CHRYSALIS RESOURCES LIMITED

QUARTERLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2011

27th October 2011

Zambia Update

On the 11th October 2011, Chrysalis was advised that the appeal against the Zambian Minister of Mines decision to not grant the transfer of shares in Sedgwick Resources Ltd to Zambian Copper Pty Ltd, to become a 99.90% wholly owned company of Chrysalis, had been adjourned to 21st November 2011.

The company is working assiduously with its legal team in Zambia (Musa Dudhia and Company) to resolve the situation.

Non-Renounceable Rights Issue

During the quarter the Company completed a Non-Renounceable Rights Issue resulting in 14,061,177 fully paid ordinary shares being allotted with a total amount of $703,058.85 being received.

The issued capital of the Company is now as follows:

Quoted ordinary shares: 58,956,978 (ASX: CYS)
Quoted options: 35,036,327 (ASX: CYSO)

The Board is currently considering the allocation of the 8,386,744 shortfall shares. As per the Rights Issue Offer document the Board had reserved the right to allot the shares and must to do so within three months of the closing date (which will be the 6th January 2012).

Pioneer

During the quarter CSA Global was commissioned to commence a further drilling program at Pioneer which has an approved Programme of Work and will include 360m of RC drilling. The intention of the program is to explore the fresh rock potential immediately east of the Spongelite Prospect. It is envisaged that drilling will commence in late November/early December 2011.

West Angelas

As announced previously Chrysalis has an approved Programme of Works to undertake 5,520m of RC drilling in a second stage of exploration at its CID Turee Creek Project. Aboriginal heritage clearance was completed during the quarter, and plans are in place to undertake the drilling programme in the first quarter of next year.

Corporate

As part of the Company's consolidation strategy, the Sheeza and Beyondie West projects were relinquished during the quarter. Chrysalis is now focussing on its premier projects of West Angelas, Doolgunna and Pioneer and the Zambian Copper prospect.

The Company has $125,968 in cash as at 30 September 2011.

Dr Neale Fong
Executive Chairman

Mel Cotterell
Company Secretary