandfire Resources (ASX:SFR) 'DeGrussa' Copper/Gold Deposit.

Outside of ground held by Sandfire Resources (ASX:SFR), this tenement package comprises one of the largest single land holdings and represents a strategic investment by the Company in the highly prospective and emerging upper corridor of the Narracoota Volcanics formation within the Doolgunna area.

Conceptually, the geological sequence and structural setting has the potential to host both gold and base metal mineralization. Importantly, the project area is also considered prospective for volcanogenic massive sulphides (VMS) style mineralization, eg 'DeGrussa' and 'Conductor 1'.

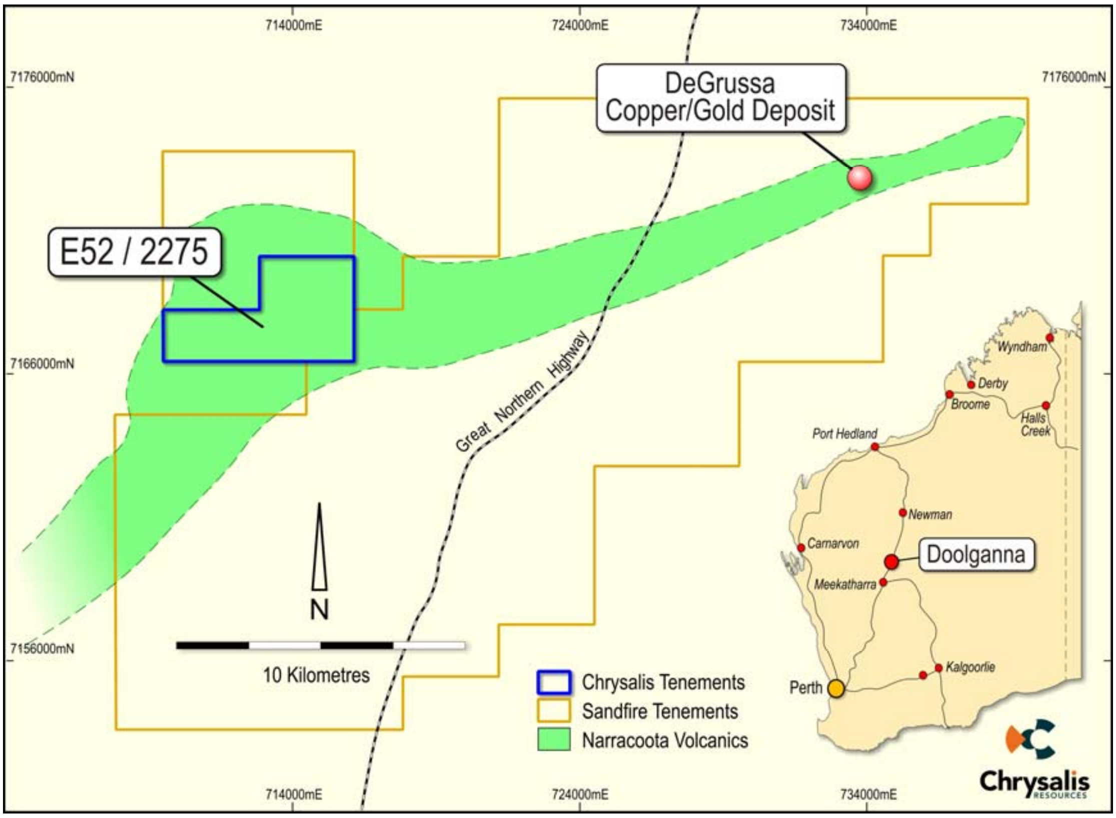

Figure 1 – 'Doolgunna West' Project location map and simple geology

With VMS mineralization commonly found in clusters, the primary focus by the Company will be to target those locations within the ‘Doolgunna West’ Project area exhibiting similar ‘tell tale’ characteristics

Project Area

The Project area is located approximately 150km north of Meekatharra in Western Australia and comprises granted Exploration Licence 52/2275. The total exploration tenement measures 18.5 km^2 and contains around 7 kilometres of prospective strike.

With a number of rich VMS Deposits occurring over lengths of only a few hundred metres, the size of the project area provides significant scope for future exploration activities.

Geology

The ‘Doolgunna West’ Project area is interpreted to be predominantly underlain by a east-north-easterly trending belt of Palaeoproterozoic (Bryah Group) Narracoota Volcanics; a highly deformed, predominantly mafic volcanic sequence that hosts a number of copper-gold or gold deposits in the Peak Hill region.

Data suggests that the Narracoota Volcanics within the ‘Doolgunna West’ Project are the westerly extension of the belt that hosts the ‘DeGrussa’ and associated copper-gold deposits approximately 20 km to the north-east.

Further appraisal of the ‘DeGrussa’ geological setting describes, “the mineralization style, chemistry and regional setting are consistent with a volcanogenic massive sulphide (VMS) basemetal deposit.” *(SFR: ASX announcement 9 June 2009).*

Should this be the case, the volcanic sequence may contain the direct stratigraphic equivalents to the ‘DeGrussa’ host rocks and/or the continuation of the structural regime in the ‘DeGrussa’ area.

The possible presence of direct ‘DeGrussa’ stratigraphic - time equivalent lithologies within the Project area is therefore considered significant for the VMS potential of the ‘Doolgunna West’ Project.

Work Programme

The company will immediately undertake a comprehensive review, including a detailed geophysical interpretation, to qualify zones considered prospective for the targeted style of mineralization sought, including copper, gold, zinc, silver and zinc.

Definition of zones revealed through this work will then be subject to further investigation, likely involving VTEM and/or other state of the art geophysical remote sensing activities, enabling a sharper focus on the defined target horizons. The Company will be actively seeking to engage qualified and suitably experienced personnel to undertake the exploration effort required to advance this project through each stage of development.

Comment

The Company is delighted to have been able to acquire a quality exploration project in one of Western Australia's most sought after geological locations.

The Board looks forward to keeping shareholders informed on further developments for this exciting new prospect as they come to hand in the near future.

Neale Fong
Executive Chairman

For further particulars in respect to Chrysalis Resources Ltd, please contact:
Neale Fong – Executive Chairman *phone: (08) 9388 3802*