29th April 2010

ASX Release

Chrysalis Resources Ltd

Quarterly Report 31 March 2010

Chrysalis Resources Ltd
ACN: 125 931 964

ASX Code: CYS

Suite 9
232 Churchill Avenue
Subiaco WA 6008

P: 08 9388 3802
F: 08 9388 3631
E: info@chrysalisresources.com.au

PO Box 226
WEMBLEY WA 6913

Issued Capital

Ordinary Shares	44,423,001
Options	35,059,127
Cash (31 Mar 10)	$2.52M

Directors:

Dr Neale Fong
Executive Chairman

Mr Adrian Paul
Director

Mr Grant Kidner
Director/Company Secretary

Highlights

- **Ground EM Program conducted to confirm VTEM targets at Doolgunna West, results pending**
- **Preliminary heritage work commenced ahead of drilling program**
- **Heritage Survey process underway at West Angelas Iron Ore Project**
- **New fulltime Company Geologist commenced**
- **Subsequent to March Quarter, a RAB drilling Program has been commissioned for early May to test target areas at the Sheeza Gold Project.**

DOOLGUNNA WEST PROJECT (Cu/Au)

The Company has a granted exploration tenement approximately 20 kilometres west along strike from the Sandfire Resources (ASX:SFR) 'DeGrussa' Copper/Gold Deposit. A VTEM survey was conducted in October 2009.

On behalf of the Company Southern Geoscience conducted a ground electromagnetic survey during the quarter. The follow up ground EM surveys were designed to assess the area in close proximity to the VTEM anomalies for high quality bedrock conductors that may not have been recognizable in the VTEM data.

Geophysical surveys have been completed and data is with our Consultants, Southern Geoscience, for processing, imaging and 3 dimensional modelling. The modelling and follow up ground surveys were designed to compliment and gain a better understanding of the anomalies identified in the VTEM survey.

It is envisaged that the data and interpretation supplied from our consultants will help us better design an inaugural drilling program during the June quarter.

SHEEZA PROJECT (Au)

During the March quarter Southern Geoscience Consultants were commissioned to conduct a comprehensive geophysical assessment to search for any potential 'blind' gold bearing host environments that may likely be present within project boundaries.

The resultant geophysical assessment defined eight key target areas for further investigation. These zones were titled Target A through H and given equal significance. Target locations appear on the map below.

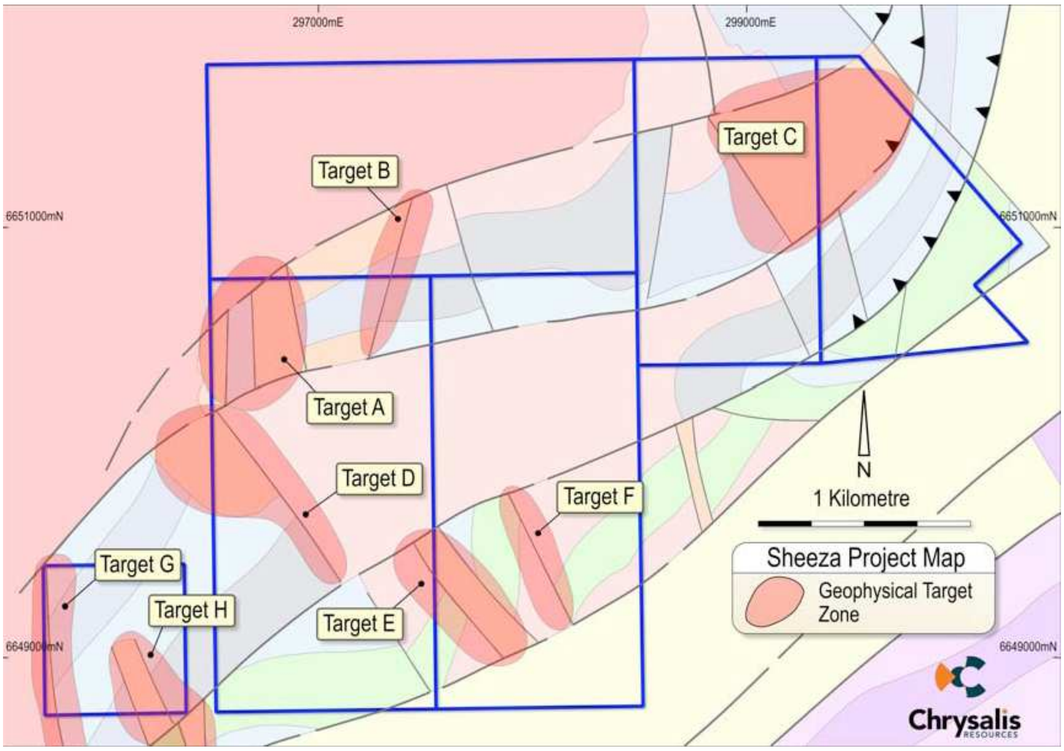

Figure 2: Target area location map (geophysical interpretation background)

In the December quarter soil sampling was conducted on an 80 metre north by 40 metre east-west orientated grid covering the respective target area. Target zones A, C, D, F, G and H were investigated in this initial soil sampling Program.

During the March quarter a total of 90 further soil samples were collected from within 'Target Area C'. The location of these samples were spaced along a standard grid pattern and provided data covering those areas not tested by the 'first pass' soil sampling Program.

The definition of high tenure gold in soil values (ie gold values with an amount equal to or greater than 10 times normal 'background' levels) have been found in both Target Area C and Target Area F.

Assay results from additional soil samples taken with 'Target Area C' at the "Sheeza' Project and announced to the market (ASX: .17th March 2010)

Target Area C

Sample Number	Au Assay Result	Assay Above Background	North (GDA)	East (GDA)
639	781 pbb	*11 x*	6651400	299640
618	86 pbb	*12 x*	6651480	299720
887	169 ppb	*24 x*	6651360	299720
961	76 ppb	*10 x*	6651440	299520

Target Area F

Sample Number	Au Assay Result	Background	North (GDA)	East (GDA)
461	223 ppb	*24 x*	6649440	298000
449	104 ppb	*11 x*	6649600	297920

These results, together with those obtained in the earlier soil samples Program support the definition of a coherent gold in soil horizon at this location.

As part of the ongoing process to adequately investigate the approximately 18 km^2 'Sheeza' Project area, further target definition was undertaken by the Company. This review resulted in the delineation of two new target zones. They are:

1. Target Area I – a geophysical target location.
2. Target Area J – area of historic mine workings.

Further geophysical investigations will now be undertaken on those tenements recently acquired by the Company. This assessment will seek to define any potential structural and/or geophysical target locations of interest.

Approval to conduct a RAB drilling Program has been obtained, with work to commence on the 7th May 2010.

WEST ANGELAS PROJECT (Fe)

In order to better define potential drill target site locations, Mr Bruce Craven (Southern Geoscience Consultants) was engaged to evaluate the iron ore potential within the project boundaries. The work undertaken included the initial and early interpretation and modelling of the various prospective iron ore occurrences within project boundaries.

The presence of underlying prospective iron bearing host lithologies and the possibility of various channel iron 'trap site' locations along a well-defined drainage system appears to provide significant scope for future exploration endeavours.

The Company is keen to commence drilling on defined target locations as soon as reasonably practical and has begun arranging heritage clearance for a program of works. The heritage work will be completed as soon as is practicable.

In addition during the March quarter, another new prospecting licence was applied for in the project area West Angelas (E47/1538).

PIONEER PROJECT (Au)

To date RC drilling has outlined significant primary and supergene gold mineralization along a small restricted zone within the Spongelite Shear, which has not been quantified. The eastern extent of the Spongelite Shear is terminated by an ultramafic sequence, while to the west, unaltered and weakly deformed felsics have been intersected which define a western limit to the shear zone. Drilling appears to have closed off the supergene and primary gold mineralization on the northern end of the prospect, as is the case on the southern end of the prospect where a significant thickness of paleochannel sediments has been intersected. The supergene gold sheet is open to the west.

Chrysalis believes the tenement package holds an excellent opportunity for further delineation of gold mineralization not only within the Spongelite Shear but within parallel structural corridors within the tenement package. Chrysalis will continue to evaluate the project concurrently with its other core projects.

During the quarter E63/733 was surrendered.

GREGORY RANGE (Fe)

No work was performed on the project during the quarter.

WINDARRA PROJECT (Ni)

No work was performed on the project during the quarter.

SPRING CREEK (Fe)

No work was performed on the project during the quarter.

YOUANMI (U)

No work was performed on the project during the quarter.

APPLICATIONS FOR NEW GROUND – HORSESHOE LIGHTS (Cu/Au)

During the quarter E52/2557 and P52/1363 at Horseshoe Lights was applied for.

CORPORATE

The Company is also pleased to announce the commencement of Mr Jason Livingstone as our full-time geologist and Narrelle Kilworth as Administration Manager.

During the quarter Chrysalis spent $137,000 on field work and evaluation Programs. The Company has $2.52 million in cash as at 31 March 2010.

SUMMARY

The Company is poised for a very active period as much of the preparatory work in terms of geophysical interpretation and heritage clearances has or is currently being undertaken. Every Company project is at a different point in terms of evaluation and the Company is looking forward to an aggressive exploration season.

DR N FONG
Executive Chairman

G KIDNER
Company Secretary

Competent Person's Statement:
The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the principal of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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 Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears