

CID DISCOVERY AT CHRYSA LIS' WEST ANGELAS PROJECT

25th January 2011

HIGHLIGHTS

- **Best West Angelas Intercept – WARC0013, 28 metres @ 55.5% Fe from 32 metres including 12 metres at 57.9% Fe from 40 metres.**
- **Returned intercepts are low in impurities Phosphorus and Aluminium for Channel Iron type mineralisation.**

Chrysalis is excited to report that its recent drilling has displayed significant widths of channel iron deposit within our tenure at our West Angelas Project. The prospect 'Turee Creek East CID' displayed significant thicknesses over a drill line length of approximately 250 metres. This discovery shows that CID development has taken place within our tenement.

The West Angelas Iron Ore Project comprises an area of approximately 87.7km². The project is located approximately 135 kilometres west of Newman and 35 kilometres west from Rio Tinto's West Angelas Minesite.

A total of 37 holes for 2214 metres of reverse circulation drilling have been completed over 1 Brockman Iron and 3 channel iron targets.

Chrysalis believes the next steps are to define the extents of the Turee Creek East CID and explore for other CID sites beyond what has been tested to date.

Below is a table outlining the intersections. At the end of this report is a map showing drill hole location and full assays of the interceptions (Figure Two – West Angelas drill hole location and CID intervals and Table Two – Assay Intercepts for West Angelas).

Hole ID	UTM East Zone 50	UTM North Zone 50	RC m EOH	Dip	Comments
WARC0012	646646	7435715	54	-90	22m @ 48.1% Fe from 32m
WARC0013	646633	7435600	66	-90	28m @ 55.5% Fe from 32 metres Inc 12m @ 57.9% Fe from 40m
WARC0014	646618	7435493	66	-90	12m @ 51.3% Fe from 42m
WARC0031	645291	7432224	66	-90	16m @ 49.6% Fe from 26m
WARC0032	645204	7432182	66	-90	14m @ 48.7% Fe from 48m

*Intercepts calculated on a minimum 45% Fe, maximum 2m internal waste

Table One – Turee Creek East CID intercept descriptions.

Chrysalis Resources Limited	Company Snapshot	Company Structure	Board Management
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 44,895,801 No of Options on Issue 35,036,327 Cash (as at 31 st Dec 10) \$0.95M	Dr Neale Fong Executive Chairman Mr Adrian Paul Non-Executive Director Mr Grant Kidner Non-Executive Director Mel Cotterell Company Secretary

Of the 3 channel iron deposit targets, the Turee Creek East CID returned significant widths of ore grade channel iron deposit. This area has been named 'Turee Creek East CID' to reflect its geographic location. The central line returned significant widths of sub ore grade iron mineralisation within a 'clayey' channel iron deposit. Grades observed are low but worthy of further investigation to possibly delineate better quality channel iron deposit development.

Of the one remaining channel iron deposit target, it did not return any intersections of channel iron mineralisation. However, the areas targeted did return immature alluvial profiles. The Brockman Iron Formation target hole was drilled to a depth of 198 metres and did not intersect the Brockman Iron Formation. This hole failed to leave the iron formations stratigraphically above the Brockman Iron Formation and was terminated due to the significant depth achieved.

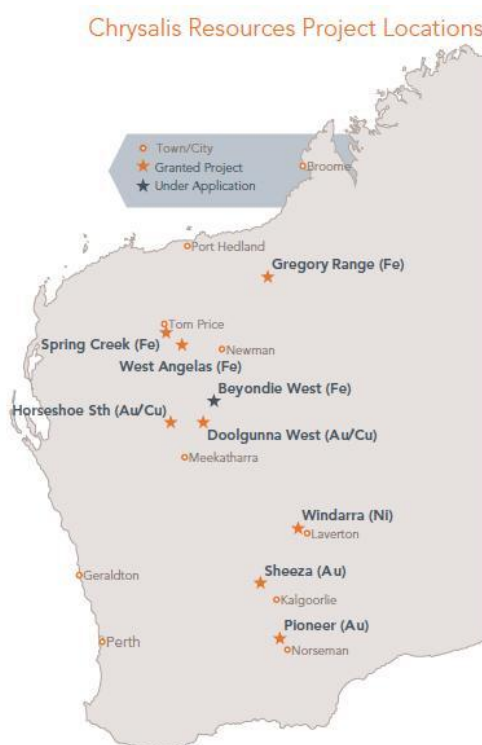


Figure One – Project Locations.



Dr Neale Fong
Executive Chairman

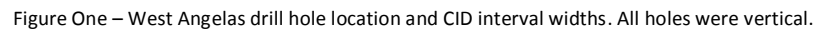


Mel Cotterell
Company Secretary

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 Jason Livingstone, who is a Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and is a fulltime employee of Chrysalis Resources Limited. Mr Livingstone is the Company Geologist of Chrysalis Resources Ltd and has over 12 years of exploration and mining experience in a variety of mineral deposit styles. Mr Livingstone 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 Livingstone consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

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Hole ID	From	To	Sample Type	Fe _%	SiO2 _%	Al2O3 _%	TiO2 _%	MnO _%	CaO _%	P XRF _%	S XRF _%	MgO _%	K2O _%	LOI1000 _%
WARC0012	32	34	2M COMP	58.88	4.74	4.13	0.8	0.05	0.17	0.068	0.157	0.21	0.091	4.84
WARC0012	34	36	2M COMP	51.74	5.98	6.94	0.57	-0.01	0.16	0.074	0.286	0.32	0.16	11.3
WARC0012	36	38	2M COMP	53.46	5.66	6.71	0.72	0.02	0.15	0.077	0.224	0.27	0.131	9.52
WARC0012	38	40	2M COMP	29.01	23.46	20.29	1.03	0.02	0.19	0.042	0.453	0.46	0.278	11.6
WARC0012	40	42	2M COMP	49.7	6.93	8.05	0.34	0.02	0.12	0.058	0.16	0.32	0.082	12.9
WARC0012	42	44	2M COMP	50.08	7.42	7.79	0.3	-0.01	0.12	0.052	0.057	0.33	0.058	11.8
WARC0012	44	46	2M COMP	49.54	7.91	9.74	0.46	-0.01	0.13	0.047	0.038	0.33	0.023	10.5
WARC0012	46	48	2M COMP	42.35	9.51	17.14	0.78	-0.01	0.24	0.03	0.027	0.66	0.048	10.7
WARC0012	48	50	2M COMP	47.69	8.48	12.42	0.58	-0.01	0.24	0.027	0.026	0.66	0.033	8.97
WARC0012	50	52	2M COMP	50.7	8.49	8.61	0.44	-0.01	0.23	0.04	0.068	0.66	0.088	8.63
WARC0012	52	54	2M COMP	45.32	12.97	10.23	0.38	0.02	0.1	0.185	0.017	0.45	1.119	9.12
WARC0013	32	34	2M COMP	47.3	15.11	9.89	0.96	0.04	0.22	0.031	0.019	0.39	0.069	5.41
WARC0013	34	36	2M COMP	53.93	6.12	5.37	0.25	0.02	0.15	0.046	0.025	0.27	0.014	10.3
WARC0013	36	38	2M COMP	56.5	3.86	3.28	0.06	0.05	0.11	0.05	0.027	0.2	0.007	11.2
WARC0013	38	40	2M COMP	54.95	6.89	4.73	0.13	0.05	0.15	0.043	0.027	0.26	0.05	9.19
WARC0013	40	42	2M COMP	58.39	3.13	2.2	0.05	0.07	0.1	0.038	0.024	0.16	0.005	10.4
WARC0013	42	44	2M COMP	57.08	3.16	2.49	0.05	0.03	0.09	0.05	0.026	0.17	0.006	12.3
WARC0013	44	46	2M COMP	57.43	2.92	2.69	0.05	0.02	0.09	0.045	0.026	0.17	0.005	12
WARC0013	46	48	2M COMP	58.08	2.78	2.26	0.04	0.02	0.09	0.046	0.021	0.17	0.004	11.1
WARC0013	48	50	2M COMP	58.26	3.02	3.21	0.09	-0.01	0.11	0.042	0.025	0.18	0.005	9.78
WARC0013	50	52	2M COMP	58.31	2.65	2.32	0.06	-0.01	0.09	0.038	0.023	0.17	0.004	11
WARC0013	52	54	2M COMP	56.2	3.48	3.79	0.08	0.02	0.1	0.048	0.022	0.21	0.006	11.6
WARC0013	54	56	2M COMP	54.78	4.08	4.84	0.11	-0.01	0.09	0.05	0.023	0.22	0.012	12.1
WARC0013	56	58	2M COMP	54.37	3.94	5.29	0.11	-0.01	0.09	0.051	0.023	0.23	0.01	12.3
WARC0013	58	60	2M COMP	51.34	6.2	7.46	0.21	-0.01	0.1	0.054	0.023	0.25	0.024	12.2
WARC0014	42	44	2M COMP	48.96	13.36	9.59	0.91	0.1	0.33	0.061	0.211	0.34	0.169	4.82
WARC0014	44	46	2M COMP	51.68	7.94	6.44	0.46	0.05	0.21	0.078	0.054	0.29	0.05	10.3
WARC0014	46	48	2M COMP	52.29	5.17	7.01	0.3	0.05	0.14	0.078	0.036	0.32	0.015	11.8
WARC0014	48	50	2M COMP	53.71	4.51	6.5	0.19	0.03	0.13	0.067	0.034	0.29	0.012	11.3
WARC0014	50	52	2M COMP	48.96	15.29	15.32	0.6	0.03	0.15	0.061	0.028	0.4	0.016	12.1
WARC0014	52	54	2M COMP	51.71	5.95	7.59	0.23	0.05	0.12	0.058	0.041	0.28	0.01	11.4
WARC0031	26	28	2M COMP	48.59	23.33	3.65	0.26	0.14	0.13	0.053	0.016	0.18	0.053	2.39
WARC0031	28	30	2M COMP	46.08	22.91	6.78	0.43	0.08	0.16	0.052	0.016	0.23	0.058	3.14
WARC0031	30	32	2M COMP	47.22	21.4	6.53	0.38	0.08	0.31	0.053	0.017	0.29	0.071	3.04
WARC0031	32	34	2M COMP	45.16	25.52	5.93	0.37	0.02	0.19	0.049	0.018	0.19	0.039	2.79
WARC0031	34	36	2M COMP	47.13	20.89	7.01	0.53	0.02	0.23	0.047	0.018	0.22	0.037	3.3
WARC0031	36	38	2M COMP	54.22	9.32	5.6	0.25	0.02	0.27	0.072	0.028	0.2	0.04	6.3
WARC0031	38	40	2M COMP	52.45	7.88	7.42	0.26	-0.01	0.14	0.07	0.03	0.19	0.017	8.88
WARC0031	40	42	2M COMP	56.05	9	3.49	0.12	-0.01	0.11	0.1	0.052	0.1	0.016	6.67
WARC0032	42	50	2M COMP	50.82	15.2	6.94	0.54	0.05	0.17	0.048	0.019	0.17	0.042	3.94
WARC0032	50	52	2M COMP	45.29	19.01	9.78	0.63	0.06	0.21	0.044	0.03	0.24	0.073	4.74
WARC0032	52	54	2M COMP	47.36	16.78	9.2	0.77	0.06	0.23	0.048	0.035	0.23	0.062	4.33
WARC0032	54	56	2M COMP	50.79	10.33	8.78	0.41	0.04	0.23	0.059	0.477	0.42	0.343	5.69
WARC0032	56	58	2M COMP	58.12	3.71	4.19	0.22	0.02	0.09	0.083	0.049	0.14	0.03	8.19
WARC0032	58	60	2M COMP	39.71	31.53	3.82	0.34	0.02	0.14	0.075	0.024	0.16	0.028	6.75
WARC0032	60	62	2M COMP	55.50	3.4	4.22	0.93	0.02	0.09	0.089	0.033	0.16	0.017	11.6

Table Two – Assay Intercepts for West Angelas.

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