Chrysalis RESOURCES
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Subiaco WA 6008
Ph: (08) 9380 4430 Fx: (08) 9481 5044

8 September 2011

Company Announcements Platform
Australian Securities Exchange
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

By mail

Dear Sir/Madam

NON-RENOUNCEABLE RIGHTS ISSUE - NOTICE PURSUANT TO PARAGRAPH 708AA (2)(F) OF THE CORPORATIONS ACT 2001 ("ACT")

On 6 September 2011 Chrysalis Resources Limited (ASX:CYS) (**Company**) announced that it will be offering eligible shareholders the opportunity to acquire additional fully paid ordinary shares in the capital of the Company (**Shares**) via a non-renounceable rights issue (**Rights Issue**) on the basis of one (1) Share for every two (2) Shares held at the record date of 16 September 2011.

Shares under the Rights Issue will be offered at 5 cents per Share. The maximum number of Shares which may be issued under the Rights Issue is 22,447,901 to raise $1,122,395.

An Offer Document will be mailed to eligible shareholders on 22 September 2011 together with personalised Entitlement and Acceptance Forms. For informational purposes, a sample copy of this Offer Document has been attached to this notice.

NOTICE UNDER s708AA OF THE ACT

The Company hereby notifies ASX under paragraph 708AA(2)(f) of the Act that:

(a) the Company will offer the Shares for issue without disclosure to investors under Part 6D.2 of the Act;

(b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Act;

(c) the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company;

(d) the Company has complied with section 674 of the Act;

(e) other than as set out in the Offer Document, there is no information:

(i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and

(ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:

(A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or

(B) the rights and liabilities attaching to the Shares; and

(f) the Rights Issue is not expected to have any impact on the control of the Company.

Yours faithfully

Dr Neale Fong
EXECUTIVE CHAIRMAN