CHRYSALIS RESOURCES LIMITED

ACQUISITION OF ZAMBIAN COPPER PROJECT

27th January 2011

The Directors of Chrysalis Resources Limited ("Chrysalis" or the "Company") are pleased to advise they have signed a binding Heads of Agreement to acquire 100% of Zambian Copper Pty Ltd which owns in excess of 3,000km^2 of which 73% is in the highly mineralised Northern Copperbelt of Zambia. The main project area is situated 30km from Equinox's Lumwana Mine and 20km from First Quantum's Kansanshi Mine. The Agreement is subject to a sixty (60) day due diligence period.

- Chrysalis has entered into a Heads of Agreement (HOA) to purchase 100% interest in Zambian Copper Pty Ltd which owns exciting copper projects in the Zambian Copperbelt.
- The Zambian Copper Projects cover in excess of 3,000km^{2}of which 2,180km^2 is in the core of the highly mineralised Copperbelt of Zambia. These projects are named Shikila, Kabwima, Mwongo and Bulala Hills.
- The Shikila Project (413km^2) is 30km southwest of the Equinox Lumwana Mine (measured and indicated resources of 342.5mt @ 0.74% Cu, plus inferred resources of 563.1mt @ 0.63% Cu) and 20km west of First Quantum's Kansanshi Mine (measured and indicated resources of 383.8mt @ 1.1% Cu and 0.18 g/t Au, inferred resources 161.9mt @ 0.76 Cu and 0.04 g/t Au)
- The Kabwima Project (1,768km^2) is 30km southeast of First Quantum's Kansanshi Mine (see below) and 60km northwest of Ndola in the Copperbelt (>1,000mt @ 3.5% Cu).

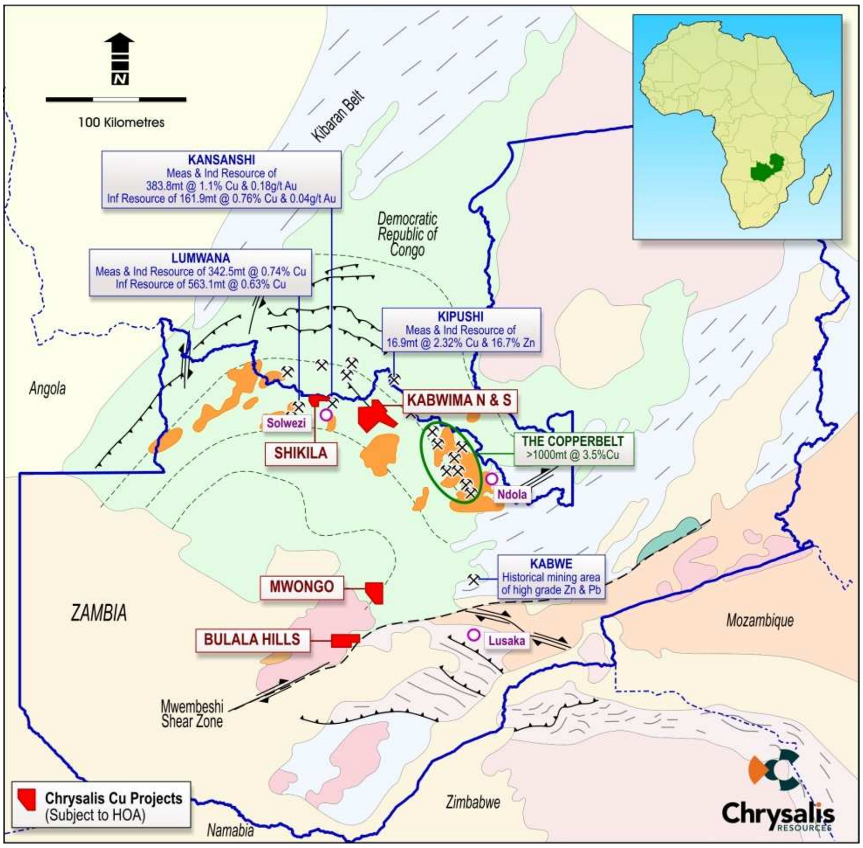

Figure One: Geology of Zambia showing significant deposits and Zambian's Tenements

MAIN PROJECTS

SHIKILA AND KABWIMA NORTH AND SOUTH TENEMENTS – LIFILIAN PROJECT AREA

The Lufilian Project Area, which includes the Shikila and Kabwima North and South tenements, is located in the North Western Province of Zambia, approximately 400km north of the national capital, Lusaka, and bordering the DRC.

Previous Exploration

- Shikila Prospect – Mineralisation continues down dip from drilling carried out in late 1960's.
- Kabwima North – Copper intersections in a new area in a range of 0.2% and 1% Cu.
- Kabwima South – Surface gossans discovered returned analyses with range of 0.5% and 9% Cu.
- Kabwima North – Surface gossans from pyritic mineralisation returning assays in a range of 8 to 2,181 ppm Cu and 57 to 1,401 ppm Co with co-incident soil anomalies.

The tenements are located along strike from Equinox's Lumwana Mine (measured and indicated resources of 342.5 million tonnes of ore grading 0.74% Cu, plus inferred resources of 563.1 million tonnes at 0.63% Cu. Source http://www.equinoxminerals.com/Development/Lumwana-Project) and First Quantum's Kansanshi Mine (as of the 31st December 2009, total measured and indicated resources is 383.8 million tonnes at 1.1% Cu and 0.18 g/t Au at a 0.3% Cu cutoff, inferred resources 161.9 million tonnes at 0.76% Cu and 0.04 g/t Au at a 0.3% Cu cut off. Source http://www.first-quantum.com/i/pdf/NR-10-14.pdf) and west of the Copperbelt. The tenements are located within the outer Lufilian Arc which is host to a variety of Copper-Zinc (eg Kipushi DRC), Copper-Gold (eg Kansanshi and Lumwana), Cobalt (eg Nama) and Uranium (eg Lumwana) mineral deposits.

MWONGO PROJECT AREA

The Mwongo Project Area is located approximately 200km west of Lusaka in the Central Province of Zambia and has an area of 459.2km^2.

Previous Exploration

- Drainage geochemical samples in the range of with 100 to 2,000 ppm Cu with some coincident Zn and Co.
- A massive sulphide gossan with assays of 0.43% Cu and 0.38% Zn and a pyritic gossan with 0.3% Co.

BULALA HILLS PROJECT AREA

The Bulala Hills Project Area is located approximately 200km west of Lusaka in the Southern Province of Zambia and has an area of 379.0km^2.

Previous Exploration

- Geological mapping has delineated a large scale oxidised hydrothermal system associated with acid volcanics.

- Soil sampling defined copper anomalies stretching of 14km with values in a range of 25 and 1,000 ppm Cu associated with magnetite and haematite alteration.
- 2 rock samples of volcanic fragments have assays of 3% Cu.

ACQUISTION DETAILS

Chrysalis has signed a HOA to purchase 100% of the issued shares of Zambian Copper Pty Ltd. Zambian Copper Pty Ltd owns all but one of the shares in Sedgwick Resources Ltd (a company incorporated in the Republic of Zambia), Sedgwick Resources Ltd is the registered holder of the following projects:

Name	Area (Km^2)	Holding	Status	Date
Kabwima North	812.2	100%	Granted	2/03/2010
Kabwima South	956.3	100%	Granted	13/09/2010
Shikila	413.4	100%	Granted	1/07/2010
Mwongo	459.2	100%	Pending	
Bulala Hills	379.00	100%	Granted	1/07/2010

Key points of the HOA are:

- Issue of 5 million ordinary shares in Chrysalis to the shareholders of Zambian Copper.
- Payment of AUD $300,000 to the shareholders of Zambian Copper.
- Appointment of 2 board members to Chrysalis nominated by Zambian Copper.
- Upon receiving a JORC compliant mineral resource of 100 million tonnes of copper, at potentially economic grade, Chrysalis will issue AUD $1,000,000 in shares to the shareholders of Zambian Copper.
- The HOA is subject to due diligence by 27th March 2011.

Dr Neale Fong
Executive Chairman

Mel Cotterell
Company Secretary

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 John S Noakes, who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Fellow of the Geological Society of London.
Mr Noakes is a director of Zambian Copper Pty. Ltd. in which he has a beneficial interest in shares.
Mr Noakes 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 Noakes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

Chrysalis Resources Limited

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Company Snapshot

Listed on ASX	27 May 2008
ASX Share Code	CYS
Sector	Mining

Company Structure

No of Shares on Issue	44,895,801
No of Options on Issue	35,036,327
Cash (as at 31st Dec 10)	$0.95M

Board Management

Dr Neale Fong
Executive Chairman

Mr Adrian Paul
Non-Executive Director

Mr Grant Kidner
Non-Executive Director

Mel Cotterell
Company Secretary