Chrysalis
RESOURCES LIMITED

ACN 125 931 964

ANNUAL REPORT

30 JUNE 2013

COMPANY DIRECTORY

DIRECTORS

Dr Neale Fong
Executive Chairman

Mr Grant Kidner
Executive Director

Mr Jian Hua Sang
Interim Chief Executive Officer / Executive Director – Appointed 5 July 2013

Mr Adrian Paul
Non-Executive Director

Mr Michael Griffiths – Appointed 5 April 2013
Non-Executive Director

Mr Trevor Benson – Appointed 24 September 2012
Non-Executive Director

COMPANY SECRETARY
Ms Melanie Cotterell

REGISTERED OFFICE

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SUBIACO WA 6008

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Perth WA 6840

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AUDITORS

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AUSTRALIAN SECURITIES EXCHANGE
Chrysalis Resources Limited shares (CYS) are listed on the Australian Securities Exchange.

CONTENTS

CHAIRMAN'S LETTER

Dear Shareholders,

It is my pleasure to welcome you to Chrysalis Resources Limited's annual report for the year ended 30 June 2013. It has been a busy and productive year for the Company, and one that has seen us grow our focus on our Zambian Copper Project.

We settled the purchase of the project, acquiring 100% of Zambian Copper Pty Ltd and 99.9% of Zambian company Sedgwick Resources Ltd, in June 2012. Through this deal, Chrysalis gained a landholding of more than 3,000km^2 in highly prospective geological areas in Zambia, a country that is home to some of the world's highest-grade copper deposits.

Since the acquisition, we have commenced an intensive exploration programme across our ground. Our activities during the year have included an environmental impact statement and airborne geophysics on all licences, satellite image analysis, reverse circulation (RC) and some diamond drilling programmes and ground geophysics.

This work, led by Sedgwick director and consultant geologist, John Noakes, has already paid off. Drilling programmes completed at the Shikila Licence confirmed the presence of a substantial mineralised system close to surface extending approximately 900 metres along strike and +350 metres down dip. This is now known as the Wangolo Prospect. The mineralisation at Wangolo remains open along strike and down dip and this is very promising. We have used results from our drilling, as well as historic results, to refine our geological understanding of the prospect and complete a JORC-compliant maiden resource estimate.

It has also been a busy year for Chrysalis in the boardroom. In August 2012, we announced a strategic alliance with copper producer Tiger Resources Limited (ASX: TGS), which operates the Kipoi Copper Project in the Democratic Republic of Congo. Tiger subscribed for a 19.9% interest in Chrysalis via the signing of a subscription agreement to underwrite a Non-Renounceable Rights Issue which we undertook to fund further exploration.

As part of the deal, Tiger will have first right of refusal in relation to the sale of Chrysalis' assets, and each time Chrysalis issues new shares, Tiger may subscribe for the number of shares needed to maintain its percentage interest in the Company. Tiger and Chrysalis have also formed a technical committee consisting of two representatives from each company.

Further to this, in June we formed a strategic alliance with Chinese-based investor Eagle Brilliant Holdings Ltd ("EBH"). EBH is a privately controlled subsidiary of Tiandilong Group Limited (TDL), which is a multi-national Chinese company focused on exploration, development and processing of mineral resource projects, and also provides off-take arrangements.

These are both very important relationships for Chrysalis in terms of developing our Zambian Copper Project. EBH now currently holds 16.02% of Chrysalis while Tiger executed its "top-up" right to maintain its 19.9% holding.

Our Board has also undergone some changes this year in light of these alliances, as both partners have appointed representatives to the Chrysalis Board. Mr Michael Griffiths has replaced Tiger's initial nominee, Mr Brad Marwood, as a Non-Executive Director of Chrysalis. Mr Griffiths has more than 30 years' experience in the minerals and energy sector in Australia and Africa. Mr Jian Hua Sang, EBH's representative, is an Executive Director on the Board and interim Chief Executive Officer. He has more than 25 years of international exploration, mining and corporate experience in Asia, Australia and Africa.

Chrysalis has developed excellent relationships within Zambia and is genuinely excited by our work in our Corporate Social Responsibility program.

It has been a very positive year in terms of our progress. I thank the management and staff at Chrysalis for their hard work over the past year, and I thank our shareholders for your support, which I hope will continue. I expect the coming year to hold plenty of important and exciting developments for Chrysalis, and look forward to taking that journey together.

Yours faithfully

Dr Neale Fong
Executive Chairman

ZAMBIAN PROJECT

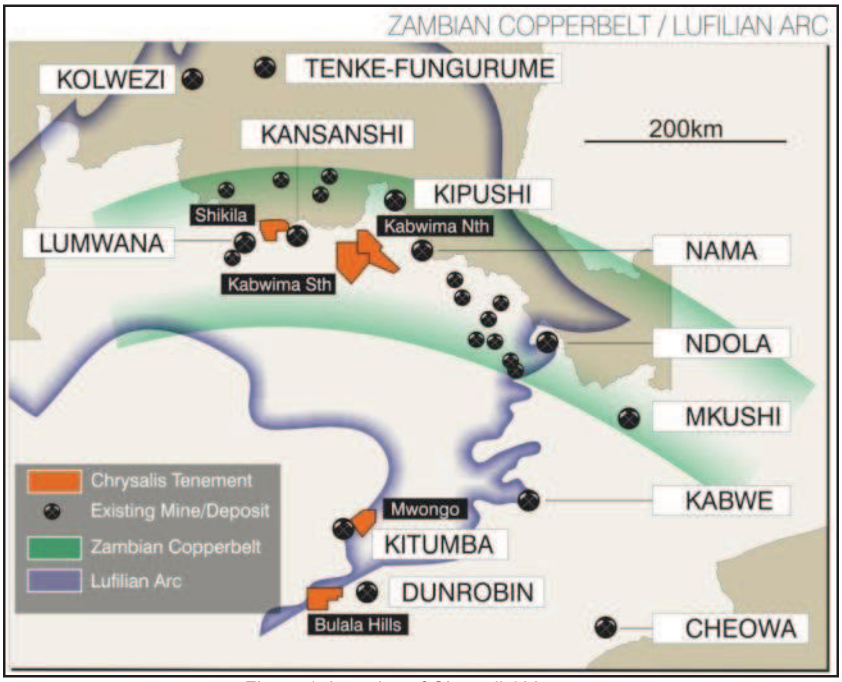

Figure 1: Location of Chrysalis' Licences

Chrysalis' Zambian Copper Project consists of 5 licences, the northern licences of Shikila, Kabwima North and Kabwima South and the southern licences of Mwongo and Bulala Hills.

The northern licences are located between the Lumwana (Barrick Gold) and Kansanshi (First Quantum) copper mines and the town of Chingola, with a total area of 2,200km^2. The tenements are located within the outer Lufilian Arc (Domal Zone) which is host to a variety of zinc-copper (e.g. Kipushi, DRC), copper-gold (e.g. Kansanshi), copper-uranium (e.g. Lumwana) and cobalt (e.g. Nama) deposits.

The Mwongo and Bulala Hills project areas are located approximately 150km west of Lusaka in the Central and Southern Provinces of Zambia and have a combined area of nearly 840km^2.

Previous exploration across the tenements, which included sampling and mapping, has discovered mineralisation at a number of prospects.

Shikila Licence – Wangolo Prospect

Chrysalis' Shikila Licence is located in north-western Zambia, approximately 400km north of the capital Lusaka, and bordering the Democratic Republic of Congo and is located between Barrick's (TSX: ABX) Lumwana and First Quantum's (TSX: FM) Kansanshi copper mines.

Drill targets had been previously identified from historic soil copper anomalies and limited drilling had highlighted multiple zones of copper mineralisation. Assays results from the historical drilling were incomplete; however the data provided targets for the exploration programme. The exploration programme in the northern areas of the tenement package targeted Kansanshi-style cross-cutting mineralisation.

ZAMBIAN PROJECT (continued)

Chrysalis completed a drilling programme at Shikila in the December quarter, comprising 11 RC holes totalling 1,586.0m and nine diamond core holes totalling 1,548.8m.

Best RC results included:
- 3m at 1.87% Cu (incl. 1m at 3.63% Cu)
- 3m at 1.24% Cu
- 4m at 0.95% Cu
- 9m at 1.10% Cu
- 3m at 1.71% Cu
- 8m at 1.39% Cu (incl. 1m at 2.06% Cu)
- 7m at 1.50% Cu (incl. 1m at 3.73% Cu)

Best DD results included:
- 59 m @ 0.62% Cu (including 3m of 1.21% Cu; 3m of 1.10% Cu; 3m of 0.92% Cu);
- 3m of 0.93% Cu and 38.96m @ 0.62% Cu;
- 2m of 1.52% Cu and 11m @ 0.71% Cu;
- 4m @ 1.21% Cu;
- 4.5m @ 1.38% Cu;
- 1.5m @ 0.96% Cu

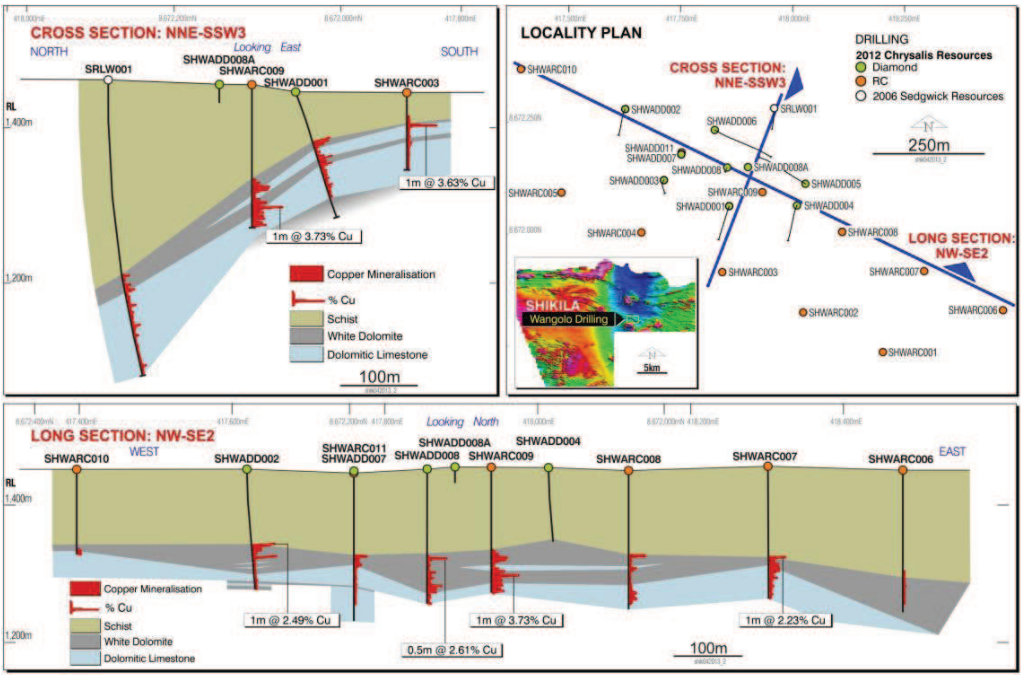

Figure 2: Wangolo Prospect showing Drill Location and Sections

Both drilling programmes observed mineralisation including chalcopyrite, pyrite, chalcocite, bornite, cuprite and native copper, and both confirmed the presence of a substantial mineralised system close to surface extending approximately 900 metres along strike and +350 metres down dip. The mineralisation remains open along strike and down dip. This has become known as the Wangolo Prospect.

ZAMBIAN PROJECT (continued)

The mineralisation at Wangolo has two styles:

- An approximate 3m-thick mineralised zone at the carbonate contact with the overlying schist
- A +50m-thick cross cutting mineralised unit below the contact zone trending to the north-east.

Pitting undertaken in the Wangolo area reached the subcrop in two pits at approximately 7m, exposing malachite mineralisation returning 0.1%Cu (determined by hand-held Niton XRF) and will assist in drill target planning. A programme of Induced Polarisation (IP) ground geophysics is planned for September 2013 targetting the thick crosscutting mineralisation.

A proposed modelling programme using all the drill results, including results from historic drilling by Roan Selection Trust (RST) and Sedgwick Resources Limited in the 1960s and 2006, was undertaken to define the geometry of the mineralisation and refine the geological understanding.

Subsequent to year end the Company announced a maiden mineral JORC-compliant resource estimate, completed by Optiro Pty Ltd, which made the following conclusions:

- Inferred resource of 18.6Mt at 0.52% Cu containing 96,000 tonnes of copper at 0.3% Cu cut-off.
- Resource model based on mineralisation to approximately 250 metres vertical depth.
- Potential to increase the maiden resource estimate as mineralisation remains open along strike and at depth.

Table 1: Wangolo Resource estimate at a range of cut-offs, as at August 2013

Classification	Cut-off (Cu%)	Tonnes (Mt)	Grade (Cu%)
Inferred	0.2	23.2	0.47
	0.3	18.6	0.52
	0.4	14.1	0.58
	0.5	9.0	0.65

Please refer to ASX announcement on 20 August 2013 for a table of full results.

Shikila Region Exploration

An airborne geophysical survey was also completed. Several targets were identified.

The first pass soil sampling programme has analysed more than 6,600 samples for copper using a hand-held Niton XRF. Results showed multiple copper anomalies associated with deep-seated magnetic features that are considered to be intrusions providing the heat source for the hydrothermal copper mineralisation similar to the characteristics of the discovery at the Wangolo Prospect. Closer spaced soil geochemical sampling is in progress in areas of interest.

Pitting at Shikila has seen 14 pits completed with 20 pits still in progress to enable the identification of the underlying lithology. Following completion of infill soil sampling and ground magnetics Chrysalis will undertake a programme of Rotary Air Blast (RAB) drilling on selected targets with possible RC drilling follow up during the remainder of the 2013 dry season.

Chrysalis believes these results are significant given the copper soil geochemistry anomalies coincide with deep magnetic features.

ZAMBIAN PROJECT (continued)

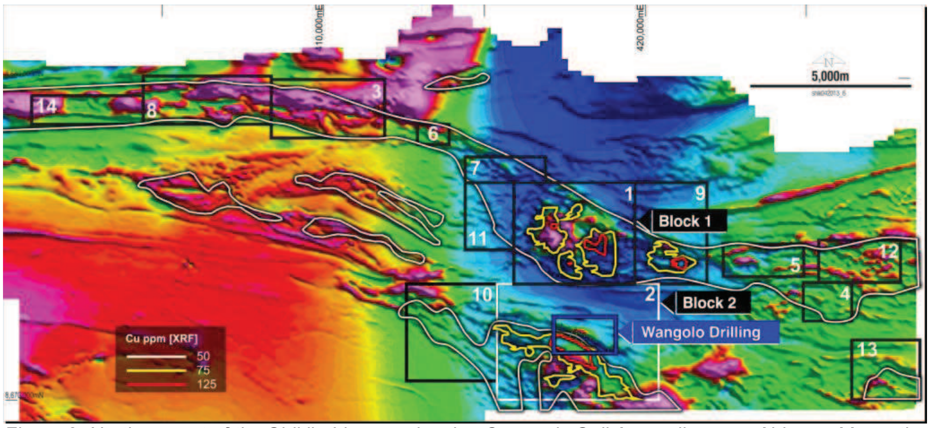

Figure 3: Northern part of the Shikila Licence showing Copper in Soil Anomalies over Airborne Magnetics

Kabwima North and South Licences

Chrysalis' Kabwima Licences are 70km south southeast of Kansanshi.

Chrysalis completed RC drilling at Mutenda (1809m) and Masimba (291m) based on historic results from 2007.

A total of 780 soil samples from Kabwima South were collected and analysed (Hand Held XRF). Figure 4 shows 75ppm Cu contours. The soil sampling programme with closer spaced follow up will continue on Kabwima South and Kabwima North during the remainder of 2013.

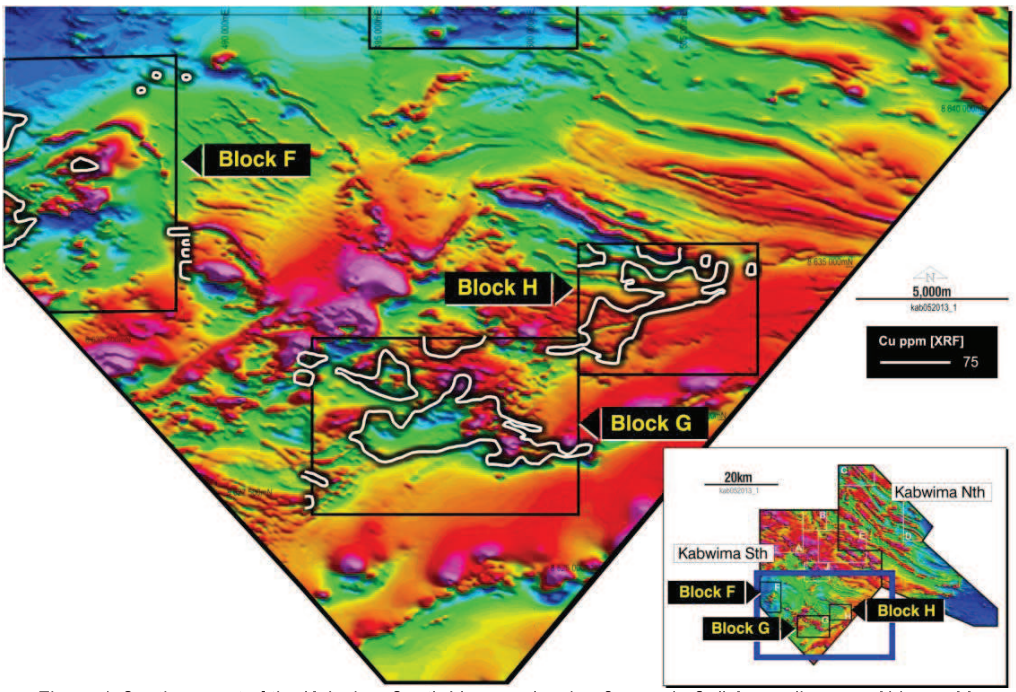

Figure 4: Southern part of the Kabwima South Licence showing Copper in Soil Anomalies over Airborne Magnetics

ZAMBIAN PROJECT (continued)

Mwongo Licence

One of Chrysalis' two southern Zambian licences, Mwongo is adjacent to Blackthorn Resources Ltd's (ASX: BTR) Kitumba discovery. Figure 5 shows several magnetic anomalies associated with historic drainage sample copper anomalies such as that at Kaporoso. These are thought to be an indication of buried intrusions that are associated with the Hook Granite similar to that at Kitumba.

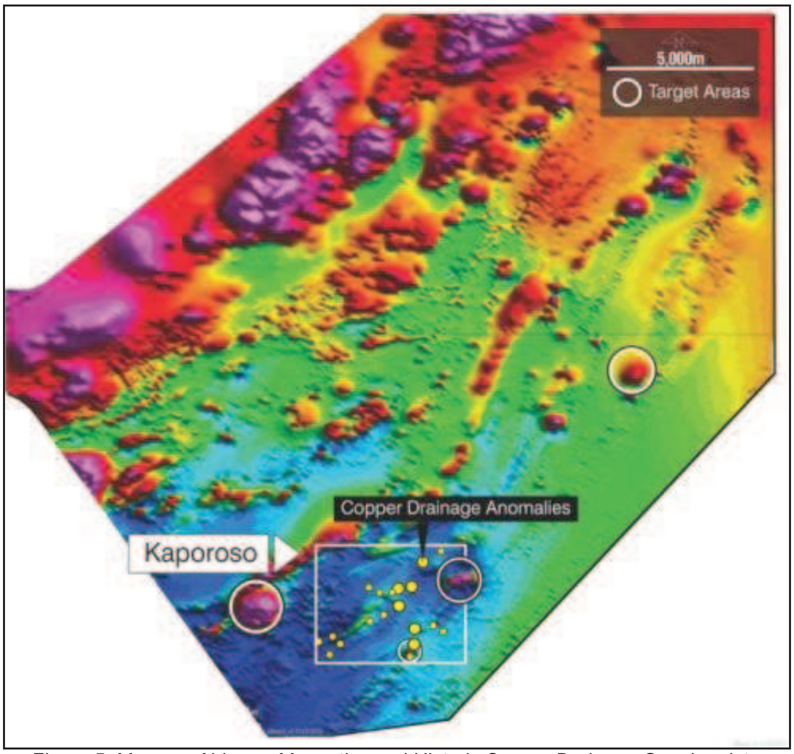

Figure 5: Mwongo Airborne Magnetics and Historic Copper Drainage Geochemistry

Planned regional exploration over the Mwongo licence this dry season (April – November) includes soil sampling over the selected drainage geochemical anomalies; possible ground geophysics including gravity surveys and geological mapping.

Bulala Licence

The Bulala licence is situated adjacent to the Hook Granite Complex and is considered to be part of the Mwembishi Dislocation. Historic rock and wide spaced reconnaissance soil sampling over the range of hills outlined a series of copper anomalies. Figure 6 shows the planned soil sampling blocks that will be completed during 2013 which include Block 7 situated over a prominent magnetic anomaly interpreted to be caused by a late stage intrusion of the Hook Granite.

ZAMBIAN PROJECT (continued)

Bulala Licence (continued)

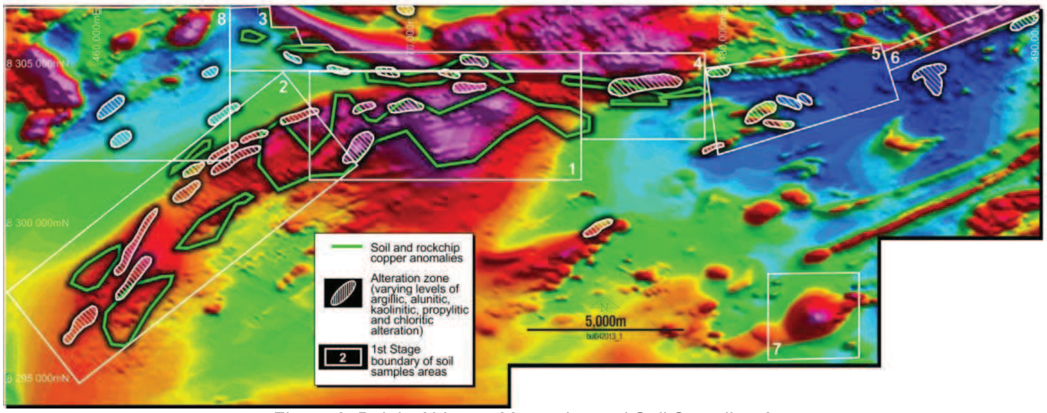

Figure 6: Bulala Airborne Magnetics and Soil Sampling Areas

Corporate Social Responsibility

Renovations to the Mulenga Health Clinic were completed and subsequent to year end was formally handed over to the Zambian Health Department in the presence of the Northwestern Province District Commissioner, District Medical Officer and Sub-Chief Mulenga. This project is part of Chrysalis's continuing commitment to its corporate social responsibilities (CSR) in Zambia.

ZAMBIAN PROJECT (continued)

Other

The Minister of Mines, Energy and Water Development gave effect to extending all five licences from expiry dates in 2014 for a further two years. The extensions will be subject to Chrysalis adhering to all the necessary requirements agreed to with the Ministry and following through on its corporate social responsibility programs.

AUSTRALIAN PROJECTS

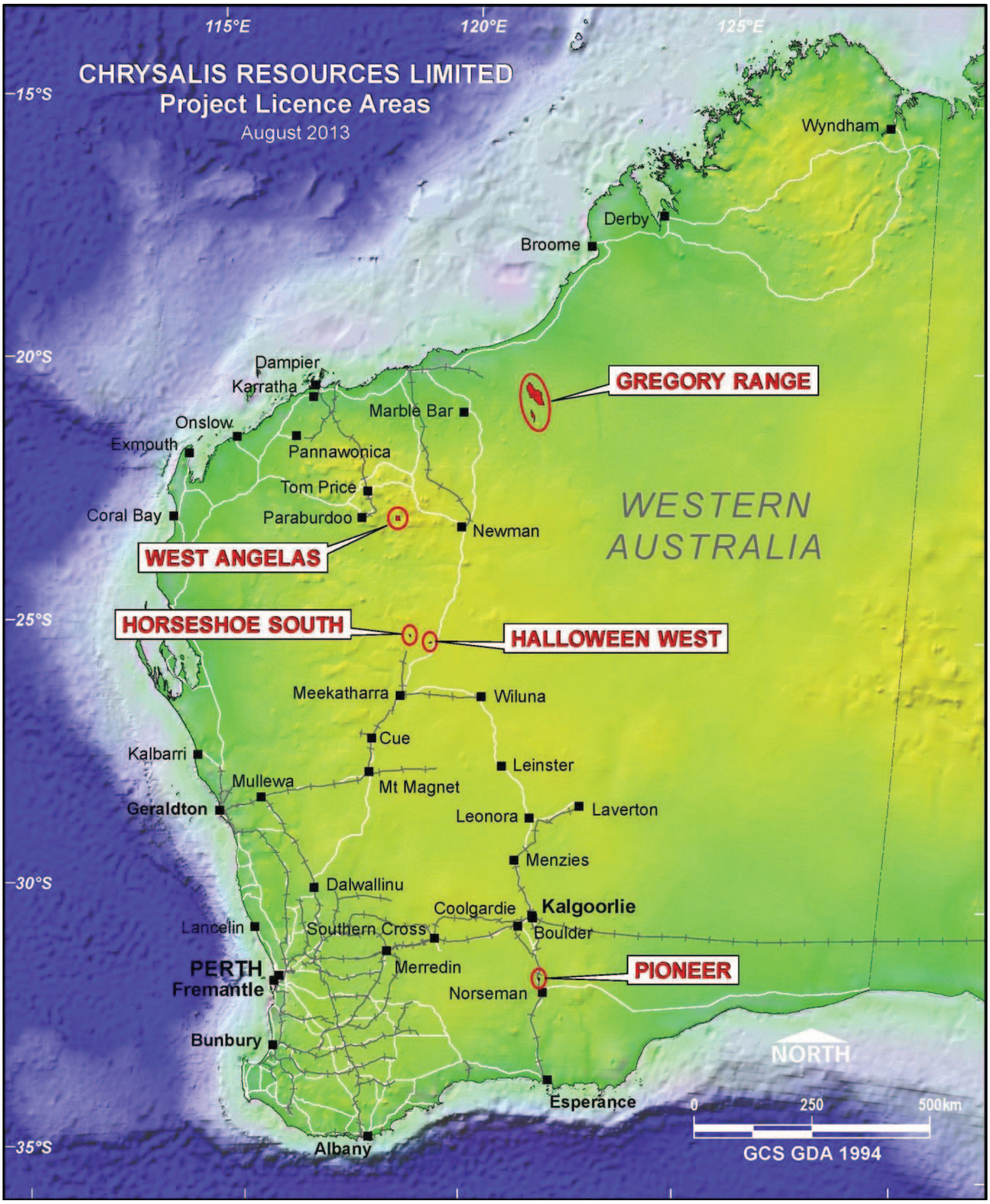

Figure 7: Chrysalis Resources Project Location Map.

AUSTRALIAN PROJECTS (Continued)

COPPER – GOLD PROJECTS

Halloween West Copper-Gold Joint Venture

The Halloween West Project, formerly known as Doolgunna West, comprises a granted Exploration Licence of 18.5km^2. The project is located within the Meekatharra Mineral Field, approximately 130km north of the Meekatharra township. The licence is approximately 20km west of Sandfire Resources Ltd's DeGrussa copper-gold massive sulphide deposit.

During May 2012 the Company entered into an agreement with Talisman Mining Limited (ASX: TLM; "Talisman") to farm-in to the Halloween West Project, whereby Talisman would spend $500,000 on exploration within three years from commencement of the agreement to earn a 60% interest in the project.

During the financial year, Talisman fulfilled its minimum expenditure commitment and consequently earned the right to be transferred a 60% interest in the Halloween West Project. As a result, a Joint Venture between Talisman and Chrysalis Resources was established.

In November 2012, a 1,750m, 13-hole reverse circulation (RC) drilling programme was completed at the Halloween West project. This programme tested newly-defined geophysical and copper-gold soil geochemical anomalies on four wide-spaced lines across the Halloween target zone (see Figure 7).

Drilling intersected the target host sediment horizon on each drill fence with intercalated chlorite-talc schist, magnetite-altered shales and clastic sediments logged on at least three drill sections, although minimal sulphide mineralization was observed. Work is ongoing at Halloween West to determine the significance of the results and to assess the prospectivity of the broader project area

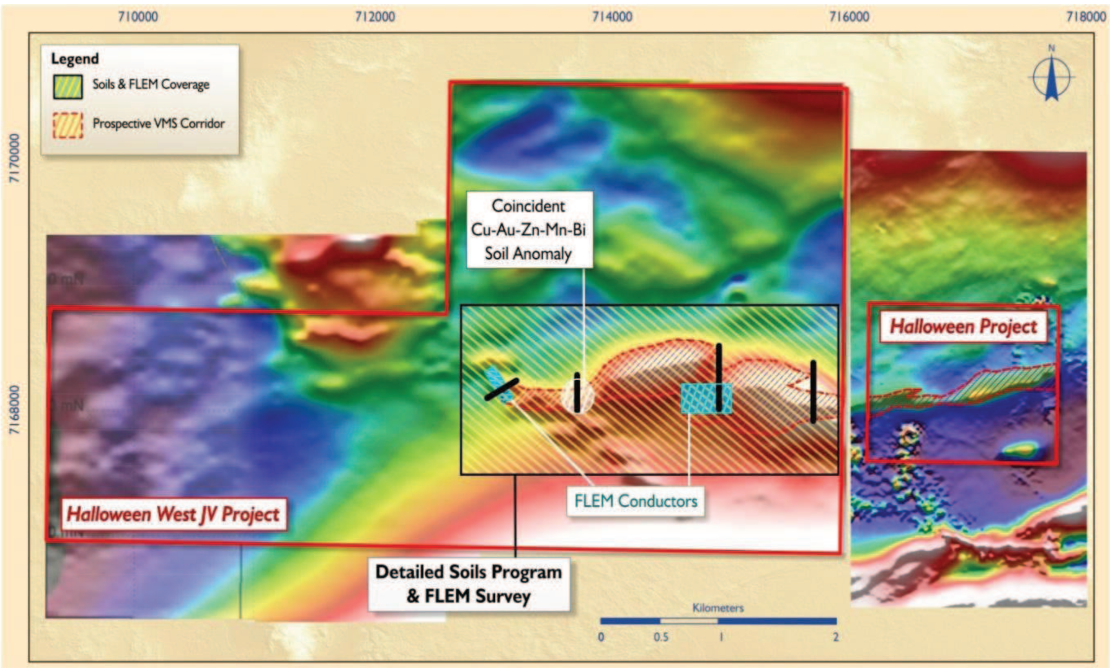

Figure 8: Halloween West JV Project completed drill traverses along the prospective Halloween VMS Horizon

AUSTRALIAN PROJECTS (Continued)

Pioneer Project (Au)

The Pioneer Project is located approximately 135km south-southeast of Kalgoorlie-Boulder and 25km north-northwest of Norseman, immediately east of the Coolgardie-Esperance Highway, Kambalda-Esperance Railway and the Kalgoorlie-Esperance Gas Pipeline.

A field trip involving mapping, rock-chip and soil sampling was completed during the June quarter, resulting in 40 soil samples and 10 rock-chip samples being collected for analysis. Only two rock chip samples returned results above background and these results are now being considered in relation to the overall geological package. Chrysalis is undertaking regional structural mapping of the project to define major geological settings within the overall tenure.

No further work was completed on this project during the financial year.

Gregory Range (Cu, base metals, U)

The Gregory Range Project is located in the Marble Bar Mineral Field, approximately 200 kilometres southeast of Port Hedland.

Due to ongoing negotiations with Native Title parties regarding access to the Gregory Range Project, nine exploration licences relating to this project were withdrawn during the June quarter. Subsequent to year end the remaining two exploration licences E45/3313 and E45/3314 were granted.

No work was completed on the project during the financial year.

Horseshoe South (Cu/Au)

The Horseshoe South Project comprises an area of approximately 11.3km^2 and is located within the Meekatharra Mineral Field approximately 140km north of the township of Meekatharra. Subsequent to year end, tenements P52/1351 and P52/1352 were surrendered.

No work was completed on the project during the financial year.

IRON ORE PROJECTS

West Angelas Project (Fe)

The West Angelas Iron Ore Project comprises an area of approximately 87.7km^2. The project is located approximately 135 kilometres west of Newman in the world-class Pilbara iron ore province of Western Australia.

No work was completed on this project during the financial year.

OTHER

In light of recent project valuations (as announced with ASX on 12 September 2013) the Pioneer, Gregory Range, Horseshoe South and West Angelas projects are currently under review by the Company. An impairment expense of $1,927,801 has been recorded in the current financial year.

CSA Global

Chrysalis continues to utilise the expertise of CSA Global in evaluating, planning and carrying out exploration on our WA Projects.

CORPORATE

Non-Renounceable Rights Issue (NRRI)

On 8 August 2012 the Company announced a 4:5 Non-Renounceable Rights Issue (NRRI) at 5 cents per share to existing shareholders. On 28 August 2012 the NRRI was fully underwritten by Tiger Resources Limited (ASX/TSX: TGS, "Tiger") through the announcement of a strategic alliance with the Company. A total of 60,274,962 shares were allotted under the NRRI which comprised:

- 50,029,470 shares to existing shareholders; and
- 10,245,512 shares to Tiger, being the balance of the NRRI shortfall.

Total funds raised from the NRRI were $3,013,749.

The capital raised will be used to fund the costs associated with further exploration at the Zambian Copper Project, Pioneer and West Angelas projects together with meeting general working capital requirements.

Strategic Alliance with Tiger Resources Limited

On 28 August 2012 the Company announced the formation of a strategic alliance with Tiger to subscribe for a 19.9% interest in Chrysalis. This was completed via the signing of a subscription agreement to underwrite the NRRI and/or place additional shares up to a maximum of 19.9% as follows:

- The issue of 10,245,512 shortfall shares at 5 cents per share (as per the NRRI above); and
- The issue of 11,142,800 Tranche 2 shares at 5 cents per share raising $557,140. Tranche 2 shares were placed under the Company's existing 15% share placement capacity; and
- The issue of 10,758,080 Tranche 3 shares at 5 cents per share raising $537,904. Tranche 3 shares were allotted after receiving shareholder approval at the Company's Annual General Meeting held on 23 November 2012.

Under the terms of the subscription agreement, Tiger:

- Acquired 19.90% of Chrysalis;
- Underwrote the NRRI;
- Formed a joint technical committee with two representatives from each company;
- Appointed one board member to Chrysalis, being Mr Bradley Marwood who was appointed on 24 September 2012 and replaced by Michael Griffiths on 26 July 2013;
- Will have the first right of refusal in relation to the sale of Chrysalis' assets, subject to obtaining the necessary approvals and satisfaction of certain conditions; and
- Subject to Tiger holding the Minimum Shareholding (voting power of 15%), each time Chrysalis issues any new shares, Tiger (or its nominee) may subscribe for, on the same terms and on the same date, such number of shares in order to maintain its percentage interest in the issued capital of the Company (Top up Right).

Capital raised for the year to 30 June 2013:

Total capital raised during the year to 30 June 2013 (excluding capital raising costs and unissued shares) was:

NRRI	$3,013,749
Tranche 2 shares	$557,140
Tranche 3 shares	$537,904
Total capital raised	**$4,108,793**

Strategic Alliance with Eagle Brilliant Holdings Limited

As announced on 24 June 2013, The Company formed a strategic alliance with Chinese-based investor Eagle Brilliant Holdings Limited (EBH). The strategic alliance was formed via the companies signing a Binding Term Sheet (the Term Sheet). As a result of an Initial Placement to EBH, Chrysalis issued subsequent to year end:

- 31,543,293 fully paid ordinary shares at 6 cents per share to EBH and;
- 7,836,597 fully paid ordinary shares at 6 cents per share to Tiger via the execution of a "top up right" held by Tiger under the Subscription Agreement executed between Chrysalis and Tiger.

This results in EBH holding 16.02% and Tiger 19.90% of the issued capital of Chrysalis as at the date of this report.

Total funds received by Chrysalis from the allocation of Initial Placement shares (before costs) are $2,362,793 which are recorded within the financial statements as a current receivable. Refer to Note 7.

Under the terms of the Term Sheet:

- Chrysalis is required to issue that number of fully paid ordinary shares that gives EBH (and its associates) a shareholding in the company equivalent to 25%, subject to ASX and shareholder approval;
- subject to the Company obtaining an ASX waiver and EBH holding the Minimum Shareholding (voting power of 19.90%) and not exceeding voting power of 25%, each time Chrysalis issues any new shares, EBH (or its nominee) may subscribe for, on the same terms and on the same date, such number of shares in order to maintain its percentage interest in the issued capital of the Company (Top up Right).
- EBH has the right to nominate to the Board of Chrysalis, subject to Board approval:
  - i) one executive director after the Initial Settlement date, pursuant to which Jian Hua Sang was nominated; and
  - ii) in addition, a non-executive director on or following the Additional Placement being made; and
- should the Company develop a producing mining operation in Zambia, EBH will be given the first right of refusal to enter into any off-take agreement for mined ore or metal products in accordance with standard commercial terms and pricing.

The Term Sheet and the obligations of the parties under it are conditional upon the Company obtaining any necessary regulatory, shareholder, or other approvals (including but not limited to any required under the Tiger Subscription Agreement and under the Listing Rules of the ASX.

On 31 July 2013 the Company announced it had received a waiver from ASX listing rule 6.18 to the extent necessary to permit the Top Up Right noted above.

Strategic Alliance with Eagle Brilliant Holdings Limited (continued)

On 12 September 2013 the Company announced a Notice of Meeting to:

1. Ratify the issue of the 23,627,934 Initial Placement Shares pursuant to ASX Listing Rule 7.4
2. Ratify the issue of the 15,751,956 Initial Placement Shares pursuant to ASX Listing Rule 7.4
3. Obtain shareholder approval pursuant to item 7 section 611 of the Corporations Act for the Directors to allot and issue up to 25,704,062 shares to EBH (or its nominee) (Additional Placement shares) to increase EBH's voting power from 16.02% to 25% in the capital of the Company
4. Obtain shareholder approval pursuant to ASX listing rule 7.1 for the Company to issue up to 6,385,903 shares to Tiger pursuant to the Tiger Subscription Agreement.

The Meeting is scheduled to take place on 14 October 2013.

Unsecured Loans

On 8 August 2012 the Company announced the issue of unsecured loans to raise funds of up to $500,000 towards working capital requirements. During the third quarter of 2012, $320,000 was drawn to meet the working capital requirements of the Company. The initial capital and interest accrued were repaid during September 2012.

Executive Changes

Mr Bradley Marwood, pursuant to the Subscription Agreement with Tiger, and Mr Trevor Benson, pursuant to the Share Sale Agreement for the Zambian Copper Project, were appointed as Non-Executive Directors respectively, effective from 24 September 2012.

On 29 July 2013, Chrysalis announced Mr Michael Griffiths, who had been appointed an Alternate Director for Brad Marwood on 5 April 2013, would take Mr Marwood's role on the Chrysalis board. Mr Marwood resigned due to his commitments as Managing Director of Tiger.

Mr. Jian Hua Sang was appointed as Executive Director, effective from 5 July 2013, pursuant to the Binding Term Sheet with EBH. On 9 August 2013 the Company announced the appointment of Mr. Sang as interim chief executive officer of the Company with effect from 5 August 2013.

During the December quarter Chrysalis appointed Mr. Jeremy Hawksworth as its in country Zambian Exploration Manager, who commenced his role in January 2013.

Listed Options

On 30 June 2013, 35,036,327 listed options exercisable at $0.20 each expired. The Company does not currently have any remaining listed options on issue.

OTHER

Relinquishment of Projects

As part of the Company's consolidation strategy, the Spring Creek and Windarra projects were relinquished during the year.

Zambian office

Chrysalis established a company office in Lusaka, Zambia and secured necessary staffing.

Competent Person's Statements:

Zambian Projects
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves for the Zambian Projects 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 Sedgwick Resources Ltd and has a beneficial interest in shares in Chrysalis Resources Ltd. 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

DIRECTORS REPORT

The Directors of Chrysalis Resources Limited ("the Company") present their report for the financial year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors, who held office during or, since the end of the year and up until the date of this report, are as follows:

Dr Neale Fong	Executive Chairman	
Mr Grant Kidner	Executive Director	
Mr Jian Hua Sang[2]	Interim CEO / Executive Director	Appointed 5 July 2013
Mr Adrian Paul	Non-Executive Director	
Mr Bradley Marwood	Non-Executive Director	Appointed 24 September 2012; Resigned 26 July 2013
Mr Michael Griffiths[1]	Non-Executive Director	Appointed 5 April 2013
Mr Trevor Benson	Non-Executive Director	Appointed 24 September 2012

[1] Mr Michael Griffiths was appointed as Alternate Director to Mr Bradley Marwood on 5 April 2013 and subsequently appointed as Non Executive director on 26 July 2013.

[2] Mr Jian Hua Sang was appointed as Executive Director on 5 July 2013 and Interim Chief Executive Officer from 5 August 2013.

Directors were in office for this entire period unless otherwise stated.

The particulars of the qualifications, experience and special responsibilities of each director as at year end and until the date of this report are as follows:

Dr Neale Fong – MBBS Dip CS MTS MBA FAICD FACHSM (Hon)
Executive Chairman

Dr Fong has extensive experience in management of large and complex organisations, especially in the health and human services field. He is a qualified medical practitioner holding Bachelors Degrees in Medicine and Surgery from the University of Western Australia as well as a Masters in Business Administration from the UWA Business School. He also holds a Masters Degree in Theological Studies from Regent College, University of British Columbia.

Dr Fong is a Fellow of the Australian Institute of Company Directors and is an experienced chairman and director.. He is also a non-executive director of Realm Resources Limited, Chairman of Bethesda Hospital Inc and a director of Mining Developments International Ltd, a public unlisted company.

Dr. Fong has served as a director and chairman of the West Australian Football Commission and as a director of Morning Star Holdings (Australia) Ltd (resigned 24 July 2012), a public unlisted company.

During the past three years, Dr Fong has not held a directorship in any other listed companies.

Mr Grant Kidner – BBus CPA
Executive Director

Mr Kidner is a qualified accountant (CPA) holding a Bachelor of Business Degree from Edith Cowan University.

Mr Kidner has over 28 years experience in the accounting industry and is currently a director of Equiti Partners Pty Ltd. He has advised in his capacity as a director to numerous businesses ranging from the professional sector to manufacturing, retail and the mining industry.

Mr Kidner has also had numerous involvements in a number of businesses and is currently a non-executive director of Mining Developments International Ltd, Ultimo Catering and Events Pty Ltd and Oaks Liquor Pty Ltd all of which are unlisted companies. Mr Kidner has also served as a director of Morning Star Holdings (Australia) Ltd (resigned 24 July 2012) which is a public unlisted company.

During the past three years, Mr Kidner has not held a directorship in any other listed companies.

Mr Jian Hua Sang
Executive Director (Appointed 5 July 2013)

Mr Sang trained in China and also was the first Chinese postgraduate student studying Economic Geology in Western Australia. He has more than 25 years of international exploration, mining and corporate experience in Asia, Australia and Africa.

Mr Sang has held senior executive positions as the Chief Representative China of several ASX-listed companies, Vice President China of Ivanhoe Mines Inc., Director of Minerals China with Hatch Associates, General Manager – Commercial Services of Citic Pacific Mining and CEO of an ASX mining company. During the past two years, he has played an instrumental role in successfully bringing a significant amount of Chinese capital investment to several ASX-listed minerals exploration companies.

During the past three years Mr Sang has also served as a Director of the following listed companies:

Company	Date appointed	Date ceased
Emergent Resources Limited	17 September 2012	-
Vector Resources Limited	13 September 2012	-

Mr Sang is entitled to a benefit for the provision of corporate advisory services in relation to the Term Sheet executed with EBH. The corporate advisory agreement executed between Mr Sang's consulting entity and the Company entitles Mr Sang to receive, by way of a consulting fee, 5% of any amount of direct equity investment in the Company by the TDL Group (or any of its associates). The contract was executed at arms length and on commercial terms.

Mr Adrian Paul
Non-Executive Director

Mr Paul has over 21 years of experience in the securities industry, and was previously a partner in the Australian stockbroking firm D.J. Carmichael & Co. He has held various non-executive directorships of public companies listed on the ASX with the most recent being Sylvania Resources Ltd (ASX: SLV) from which he resigned in June 2006.

Mr Paul currently manages a private investment company and utilises his extensive networks in the stockbroking and investment banking sectors to assist the Company in achieving its corporate objectives.

Mr Adrian Paul
Non-Executive Director (continued)

During the past three years, Mr Paul has served as a director of Morning Star Holdings (Australia) Ltd (resigned 24 July 2012) which is a public unlisted company.

During the past three years, Mr Paul has not held a directorship in any other listed companies.

Mr Michael Griffiths – BSc Dip Ed FAusIMM GAICD
Non-Executive Director (Appointed 5 April 2013)

Mr Griffiths has over 30 years experience in the minerals and energy sector in Australia and Africa. In the role of Chief Executive Officer of Sub-Sahara Resources N.L between 1998 and 2009, Mr Griffiths and his team were responsible for the discovery of significant gold deposits in both Tanzania and Eritrea. In Australia his exploration experience includes the discovery of significant gold resources in the Tanami Desert region of the Northern Territory. He also currently serves as a consultant to ASX-listed Chalice Gold Mines Limited.

During the past three years Mr Griffiths has also served as a Director of the following listed companies:

Company	Date appointed	Date ceased
Tiger Resources Limited	7 December 2012	-
Currie Rose Resources Inc	7 March 2005	-
Chalice Gold Mines Limited	26 August 2009	21 November 2011
Mozambi Coal Limited	14 April 2010	30 April 2013
RMG Limited	6 June 2013	-

Mr Trevor Benson – B Sc
Non-Executive Director (Appointed 24 September 2012)

Mr Benson has over 25 years experience within stockbroking, treasury operations and investment banking, with experience covering equity capital markets and M&A transactions within the resources, resource services and oil and gas sectors, both in Australia and overseas.

Mr Benson held the positions of Director of Corporate Advisory at Argonaut Capital; Head of Corporate Finance and Operations for Tolhurst InterFinancial, W.A. and Head of Bell Potter Securities in Perth. Trevor has also held directorships and advised a number of ASX listed mining and oil and gas companies. He currently leads the PCF Capital Group Securities business and is and the current Non-Executive Chairman of WHL Energy Limited.

During the past three years Mr Benson has also served as a Director of the following listed companies:

Company	Date appointed	Date ceased
WHL Energy Limited	4 June 2012	-
Paramount Mining Corporation Limited	4 August 2011	18 October 2011

Mr Benson is entitled to receive fully paid ordinary shares (milestone shares) to a value of $700,000 in relation to the Share Sale Agreement executed for the acquisition of the Zambian Copper Project. The milestone shares will only be issued subject to the terms and conditions outlined in Note 14.

The particulars of the qualifications, experience and special responsibilities of each director who resigned during the year or since the end or since the end of the year are as follows:

Mr Bradley Marwood – BE (Mining Engineering)
Non-Executive Director (Appointed 24 September 2012; Resigned 26 July 2013)

Mr Marwood graduated in mining engineering more than 30 years ago. His 30+ years in the industry has been spent equally in development and operations, including over 16 years experience in Africa from Zimbabwe to Mali and he has been directly involved with the development of the gold mining industry in Ghana since 1987. As Manager of Projects Africa for Normandy Mining Limited, Mr Marwood progressed projects in Ivory Coast, Mali, Eritrea, Sudan and Ghana, the most prominent being the Akim Yamfo-Sefwi Project, Ghana, now operated by Newmont Mining Limited. Mr Marwood has a strong background in project development, implementation and operations.

During the past three years Mr Marwood has also served as a Director of the following listed companies:

Company	Date appointed	Date ceased
Tiger Resources Limited	9 January 2007	-

Company Secretary

Ms Melanie Cotterell – B Com CA Grad. ICSA

Ms Cotterell is a Chartered Accountant with over 9 years experience within the accounting profession. She was appointed the company secretary of Zambian Copper Pty Ltd in June 2012, and is also the company secretary of Mining Developments International Ltd, a public unlisted company.

Interests in shares and options of the company and related bodies corporate

The following relevant interests in shares and options of the Company were held by the directors or their associates as at the date of this report:

	Number of fully paid ordinary shares*	Number of listed options over ordinary shares
Directors		
Neale Fong	6,934,320	-
Grant Kidner	6,447,104	-
Jian Hua Sang	-	-
Adrian Paul	12,481,820	-
Brad Marwood	-	-
Trevor Benson	6,750,000	-
Michael Griffiths	-	-

* Includes shares and options issued under the Employee share incentive plan.

No share options were granted to the directors of the Company during or since the end of the financial year as part of their remuneration.

Listed options

There were no ordinary shares issued by the company during or since the end of the financial year as a result of the exercise of an option.

During the year 35,036,327 listed options with an exercise price of $0.20 expired on 30 June 2013. At the date of this report, the Company had no listed options over ordinary shares on issue.

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

Principal Activity

The principal continuing activity of the Group was exploration for minerals.

Review of Operations

A review of operations for the financial year and the results of those operations are contained within the Company Overview.

Operating Results

The loss after income tax of the Group for the financial year was $3,905,006 (2012: $1,207,470).

Financial Position

At 30 June 2013, the Company had cash reserves of $456,885 (2012: $294,444).

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year are detailed in the Company Overview.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report or in the financial report.

Matters Subsequent to the End of the Financial Year

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, other than those detailed below:

- On 5 July 2013 the Company announced it had issued 39,379,890 Initial Placement Shares pursuant to the Term Sheet with EBH;
- On 5 July 2013 the Company announced the appointment of Mr Jian Hua Sang as an executive director pursuant to the terms of the Term Sheet with EBH;
- On 26 July 2013 the Company announced the resignation of Mr Bradley Marwood as a Non-Executive Director and concurrently the appointment of Mr Michael Griffiths as a Non-Executive Director;
- On 31 July 2013 the Company received an ASX waiver from listing rule 6.18 in relation to the Top Up Right issued pursuant to the Term Sheet with EBH;

Matters Subsequent to the End of the Financial Year (continued)

- On 9 August 2013 the Company announced the appointment of Mr Jian Hua Sang as Interim Chief Executive Officer of the Company;
- On 14 August 2013 the Company surrendered exploration licences in the Horseshoe project;
- On 20 August 2013 the Company announced a maiden resource estimate at the Wangolo prospect on the Shikila Licence; and
- On 12 September 2013 the Company called a Notice of Meeting to ratify and seek shareholder approval for the resolutions outlined on page 15 above.

Likely developments and expected results

The Group will continue to pursue its principal activity of exploration for minerals, particularly in respect of the Projects as outlined in the Company Overview.

Environmental legislation

The Group's exploration activities are subject to environmental regulations under both Commonwealth of Australia and Western Australian State legislation as well as Zambian Government legislation.

The Board believes the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group during 2013 and up until the date of this report.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Remuneration Report

This report outlines the remuneration arrangements in place for key management personnel of the Company and its controlled entities for the financial year ended 30 June 2013. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and its controlled entities, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Remuneration Report (continued)

Key Management Personnel

Directors

Dr Neale Fong	Executive Chairman	
Mr Grant Kidner	Executive Director	
Mr Jian Hua Sang[2]	Executive Director	Appointed 5 July 2013
Mr Adrian Paul	Non-Executive Director	
Mr Bradley Marwood	Non-Executive Director	Appointed 24 September 2012; Resigned 26 July 2013
Mr Michael Griffiths[1]	Non-Executive Director	Appointed 5 April 2013
Mr Trevor Benson	Non-Executive Director	Appointed 24 September 2012

[1] Mr Michael Griffiths was appointed as Alternate Director to Mr Bradley Marwood on 5 April 2013 and subsequently appointed as Non Executive director on 26 July 2013

[2] Mr Jian Hua Sang was appointed as Executive Director on 5 July 2013 and Interim Chief Executive Officer from 5 August 2013.

Executives

Ms Melanie Cotterell	Company Secretary	
Mr Jeremy Hawksworth	Exploration Manager	Appointed 30 November 2012
Mr John Noakes	Director (Sedgwick Resources Limited)	
Mr Christopher Simasiku	Director / Company Secretary (Sedgwick Resources Limited)	

Details of KMP remuneration are set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration including share-based compensation remuneration
C Employment contracts of directors

A. Principles used to determine the nature and amount of remuneration

The information provided under headings A-C includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited.

The objective of the Company's reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aims to align reward with the creation of value for shareholders. The Board ensures that employee reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance incentives
- transparency
- capital management

The framework provides a mix of fixed fee, consultancy agreement based remuneration, and share-based incentives.

Remuneration Report (continued)

A. Principles used to determine the nature and amount of remuneration (continued)

Company performance and link to remuneration

The current remuneration policy adopted is that no element of any KMP package be directly related to the Group's financial performance. Indeed there are no elements of any KMP remuneration that are dependent upon the satisfaction of any specific condition. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder value. Consideration of the Company's earnings will be more relevant as the Company matures.

At this time, shares and options issued do not have performance criteria attached. The Share Plan provides that the Board has the power to impose performance conditions on the issue of the Plan Shares (such as performance hurdles or retention periods).

Below is a table showing the Group's performance and EPS over the last 4 financial years.

	30 June 2010	30 June 2011	30 June 2012	30 June 2013
Financial year profit / (loss) - $	(1,186,307)	(2,417,426)	(1,207,470)	(3,905,006)
EPS / (Loss per share) - cents	(2.87)	(5.78)	(2.13)	(2.90)
Share price - cents	13	12	8	5.5

B. Details of remuneration

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive directors

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 20 November 2009 when shareholders approved an aggregate remuneration of $300,000 per year as a base salary.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. The remuneration of non-executive directors for the year ended 30 June 2013 is detailed under table 1 of this report.

Remuneration report (continued)

B. Details of remuneration (continued)

Employee share plan

Non-executive directors are encouraged by the Board to hold shares in the Company (purchased on market and in accordance with the Company's approved policies to ensure there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. The non-executive directors of the Company may also participate in the share and option plans as described in this report.

The objective of the Chrysalis Employee Share Plan is to ensure that the Company has appropriate mechanisms in place to continue to attract and retain the services of suitable directors, consultants and employees. The plans provide an incentive for participants to participate in the future growth of the Company and, upon becoming shareholders in the Company, to participate in the Company's profits and development. There are no performance criteria attached to shares given the Company's projects are currently within an exploration phase.

The key features of the schemes are set out below.

Executive director remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company, business team and individual performance;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Remuneration consists of fixed annual remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

<u>Fixed annual remuneration</u>

Fixed remuneration is reviewed annually by the Board of directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate external advice on policies and practices. The Board of directors has access to external and independent advice where necessary.

<u>Variable annual remuneration</u>

Short-term incentives

There are currently no short-term incentive remuneration arrangements.

Long-term incentives

Retirement allowances for directors

Apart from superannuation payments paid on base director fees there are no retirement allowances for directors.

Remuneration report (continued)

B. Details of remuneration (continued)

Executive director remuneration (continued)

Employee share plan

To ensure that the Company has appropriate mechanisms in place to continue to attract and retain the services of suitable directors, consultants and employees, the Company established an Employee Share Plan (the "Plan"), which was approved by the Shareholders on 20 November 2009 at the Company's Annual General Meeting. The Plan was not renewed at the Company's 2012 Annual General Meeting and as such should the Company issue shares to directors, consultants and employees under the Plan, the issue will impact the Company's 15% placement capacity under ASX listing rule 7.1.

The number of Ordinary Shares that may be offered to a Participant is entirely within the discretion of the Board. The Company does not intend to offer more than 10% of the issued share capital of the Company under the Plan.

The Board's policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold securities in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the company. All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

Participants of the Plan are determined by the Board and can be employees and directors of, or consultants to, the Company or a controlled entity. The Board considers length of service, seniority, responsibilities, potential contribution and any other relevant matters in determining eligibility of potential participants.

The issue price for the shares issued under the Plan are not less than the weighted average share price for the last five trading days immediately preceding the offer to the participant.

A participant who is invited to subscribe for shares under the Plan may also be invited to apply for a loan up to the amount payable in respect of the shares accepted by the participant. These loans are to be made on the following terms:

- Applied directly against the issue price of the shares to be acquired under the Plan;
- For a term to be determined by the Board;
- Repayable to the extent of the lesser of the issue price of the relevant shares issued, less any cash dividends applied against the outstanding principal; and the last market sale price of the shares on the date of repayment of the loan;
- The loan must be repaid in full prior to expiry of the loan; and
- The Company will have a lien over the shares in respect of which a loan is outstanding.

The market value of the option implicit in the share issued under the Plan (funded by way of a loan on the conditions noted above), measured using the Black and Scholes option pricing model, is recognised in the financial statements as an equity benefit reserve and as employee benefit costs in the period over which the shares vest.

Remuneration report (continued)

B. Details of remuneration (continued)

Executive director remuneration (continued)

No ordinary shares in the Company were provided as a result of the exercise of remuneration options during the year.

C. Employment contracts of directors and executives

Agreements with Directors

The employment arrangements of the directors are not formalised in a contract of employment.

Agreements with Executives

The employment arrangements of executives formalised in a contract of employment are listed below:

Exploration Manager

On 30 November 2012 the Company subsidiary, Sedgwick Resources Limited, entered into an agreement with Jeremy Hawksworth containing the terms and conditions under which the services of Exploration Manager are provided to the Company.

The agreement, which stipulates a commencement date of 9 January 2013, does not have a fixed contract period. It requires that:

i) the Company may terminate the employment contract at any time by giving two months notice, or by making payment in lieu of part or all of the two months notice period required to be given by the Company; or

ii) Mr Hawksworth may terminate the employment contract at any time by providing the Company with two months notice.

There are no other termination payments stipulated in the contract of employment.

Interim Chief Executive Officer

In August 2013 the Company entered into an agreement with a consulting entity of Mr Jian Hua Sang containing the terms and conditions under which the services of Interim Chief Executive Officer are provided to the Company.

The agreement, which was executed on or around 8 August 2013, does not have a fixed contract period and has not provided for any termination payments under the contract of employment.

Remuneration report (continued)

Remuneration of directors and named executives

Table 1: Directors' and executives remuneration for the years ended 30 June 2013 and 30 June 2012

		Short-term employee benefits			Post-employment benefits	Other long-term benefits	Equity		
		Salary & Fees $	Bonuses $	Other $	Superannuation $	Long-service leave $	Share options $	Total $	Performance Related %
Directors									
Dr Neale Fong	**2013**	**100,000**	-	-	**9,000**	-	-	**109,000**	-
	2012	100,000	-	-	9,000	-	-	109,000	-
Mr Grant Kidner	**2013**	**100,000**	-	-	**9,000**	-	-	**109,000**	-
	2012	70,000	-	-	6,300	-	-	76,300	-
Mr Sang[1]	**2013**	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-
Mr Adrian Paul	**2013**	**55,000**	-	-	**4,950**	-	-	**59,950**	-
	2012	55,000	-	-	4,950	-	-	59,950	-
Mr Brad Marwood[2]	**2013**	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-
Mr Michael Griffiths[3]	**2013**	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-
Mr Trevor Benson[4]	**2013**	**42,319**	-	-	**3,809**	-	-	**46,128**	-
	2012	-	-	-	-	-	-	-	-
Executives									
Ms Melanie Cotterell	**2013**	**22,917**	-	-	**2,063**	-	-	**24,980**	-
	2012	25,000	-	-	2,250	-	-	27,250	-
Mr Jeremy Hawksworth[5]	**2013**	**105,122**	-	-	-	-	-	**105,122**	-
	2012	-	-	-	-	-	-	-	-
Mr John Noakes	**2013**	**244,500**	-	-	-	-	-	**244,500**	-
	2012	-	-	-	-	-	-	-	-
Mr Christopher Simasiku	**2013**	**64,007**	-	**13,072**	-	-	-	**77,079**	-
	2012	-	-	-	-	-	-	-	-

[1] Appointed an Executive Director from 5 July 2013; appointed Interim Chief Executive Officer from 9 August 2013.

[2] Appointed a Non-Executive Director from 24 September 2012; Resigned 26 July 2013. Remuneration of $46,128 (including superannuation) payable to Tiger Resources Limited in consideration of providing services as a Nominee Director.

[3] Appointed an Alternate Director 5 April 2013; Appointed Non-Executive Director 26 July 2013.

[4] Appointed a Non-Executive Director from 24 September 2012.

[5] Appointed as Exploration Manager on 30 November 2012 commencing from 9 January 2013.

End of the Remuneration report

DIRECTORS REPORT (continued)

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings	Audit Committee	Remuneration Committee	Nomination committee
Number of meetings held:	20	2	1	2
Number of meetings attended:				
Dr Neale Fong	18	1	-	1
Mr Grant Kidner	19	2	1	2
Mr Sang[3]	-	-	-	-
Mr Adrian Paul	17	2	1	2
Mr Brad Marwood[2]	8	-	1	1
Mr Michael Griffiths[4]	2	-	-	-
Mr Trevor Benson[1]	13	1	1	1

[1]Appointed Non-Executive Director from 24 September 2012

[2]Appointed Non-Executive Director from 24 September 2012; Resigned 26 July 2013

[3]Appointed Non Executive Director from 5 July 2013; Interim Chief Executive Officer from 5 August 2013

[4]Appointed Alternate Director from 5 April 2013; Appointed Non-Executive Director from 26 July 2013

Proceedings on behalf of the company

No person has applied for leave to the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 30 and forms part of this Directors' Report for the year ended 30 June 2013.

Non-Audit Services

There were no non-audit services provided by the Company's auditors during the financial year ended 30 June 2013.

Signed in accordance with a resolution of the directors.

Dr Neale Fong
Executive Chairman
Perth, 18 September 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Chrysalis Resources Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Chrysalis Resources Limited and the entities it controlled during the year.

Perth, Western Australia	**M R W OHM**
18 September 2013	**Partner, HLB Mann Judd**

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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Approach to Corporate Governance

Chrysalis Resources Limited (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to ASX Corporate Governance Council Principles and Recommendations 2nd edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at http://www.chrysalisresources.com.au/company/corporategovernance.html, under the section marked "Corporate Governance":

Charters
Board
Audit Committee
Nomination Committee
Remuneration Committee

Policies and Procedures
Policy and Procedure for Selection and (Re) Appointment of Directors
Process for Performance Evaluations
Policy on Assessing the Independence of Directors
Diversity Policy (summary)
Code of Conduct (summary)
Policy on Continuous Disclosure (summary)
Compliance Procedures (summary)
Procedure for the Selection, Appointment and Rotation of External Auditor
Shareholder Communication Policy
Risk Management Policy (summary)
Policy for Trading in Company Securities

The Company reports below on whether it has followed each of the recommendations during the 2012/2013 financial year (**Reporting Period**). The information in this statement is current at 12 September 2013.

Board

Roles and responsibilities of the Board and Senior Executives
(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter, which is disclosed on the Company's website.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Roles and responsibilities of the Board and Senior Executives
(Recommendations: 1.1, 1.3) (continued)

Senior executives are responsible for supporting the Executive Chair and assisting the Executive Chair in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Executive Chair or, if the matter concerns the Executive Chair, directly to the Chair or the lead independent director, as appropriate.

Skills, experience, expertise and period of office of each Director
(Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on page 16.

The mix of skills and diversity for which the Board of directors is looking to achieve in membership of the Board is represented in the Board's current composition. The directors have skills and qualifications in the following areas: mining engineering; international exploration, mining and corporate experience in Asia, Australia and Africa; project development, implementation and operations, accounting and finance; public company management and securities industry and stockbroking. The Board believes these skills and experience are appropriate for the Company's strategy of focussing its attention on exploration at its Zambian copper project.

Director independence
(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of directors who are independent. The Board comprises only non-independent directors and the Board considers that its composition is, and continues to be, appropriate given the current size and operations of the Company. The Board believes its directors possess the skills and experience relevant to the Company's circumstances, and the Board is satisfied with the level of independence of thought and decision making being contributed by its directors. The Board will continue to monitor its composition.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Director independence
(Recommendations: 2.1, 2.2, 2.3, 2.6) (continued)

As noted above, the Board does not have any independent directors. The non-independent directors of the Company are:

Name	**Position**
Neale Fong	Executive Chair
Grant Kidner	Executive Director
Adrian Paul	Non-executive Director (substantial shareholder)
Brad Marwood (resigned 26 July 2013)	Non-executive Director (Mr Marwood is the Managing Director of Tiger Resources Limited, a substantial shareholder)
Trevor Benson	Non-executive Director (appointed pursuant to the Share Sale Agreement for the Zambian Copper Project)
Michael Griffiths (appointed alternate for Brad Marwood on 5 April 2013, replaced Brad Marwood on 26 July 2013)	Non-executive Director (Mr Griffiths is a non-executive director of Tiger Resources Limited, a substantial shareholder)
Jian Hua Sang (appointed 5 July 2013)	Executive Director, subsequently appointed interim CEO on 9 August 2013 (appointed by Eagle Brilliant Holdings Limited, a substantial shareholder, pursuant to Binding Term Sheet)

The non-independent Executive Chair is Neale Fong.

The Board believed that the size and operations of the Company did not warrant the employment of a separate Chief Executive Officer. The Board considered that Dr Fong was suitably qualified and experienced to perform both roles because of his extensive experience in the management of large and complex organisations. However, following completion of the Company's first drilling program in Zambia, the Board reviewed the need for a separate Chief Executive Officer and agreed pursuant to the Binding Term Sheet with Eagle Brilliant Holdings Limited to appoint an interim Chief Executive Officer while the Company embarked on the search for a new Chief Executive Officer. Mr Jian Hua Sang was appointed as interim Chief Executive Officer pursuant to the Binding Term Sheet on 5 August 2013. Accordingly, the roles of Chair and Chief Executive Officer have, since 5 August 2013, been performed by different persons.

The Board believes that Dr Fong is the most appropriate person to Chair the Board notwithstanding that he is not independent because of his industry experience and his extensive experience as a chairman and director. Dr Fong is a Fellow of the Australian Institute of Company Directors.

Independent professional advice
(Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re)Appointment of Directors
(Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

Selection and (Re)Appointment of Directors
(Recommendation: 2.6) (continued)

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. An election of directors is held each year. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and Re (Appointment) of Directors is disclosed on the Company's website.

Board committees

Nomination Committee
(Recommendations: 2.4, 2.6)

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board in its capacity as the Nomination Committee held two meetings during the Reporting Period. Details of director attendance at meetings of the full Board, in its capacity as the Nomination Committee, during the Reporting Period are set out in a table in the Directors' Report on page 28.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee.

The Company's Nomination Committee Charter is disclosed on the Company's website.

Audit Committee
(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has not established a separate Audit Committee, and accordingly it is not structured in compliance with Recommendation 4.2. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board in the capacity of the Audit Committee held two meetings during the Reporting Period. Details of director attendance at meetings of the full Board, in its capacity as the Audit Committee, during the Reporting Period are set out in a table in the Directors' Report on page 28.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Audit Committee.

Audit Committee
(Recommendations: 4.1, 4.2, 4.3, 4.4) (continued)

Details of each of the director's qualifications are set out in the Directors' Report on page 16. All members of the Board consider themselves to be financially literate and to possess industry knowledge. Mr Kidner is a qualified accountant (CPA) and has over 28 years' experience in the accounting industry.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has not established a separate Remuneration Committee and accordingly it is not structured in accordance with Recommendation 8.2. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board in its capacity as the Remuneration Committee held one meeting during the Reporting Period. Details of director attendance at meetings of the full Board, in its capacity as the Remuneration Committee, during the Reporting Period are set out in a table in the Directors' Report on page 28.

To assist the Board fulfil its function as the Remuneration Committee, the Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences on page 21. The Company's policy on remuneration clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. From time to time the Company may grant shares and/or options to non-executive directors. Given the Company is at its early stages of development, and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options or grant shares to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review. All the directors' option and shareholdings are fully disclosed. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by shareholders at general meeting.

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3, 8.4) (continued)

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include shares and/or options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of shares and/or options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness. Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company’s Remuneration Committee Charter is disclosed on the Company’s website.

Performance evaluation

Senior executives
(Recommendations: 1.2, 1.3)

The Executive Chair is responsible for evaluating the performance of senior executives by way of a formal interview with each senior executive. The Nomination Committee (or equivalent) is responsible for evaluating the Executive Chair.

The Nomination Committee (or equivalent) formally reviews the performance of the Executive Chair at least annually, including evaluating achievement of key operational goals and strategic objectives, compliance with legal and Company policy requirements, and the achievement of key performance indicators. This performance evaluation is undertaken by round table discussions.

During the Reporting period, an evaluation of the Executive Chair took place in accordance with the process disclosed above.

An evaluation of senior executives did not take place during the Reporting Period due to the unforeseen unavailability of the Chair at the time of the scheduled evaluation meetings. However, the evaluations for each of the senior executives will take place by the end of the 2013 calendar year.

Board, its committees and individual directors
(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluating the performance of the Board and, when deemed appropriate, Board committees and individual directors.

The Board is evaluated annually via round table discussion. The evaluation includes consideration of the following matters: comparison of the performance of the Board against the requirements of the Board Charter, assessment of the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and annual budget, review of the level and effectiveness of the Board’s interaction with management, review of the content, format and timing of information provided to directors, and review of Board and committee charters to assess if they remain appropriate to the Company’s activities. Similar procedures to those for the Board review are applied to evaluate the performance of any Board committees. An assessment will be made of the performance of each committee against each charter and areas identified where improvements can be made.

Board, its committees and individual directors
(Recommendations: 2.5, 2.6) (continued)

Non-executive directors are evaluated by round table discussion and a meeting with the Chair. Performance evaluations of non-executive directors include consideration of contribution to the Board, degree of independence, availability for and attendance at Board meetings and other relevant events, contribution to Company strategy, membership of and contribution to any Board committees, and suitability to Board and committee structure.

During the Reporting Period an evaluation of the Board and its non executive directors took place in accordance with the process disclosed above, except that non executive directors did not meet with the Chair individually. This was due to the unforeseen unavailability of the Chair at the time of the scheduled evaluation meetings. However, the evaluations for each of the non executive directors will take place by the end of the 2013 calendar year.

Ethical and responsible decision making

Code of Conduct
(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company’s Code of Conduct is disclosed on the Company’s website.

Diversity
(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

However, the Board has not set measurable objectives for achieving gender diversity. Given the size of the Board, and the Company’s limited number of employees, the Board considers that it is not practical to set measurable objectives for achieving gender diversity at this stage. The Board will review this position as its circumstances change.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board as at 30 June 2013 are set out in the following table:

	Proportion of women
Employees in whole organisation (excluding executive directors)	4 out of 13 (30.80%)
Senior executive positions in the whole organisation (excluding executive directors)	1 out of 4 (25%)
Board	0 out of 6 (0%)

A summary of the Company’s Diversity Policy is disclosed on the Company’s website.

Continuous Disclosure
(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company’s Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company’s website.

Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

Risk Management

Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Executive Chair, who is responsible for identifying, assessing, monitoring and managing risks. The Executive Chair is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Executive Chair may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Board has implemented a formal system to manage its material business. This system includes the preparation of a risk register by management to identify the Company's material business risks and a risk management plan and mitigation strategies for these risks. In addition, the process of management of material business risks is allocated to members of senior management. The risk register is reviewed on a half-yearly basis and updated, as required. During the Reporting Period, the risk register was reviewed once as a review was deferred because the Binding Term Sheet with Eagle Brilliant Holdings Limited was not finalised.

The categories of risk reported on or referred to as part of the Company's systems and processes for managing material business risk include: occupational health and safety risk; cash-flow; regulatory environment; sovereign/country risk, application and approval risks and tenement management, native title risks; environmental risks, general economic risks, commodity price risks, reliance on key personnel, possible volatility of share price and other risks; foreign exchange/currency risk and speculative nature of investments.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Executive Chair and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Risk Management

Recommendations: 7.1, 7.2, 7.3, 7.4) (continued)

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

		Consolidated	
	Note	**2013** $	2012 $
Revenue	2	**32,895**	24,093
Accounting fees		**(114,759)**	(59,607)
Audit fees	18	**(63,398)**	(34,750)
Depreciation and amortisation		**(38,212)**	(10,620)
Directors' remuneration		**(370,206)**	(245,250)
Employee benefits expense		**(433,437)**	(130,800)
Stock exchange and registry fees		**(35,258)**	(20,592)
Corporate social responsibility		**(15,056)**	-
Tenement management fees		**(14,265)**	(14,134)
Costs associated with Zambian Copper Project		**(9,426)**	(531,766)
Exploration costs reimbursed / (written off)	8	**(299,505)**	14,848
Impairment of exploration costs	8	**(1,927,801)**	(58,033)
Other expenses	2	**(616,578)**	(140,859)
Loss before income tax expense		**(3,905,006)**	(1,207,470)
Income tax expense	3	**-**	-
Net loss for the year		**(3,905,006)**	(1,207,470)
Other comprehensive profit / (loss)			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations		**118,163**	(1,192)
Total comprehensive loss for the year		**(3,786,843)**	(1,208,662)
Basic loss per share (cents)	5	**(2.90)**	(2.13)

The accompanying notes form part of this financial statement.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Consolidated 2013 $	2012 $
Current Assets			
Cash and cash equivalents	6	**456,885**	294,444
Trade and other receivables	7	**2,425,042**	498,655
Total Current Assets		**2,881,927**	793,099
Non-Current Assets			
Property, plant and equipment	10	**194,656**	27,200
Exploration and evaluation expenditure	8	**3,304,788**	3,544,166
Total Non-Current Assets		**3,499,444**	3,571,366
Total Assets		**6,381,371**	4,364,465
Current Liabilities			
Trade and other payables	9	**406,936**	607,909
Amounts due under contract	16	**-**	300,000
Total Current Liabilities		**406,936**	907,909
Total Liabilities		**406,936**	907,909
Net Assets		**5,974,435**	3,456,556
Equity			
Ordinary share capital	11	**14,019,803**	7,715,081
Reserves	12	**1,035,871**	917,708
Accumulated losses	12	**(9,081,239)**	(5,176,233)
Total Equity		**5,974,435**	3,456,556

The accompanying notes form part of this financial statement.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Ordinary share capital $	Reserves $	Accumulated Losses $	Total $
1 July 2011	5,787,433	918,900	(3,968,763)	2,737,570
Total comprehensive loss for the year	-	(1,192)	(1,207,470)	(1,208,662)
Shares issued under non-renounceable rights issue	1,122,395	-	-	1,122,395
Shares issued as consideration for Zambian Project	525,000	-	-	525,000
Shares issued to consultants	315,000	-	-	315,000
Share and option issue expense	(34,747)	-	-	(34,747)
Balance at 30 June 2012	7,715,081	917,708	(5,176,233)	3,456,556
1 July 2012	**7,715,081**	**917,708**	**(5,176,233)**	**3,456,556**
Total comprehensive loss for the year	-	118,163	(3,905,006)	(3,786,843)
Shares issued under non-renounceable rights issue	2,501,473	-	-	2,501,473
Shares issued under Tiger subscription agreement and rights issue shortfall	1,607,320	-	-	1,607,320
Unissued shares due under contract	2,362,793	-	-	2,362,793
Share issue expense	(166,864)	-	-	(166,864)
Balance at 30 June 2013	**14,019,803**	**1,035,871**	**(9,081,239)**	**5,974,435**

The accompanying notes form part of this financial statement.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $	2012 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,510,255)**	(664,046)
Interest received		**32,840**	24,766
GST received		**98,306**	49,789
Interest paid		**(5,021)**	-
Net cash (used in) operating activities	6(ii)	**(1,384,130)**	(589,491)
Cash flows from investing activities			
Purchase of plant and equipment		**(192,104)**	-
Settlement of Zambian Copper Project		**(300,000)**	-
Exploration & evaluation expenditure		**(1,902,621)**	(590,516)
Net cash (used in) investing activities		**(2,394,725)**	(590,516)
Cash flows from financing activities			
Proceeds from unsecured loans		**320,000**	-
Repayment of unsecured loans		**(320,000)**	-
Proceeds from issue of shares		**4,108,793**	1,122,395
Payment of capital raising costs		**(170,457)**	(34,747)
Net cash provided by financing activities		**3,938,336**	1,087,648
Net increase / (decrease) in cash held		**159,481**	(92,359)
Cash at beginning of the financial year		**294,444**	386,803
Effect of exchange fluctuations on cash held		**2,960**	-
Cash at end of the financial year	6 (i)	**456,885**	294,444

The accompanying notes form part of this financial statement.

1. Statements of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity of Chrysalis Resources Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars. The Company is a listed company incorporated in Australia and operating in Australia and the Republic of Zambia. The Group's principal activities are the exploration for mineral resources.

Where appropriate prior year disclosures have been reclassified for consistency with current year classifications. The re-classification has not impacted the net profit / (loss) for the prior year.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2013

In the year ended 30 June 2013, the Directors have reviewed all the new and revised standards and interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

The following amending Standards relevant to the operations of the Group have been adopted from 1 July 2012. Adoption of these Standards only impacted disclosure and did not have any effect on the financial position or performance of the Group.

- AASB 101 – Amendments to Presentation of Financial Statements
- AASB 112 - Amendments to Income Taxes

The adoption of these Standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2013. As a result of this review the Directors have determined that the following Standards and Interpretations will not have a material impact on the Company in future reporting periods and therefore do not plan to adopt these standards early.

The standards are outlined below.

New or revised requirement	When effective	Application date for Group
AASB 9 Financial Instruments (December 2009), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures	Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015	1 July 2015

(b) Adoption of new and revised standards (continued)

New or revised requirement	When effective	Application date for Group
AASB 9 Financial Instruments (December 2010), AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures	Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015	1 July 2015
AASB 10 Consolidated Financial Statements, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	Applicable to annual reporting periods beginning on or after 1 January 2013	1 July 2015
AASB 11 Joint Arrangements, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	Applicable to annual reporting periods beginning on or after 1 January 2013	1 July 2013
AASB 12 Disclosure of Interests in Other Entities, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	Applicable to annual reporting periods beginning on or after 1 January 2013	1 July 2013
AASB 127 Separate Financial Statements (2011), AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	Applicable to annual reporting periods beginning on or after 1 January 2013	1 July 2013
AASB 128 Investments in Associates and Joint Ventures (2011), AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	Applicable to annual reporting periods beginning on or after 1 January 2013	1 July 2013
AASB 13 Fair Value Measurement and related AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	Applicable to annual reporting periods beginning on or after 1 January 2013	1 July 2013
AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011)	Applicable to annual reporting periods beginning on or after 1 January 2013	1 July 2013
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Applies to annual reporting periods beginning on or after 1 July 2013 but may be early adopted for annual reporting period beginning on or after 1 July 2009	1 July 2013
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements	Applicable to annual reporting periods beginning on or after 1 July 2013	1 July 2013
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Applicable to annual reporting periods beginning on or after 1 July 2013	1 July 2013

(b) Adoption of new and revised standards (continued)

New or revised requirement	When effective	Application date for Group
AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements *Standards' is also adopted early for the same period*	Applicable to annual reporting periods beginning on or after 1 July 2013	1 July 2013
AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	Applicable to annual reporting periods beginning on or after 1 July 2013	1 July 2013
AASB 2012-1 Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements	Applicable to annual reporting periods beginning on or after 1 July 2013	1 July 2013
AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)	Applicable to annual periods beginning on or after 1 January 2013	1 July 2013
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)	Applicable to annual periods beginning on or after 1 January 2014	1 July 2014
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	Applicable to annual periods beginning on or after 1 January 2013	1 July 2013
AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures	Applicable to annual periods beginning on or after 1 January 2013	1 July 2013
AASB 2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Applicable to annual periods beginning on or after 1 July 2013	1 July 2013
AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	Applicable to annual periods beginning on or after 1 January 2013	1 July 2013
AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments	Applicable to annual periods beginning on or after 1 January 2013	1 July 2013
AASB 2012-11 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments	Applicable to annual periods beginning on or after 1 July 2013	1 July 2013
Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* (and related AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20)	Applies to annual periods beginning on or after 1 January 2013	1 July 2013

The impact of the adoption of these new and revised standards and interpretations has not been determined by the Group.

1. Statements of Significant Accounting Policies (continued)

(c) Statement of Compliance

The financial report was authorised for issue on the 18 September 2013.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial information, comprising the financial statements and notes thereto, comply with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Chrysalis Resources Limited ("Company") as at 30 June 2013 and the results of all subsidiaries for the year then ended. Chrysalis Resources Limited and its subsidiaries are referred to in this financial report as the group or consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the Statement of Profit or Loss and Other Comprehensive Income and within equity in the Consolidated Statement of Financial Position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to the non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Chrysalis Resources Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1. Statements of Significant Accounting Policies (continued)

(e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions detailed in Note 13.

Exploration and evaluation costs carried forward

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. The ultimate recoupment of value is dependent on the successful development and commercial exploitation or sale of the respective areas.

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors and an impairment expense of $1,927,801 has been recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to the Horseshoe, West Angelas, Gregory Range and Pioneer projects. Please refer to Note 8 for more details.

(f) Foreign currency translation

Both the functional and presentation currency of the Company and its Australian controlled entity is Australian dollars (A$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the foreign operations is Zambian Kwacha (KWA).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

As at the reporting date the assets and liabilities of these subsidiaries are translated into their presentation currency of the Group at the rate of exchange ruling at the balance date and their Statements of Profit or Loss and Other Comprehensive Income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

1. Statements of Significant Accounting Policies (continued)

(f) Foreign currency translation (continued)
On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(g) Going Concern
The Group incurred an operating loss after income tax of $3,905,006 for the year ended 30 June 2013, whilst cash balances as at 30 June 2013 were $456,885. In addition the net cash outflows from operating and investing activities was $3,778,885. On or around 19 June 2013 the Company announced it had signed a Binding Term Sheet with Eagle Brilliant Holdings Limited (EBH) which raised, under an Initial Placement, $2,362,793 in July 2013.

In order to complete the Binding Term Sheet with EBH, the Company will be required to issue Additional Placement Shares of up to 25,704,062 fully paid ordinary shares at 6 cents per share to EBH and subject to Tiger exercising its Top-up Right, 6,385,903 fully paid ordinary shares at 6 cents per share to Tiger. The Additional Placements are anticipated to raise up to $1,925,457 in funds for the Company and are subject to regulatory and Shareholder approval. A Notice of General Meeting scheduled for the 14 October 2013 has been sent to shareholders for the approval of the above Additional Placement shares.

The funds raised will be used to meet the ongoing working capital requirements of the Group and conduct further exploration programs of work at the Zambian Copper Project.

The directors believe the adoption of the going concern basis is appropriate.

(h) Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Chrysalis Resources Ltd.

During the financial year, the Group operated in the mineral exploration industry within Australia and Zambia.

(i) Interest income
Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(j) Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in the statement of financial position over the period necessary to match them with the direct costs that they are intended to compensate.

(k) Income Tax
Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:
- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

1. Statements of Significant Accounting Policies (continued)

(k) Income Tax (continued)

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probably that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(l) Goods and services tax (“GST”) and Value Added Tax (“VAT”)

Revenues, expenses and assets are recognised net of the amount of GST and VAT except:

- when the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST or VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1. Statements of Significant Accounting Policies (continued)

(l) Goods and services tax ("GST") and Value Added Tax ("VAT") (continued)

Commitments and contingencies are disclosed net of the amount of GST or VAT recoverable from, or payable to, the taxation authority.

(m) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Cash and cash equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(o) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group.

1. Statements of Significant Accounting Policies (continued)

(o) Trade and other receivables (continued)

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off in the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Profit or Loss and Other Comprehensive Income.

(p) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are classified as "financial assets at fair value through profit and loss" as they are acquired principally for the purpose of selling in the short term. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the directors assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

1. Statements of Significant Accounting Policies (continued)

(q) Impairment of financial assets

The Company assesses at each balance date whether a financial asset or group of assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(r) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of revaluation. Depreciation is calculated over the estimated useful life of the assets as follows:
Plant and equipment (tangible) – over 3 to 20 years (diminishing value basis)
Plant and equipment (intangible) – over 5 to 20 years (straight line basis)
The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

1. Statements of Significant Accounting Policies (continued)

(r) Property, plant and equipment (continued)

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of plant and equipment is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the cost of sales line item.

(ii) De-recognition and disposal.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss and Other Comprehensive Income in the year the asset is derecognised.

(s) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(t) Interest-bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

1. Statements of Significant Accounting Policies (continued)

(t) Interest-bearing loans and borrowings (continued)

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(v) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits of annual leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits where required and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(w) Share-based payment transactions

(i) *Equity settled transactions*:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). There is currently one plan in place to provide these benefits, being the Employee Share Plan (ESP).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black Scholes model, further details of which are given in Note 13.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

1. Statements of Significant Accounting Policies (continued)

(w) Share-based payment transactions (continued)

The cost of the equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of the fair value at grant date. The Statement of Profit or Loss and Other Comprehensive Income charge or credit for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(x) Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(y) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit or loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

1. Statements of Significant Accounting Policies (continued)

(z) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest, is recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.
Exploration and evaluation expenditure is assessed for impairment when facts and circumstances suggest that their carrying amount exceeds their recoverable amount and where this is the case an impairment loss is recognised. Should a project or area of interest be abandoned, the expenditure will be written off in the period in which the decision is made. Where a decision is made to proceed with development, accumulated expenditure will be amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(aa) Parent entity financial information

The financial information for the parent entity, Chrysalis Resources Limited, disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity financial statements of Chrysalis Resources Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments
The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(ab) Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

1. Statements of Significant Accounting Policies (continued)

(ab) Interests in joint ventures (continued)

When a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

The Group's interests in assets where the Group does not have joint control are accounted for in accordance with the substance of the Group's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Group recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group reports its interests in joint venture using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination.

When a Group entity transacts with a jointly controlled entity of the Group, unrealised profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

	Consolidated	
	2013	2012
	$	$
2. REVENUE AND EXPENSES		
(a) Revenue		
Bank interest	**32,895**	24,093
	32,895	24,093
(b) Expenses		
Travel and accommodation	**(106,872)**	(172)
Motor vehicle expenses	**(87,279)**	-
Professional fees	**(91,540)**	-
Legal expense	**(41,264)**	(14,843)

	Consolidated	
	2013	2012
	$	$

3. INCOME TAX

(a) Income Tax Expense

The major components of tax expense are:

The prima facie income tax expense on pre-tax accounting result from continuing operations reconciles to the income tax benefit in the financial statements as follows:

	2013 $	2012 $
Accounting loss before tax continuing operations	**3,905,006**	1,207,470
Income tax benefit @ 30% (2012:30%)	**1,171,502**	362,241
Non-deductible expenses	**(20,065)**	(733)
Non-assessable income	**7,887**	-
Other deferred tax assets and tax liabilities not recognised	**(1,182,824)**	(361,508)
Difference in tax rate of subsidiaries operating in other jurisdictions	**23,500**	-
Total income tax expense	**-**	-

(b) Unrecognised Deferred Tax Balances

The following deferred tax assets and liabilities have not been brought to account:

	2013 $	2012 $
Deferred tax assets comprise:		
Losses available for offset against future taxable income – revenue	**2,522,139**	2,046,848
Losses available for offset against future tax income – capital	**-**	157,133
Depreciation timing differences	**188**	-
Business related costs	**161**	-
Share issue expenses	**52,134**	13,857
Accrued expenses and liabilities	**57,827**	12,677
	2,632,449	2,230,515
Deferred tax liabilities comprise:		
Exploration expenditure capitalised	**(163,352)**	(687,646)
Accrued interest	**(85)**	(69)
Prepayments	**-**	(194)
	(163,437)	(687,909)

(c) Income tax expense not recognised direct in equity during the year:

	2013 $	2012 $
Share-issue costs	**(50,059)**	(34,747)

4. SEGMENT REPORTING

Description of segments and related information

The Group has based its operating segment on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources.

The Group currently does not have production and is only involved in exploration. As a consequence, activities in the operating segments are identified by the Board based on the manner in which resources are allocated, the nature of the resources provided and the identity of the manager and country of expenditure. Information is reviewed on a whole of entity basis.

	Australia $	Zambia $	Consolidated $
Consolidated			
30 June 2013			
Segment Revenue	**32,895**	**-**	**32,895**
Segment Results	**(3,276,828)**	**(628,178)**	**(3,905,006)**
Segment assets	**3,276,457**	**3,104,914**	**6,381,371**
Segment Liabilities	**(301,815)**	**(105,121)**	**(406,936)**
Included within segment results:			
Depreciation	**(10,356)**	**(27,856)**	**(38,212)**
Interest revenue	**32,895**	**-**	**32,895**
Capital expenditure	**(89,615)**	**(1,944,202)**	**(2,033,817)**
Consolidated			
30 June 2012			
Segment Revenue	24,093	-	24,093
Segment Results	(1,190,269)	(17,201)	(1,207,470)
Segment assets	3,040,505	1,323,960	4,364,465
Segment Liabilities	(902,288)	(5,621)	(907,909)
Included within segment results:			
Depreciation	(10,620	-	(10,620)
Interest revenue	24,093	-	24,093
Capital expenditure	(348,833)	(36,967)	(385,800)

	Consolidated	
	2013	2012
	$	$
5. LOSS PER SHARE (EPS)		
Basic loss per share (cents)	**(2.90)**	(2.13)
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Earnings – Net loss for the year	**3,905,006**	1,207,470
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic EPS	**134,426,366**	56,734,075

Diluted loss per share is not disclosed as the result is anti-dilutive.

6. CASH AND CASH EQUIVALENTS

(i)

	2013	2012
Cash at bank and on hand	**406,164**	254,803
Short-term deposits	**50,721**	39,641
	456,885	294,444

Cash at bank earns interest at floating interest rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term interest rates.

(ii) Reconciliation of loss for the year to net cash flows used in operating activities

	2013	2012
Loss for the year	**(3,905,006)**	(1,207,470)
Exploration costs written off	**299,505**	-
Impairment of exploration costs	**1,927,801**	58,033
Depreciation	**38,212**	10,620
Share-based payments to consultants	**-**	315,000
Foreign exchange	**101,639**	(1,195)
(Increase) / decrease in prepayments & other debtors	**(22,436)**	(449,871)
(Increase) / decrease in accrued interest	**(55)**	674
(Increase) / decrease in GST recoverable	**313**	(12,051)
Increase / (decrease) in trade creditors	**14,361**	176,294
Increase / (decrease) in other payables	**161,957**	326,783
Increase / (decrease) in provisions	**(421)**	3,822
Net cash flows (used in) operating activities	**(1,384,130)**	(590,516)

	Consolidated	
	2013	2012
	$	$
7. TRADE AND OTHER RECEIVABLES		
Current		
Debtors	**17,057**	3,076
Prepayments	**11,933**	463,516
GST receivable	**32,974**	24,650
Other	**285**	7,413
Receivable under Binding Term Sheet (i)	**2,362,793**	-
	2,425,042	498,655

(i) On or around 19 June 2013 the Company entered into a Binding Term Sheet with EBH whereby the Company was required to issue that number of fully paid ordinary shares that gives EBH (and its associates) a shareholding in the Company equivalent to 25%. The agreement was subject to conditions precedent contained within the Binding Term Sheet including any regulatory, shareholder or other approvals, including but not limited to any required under the Tiger Subscription Agreement and under the Listing Rules of ASX (refer to page 14 in the Directors' Report).

At 30 June 2013 the Company and EBH had satisfied the conditions precedent in relation to the Initial Placement shares and Tiger had elected to exercise their Top-up right under the Tiger Subscription Agreement. The Company recognised the receivable due from EBH and Tiger on the Initial Placement shares for $2,362,793 at 30 June 2013. Subsequent to year end, the 39,379,890 Initial Placement shares were issued on 5 July 2013.

(ii) Due to the nature of the Groups receivables, an ageing schedule is not presented.

8. EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in the exploration and evaluation phase:

Exploration and evaluation phase – at cost

Balance at beginning of the year	**3,544,166**	2,376,551
Tenements acquired	**-**	825,000
Expenditure incurred	**1,841,713**	385,800
Expenditure reimbursed / (written off)	**(299,505)**	14,848
Expenditure impaired (i)	**(1,927,801)**	(58,033)
Foreign currency translation	**146,215**	-
Total exploration expenditure	**3,304,788**	3,544,166

(i) At 30 June 2013 the Company assessed the value of its exploration and evaluation assets. In light of current market conditions and considering there are no immediate programs of works currently underway on certain projects, the carrying value of the Pioneer, Gregory Range, Horseshoe South, Halloween West (JV) and West Angelas projects were impaired.

(ii) The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

	Consolidated	
	2013 **$**	2012 $
9. TRADE AND OTHER PAYABLES		
Current		
Trade payables	**115,137**	30,503
Other payables	**291,799**	577,406
	406,936	607,909

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

10. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings $	Plant and equipment $	Motor vehicle $	Total $
Year ended 30 June 2012				
At 1 July 2012, net of accumulated depreciation and impairment	22,385	15,435	-	37,820
Depreciation charge for the year	(4,272)	(6,348)	-	(10,620)
At 30 June 2013, net of accumulated depreciation and impairment	18,113	9,087	-	27,200
At 30 June 2012				
Cost	28,492	30,545	-	59,037
Accumulated depreciation and impairment	(10,379)	(21,458)	-	(31,837)
Net carrying amount	18,113	9,087	-	27,200
Year ended 30 June 2013				
At 1 July 2012, net of accumulated depreciation and impairment	18,113	9,087	-	27,200
Exchange differences	882	4,698	7,984	13,564
Additions	12,427	67,211	112,466	192,104
Depreciation charge for the year	(5,180)	(17,243)	(15,789)	(38,212)
At 30 June 2013, net of accumulated depreciation and impairment	**26,242**	**63,753**	**104,661**	**194,656**
At 30 June 2013				
Cost	41,945	103,307	121,754	267,006
Accumulated depreciation and impairment	(15,703)	(39,554)	(17,093)	(72,350)
Net carrying amount	**26,242**	**63,753**	**104,661**	**194,656**

11. ORDINARY SHARE CAPITAL

	Consolidated			
(a) Ordinary share capital	**2013 Number**	**2013 $**	2012 Number	2012 $
(i) Issued and paid up capital				
Ordinary shares fully paid	**154,519,564**	**11,657,010**	72,343,702	7,715,081
Employee share plan shares	**3,000,000**	**-**	3,000,000	-
Total Issued and paid up capital	**157,519,564**	**11,657,010**	75,343,702	7,715,081

11. ORDINARY SHARE CAPITAL (continued)

	Consolidated			
	2013	**2013**	2012	2012
	Number	**$**	Number	$
(ii) Unissued shares				
Unissued shares	**39,379,890**	**2,362,793**	-	-
Total Unissued shares	**39,379,890**	**2,362,793**	-	-
Total Ordinary share capital	**196,899,454**	**14,019,803**	75,343,702	7,715,081
(b) Movement in ordinary share capital				
Balance at the beginning of the year	**75,343,702**	**7,715,081**	44,895,801	5,787,433
Shares issued under Non-Renounceable Rights Issue	**50,029,470**	**2,501,473**	22,447,901	1,122,395
Shares issued as consideration for Zambian Project	**-**	**-**	5,000,000	525,000
Shares issued to consultants	**-**	**-**	3,000,000	315,000
Shares issued under Tiger subscription agreement and Non-Renounceable Rights issue shortfall	**32,146,392**	**1,607,320**	-	-
Unissued shares due under contract (i)	**39,379,890**	**2,362,793**	-	-
Transaction costs relating to shares issued	**-**	**(166,864)**	-	(34,747)
Balance at end of the year	**196,899,454**	**14,019,803**	75,343,702	7,715,081

(i) Initial Placement shares to be issued under the Binding Term Sheet. Refer to Page 14 in the Directors Report and Note 7 for further details.

(c) Movement in options

Balance at the beginning of the year	**35,036,327**	**291,190**	35,036,327	291,190
Options expired – 30 June 2013	**(35,036,327)**	**-**	-	-
Balance at end of the year	**-**	**291,190**	35,036,327	291,190

Options expiring on 30 June 2013 were exercisable at $0.20.

(d) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

12. RESERVES AND ACCUMULATED LOSSES

Accumulated losses	**Consolidated 2013 $**	**Consolidated 2012 $**
Movements in accumulated losses were as follows:		
Balance at beginning of financial year	**5,176,233**	3,968,763
Net loss for the year	**3,905,006**	1,207,470
Balance at end of financial year	**9,081,239**	5,176,233

Reserves
Movement in reserves were as follows:

	Consolidated			
	Option premium reserve $	**Share-based payments reserve $**	**Foreign currency translation reserve $**	**Total $**
At 1 July 2011	291,190	627,710	-	918,900
Foreign currency translation	-	-	(1,192)	(1,192)
At 30 June 2012	291,190	627,710	(1,192)	917,708
At 1 July 2012	**291,190**	**627,710**	**(1,192)**	**917,708**
Foreign currency translation	**-**	**-**	**118,163**	**118,163**
At 30 June 2013	**291,190**	**627,710**	**116,971**	**1,035,871**

Nature and purpose of reserves
Option issue reserve
This reserve is used to accumulate the net proceeds received from the issue of options.

Share-based payments reserve
This reserve is used to record the value of equity benefits provided to directors, consultants or employees as part of their remuneration. Refer to Note 13 for further details.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

13. SHARE-BASED PAYMENTS

Employee share plans

Schemes under which shares may be issued by the Company to directors, consultants or employees for no cash consideration were approved by the shareholders at the 2009 Annual General Meeting. The Plan was not renewed at the Company's 2012 Annual General Meeting and as such should the Company issue shares to directors, consultants and employees under the Plan, the issue will impact the Company's 15% placement capacity under ASX listing rule 7.1.

Participants of the Plan are determined by the Board and can be directors, consultants or employees to the Company. The Board considers length of service, seniority, responsibilities, potential contribution and any other relevant matters in determining eligibility of potential participants.

13. SHARE-BASED PAYMENTS (continued)

Employee share plans (continued)

The issue price for the shares issued under the Plan is not less than the weighted average share price for the last five trading days immediately preceding the offer to the participant. The market value of shares issued under the scheme, measured as the weighted average market price on the day of issue of the shares, is recognised within the share-based payments reserve in the Statement of Financial Position and as a cost over the period the shares vest.

A participant who is invited to subscribe for shares under the Plan may also be invited to apply for a loan up to the amount payable in respect of the shares accepted by the participant. These loans are to be made on the following terms:

- Interest free;
- Applied directly against the issue price of the shares to be acquired under the Plan;
- For a term to be determined by the Board;
- Repayable to the extent of the lesser of the issue price of the relevant shares issued, less any cash dividends applied against the outstanding principal; and the last market sale price of the shares on the date of repayment of the loan;
- The term of the loan shall be four (4) years from the date of issue of the shares.
- The loan must be repaid in full prior to expiry of the loan;
- The Company will have a lien over the shares in respect of which a loan is outstanding; and
- Shares issued under the Plan are not transferable while a loan amount in respect of those shares remains payable.

The following share-based payment arrangements were in place during the current and prior periods:

	Number	Grant date	Loan period	Repayment amount per share $	Fair value at grant date per share $
11 December 2009 employee shares	3,000,000	11/12/2009	4 years	$0.2633	$0.1584

The fair value at grant date of the director shares is independently determined using a Black and Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

All shares issued under the Plan with non-recourse loans are considered to be options. Therefore, the fair value of shares issued under the Plan is determined in the same way as options would be.

No shares were issued to employees during the current year or prior year.

Other share-based payments

The Company makes share-based payments to consultants and/or service providers from time to time, not under any specific plan. The shares and options are issued in accordance with the relevant consultancy or service provider agreements.

13. SHARE-BASED PAYMENTS (continued)

Asset Acquisitions

During the prior year, the Company issued 5,000,000 listed shares in accordance with the Share Sale Agreement for the acquisition of the Zambian Copper Project. The fair value of the shares was determined using the 5 day weighted average market price of the Company's options at the date of issue of 10.50 cents per share.

No shares have been issued during the current year for the acquisition of assets.

Consultant Shares

During the prior year, the Company announced it had completed the acquisition of the Zambian Copper Project. As consideration for services provided to facilitate the acquisition of the Zambian Copper Project, the Company issued a total of 3 million shares to Secor Pty Ltd, Ms Victoria Prus-Wisniewski and Lionshead Consultants Limited under the terms of the Consultancy Agreements.

The fair value of the shares was determined using the 5 day weighted average market price of the Company's options at the date of issue of 10.50 cents per share.

No shares have been issued during the current year to consultants.

14. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into a commercial lease for office premises in the Republic of Zambia. The lease has a minimum term of one year and is renewable every year thereafter. There are no restrictions placed upon the lessee by entering into this lease.

	Consolidated	
	2013	2012
	$	$
Within one year	**-**	13,853
After one year but not more than five years	**-**	-
More than five years	**-**	-
	-	13,853

Exploration commitments

The Group has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the financial statements.

Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishment of tenure or any new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended.

14. COMMITMENTS AND CONTINGENCIES (continued)

Exploration commitments (continued)

The minimum expenditure commitment on the tenements is as follows:

	Consolidated	
	2013 **$**	2012 $
Within one year	**521,360**	208,100
2 to 5 years	**1,712,940**	632,180
Over 5 years	**193,200**	321,500

Other expenditure commitments

The Group has executed other exploration and administration expenditure commitments for exploration work to commence post 30 June 2013 in relation to the Zambian Copper Project. Details of the exploration expenditure commitments are detailed as follows:

Within one year	**184,353**	465,902
2 to 5 years	-	-
Over 5 years	-	-

Contingencies

Native Title

It is possible that native title, as defined in the Native Title Act 1993, might exist over land in which the Company has an interest. It is impossible at this stage to quantify the impact (if any) that the existence of native title may have on the operations of the Company. However, at the date of this report, the Directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over tenements held by the Company.

Milestone shares

As part of the Share Sale Agreement for the acquisition of the Zambian Copper Project the Company is required to issue to the Vendors $1,000,000 worth of milestone shares subject to the following conditions:

(a) milestone shares will be issued upon the Group announcing a JORC compliant mineral resource of 100 million tonnes of copper bearing ore (whether or not any included copper is accompanied by other mineral or metal) being delineated on the Licences or the application. The Group must not unreasonably delay or postpone the making of any such announcement;

(b) The milestone must be reached within 24 months of the settlement date;

(c) The number of milestone shares will be calculated based on the VWAP of the Company's shares in the 5 trading days on ASX immediately prior to the milestone being achieved;

(d) If the milestone is not achieved prior to the expiration date, the vendors will not be issued with any milestone shares;

(e) Subject to the receipt of any required regulatory or shareholder approvals, the Company will issue the Vendors with a new holding statement for the milestone shares as soon as practicable following the issue of the milestone shares; and

(f) The milestone shares will rank pari passu in all respects with existing shares.

No transaction has been recorded in the financial statements in relation to the potential issue of the milestone shares and will be reviewed each reporting date.

14. COMMITMENTS AND CONTINGENCIES (continued)

ASX waivers from listing rule 6.18

Tiger Resources Limited
In October 2012, ASX Limited (ASX) granted the Company a waiver from Listing Rule 6.18 to the extent necessary to permit Tiger Resources Limited ('Tiger") to maintain, by way of a right to participate in any issue of shares or to subscribe for shares, its percentage interest in capital of the Company (the "Top-up Right") in respect of a diluting event which occurs or is announced following entry into a subscription agreement (the "Subscription Agreement") between the Company and Tiger dated on or around 27 August 2012, subject to the following conditions:

1.1 The Top-up Right lapses on the earlier of:

  1.1.1 the holding of Tiger in the Company falling below 15% and;

  1.1.2 the strategic relationship between the Company and Tiger ceasing or changing in such a way that it effectively ceases.

1.2 The Top-up Right may only be transferred to an entity in the wholly owned group of Tiger.

1.3 Any securities issued under the Top-up Right are offered to Tiger for consideration that is:

  1.3.1 No more favourable than cash consideration offered by third parties (in the case of issues of securities to third parties for cash consideration); or

  1.3.2 Equivalent in value to non-cash consideration offered by third parties (in the case of issues of securities to third parties for non-cash consideration).

1.4 The number of securities that may be issued to Tiger under the Top-up Right in the case of any diluting event must not be greater than the number required in order for Tiger to maintain its percentage holding in the issued capital of the Company immediately before that diluting event.

1.5 The Company discloses a summary of the Top-up Right to persons who may subscribe for securities under a prospectus.

Eagle Brilliant Holdings Limited
In June 2013, ASX granted the Company a waiver from ASX listing rule 6.18, to the extent necessary to permit Eagle Brilliant Holdings Limited ("EBH") to maintain, by way of a right to participate in any issue of shares or to subscribe for shares, its percentage interest in the issued capital of the Company (the "Top-up Right"). This Top-up Right was granted in respect of a diluting event which occurs or is announced following completion of the term sheet ("Term sheet") entered into between the Company and EBH as announced on 24 June 2013.

The Top-up Right is subject to the following conditions:

1.1 The Top-up Right lapses on the earlier of:

  1.1.1 EBH's holding in the Company falling below 19.90%;

  1.1.2 EBH's holding in the Company exceeding 25%; or

  1.1.3 the strategic relationship between the Company and EBH ceasing or changing in such a way that it effectively ceases.

1.2 The Top-up Right may only be transferred to an entity in the wholly owned group of Tiandilong Group Limited ("TDL Group").

1.3 Any securities issued under the Top-up Right are offered to EBH for cash consideration that is:

  1.3.1 no more favourable than cash consideration paid by third parties (in the case of issues of securities to third parties for cash consideration); or

14. COMMITMENTS AND CONTINGENCIES (continued)

ASX waivers from listing rule 6.18

1.3.2 equivalent in value to non-cash consideration offered by third parties (in the case of issues of securities to third parties for non-cash consideration).

1.4 The number of securities that may be issued to EBH under the Top-up Right in the case of any diluting event must not be greater than the number in order for EBH to maintain its percentage holding in the issued share capital of the Company immediately before that diluting event.

1.5 The Company discloses a summary of the Top-up Right to persons who may subscribe for securities under a prospectus, and undertakes to include in each annual report a summary of the Top-up Right.

15: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Chrysalis Resources Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest 2013	2012
Horizon Copper Zambia Limited	Republic of Zambia Limited	100%	100%
Zambian Copper Pty Ltd	Australia	100%	100%
Sedgwick Resources Limited	Republic of Zambia Limited	99.99%	99.99%

Chrysalis Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group. Related party transactions during the year consisted of loan advances and fees paid to related parties of the Group. All intergroup transactions and balances are eliminated on consolidation.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

		Income from Related Parties $	Expenditure to Related Parties $	Amounts Owed by Related parties at year end $	Amounts Owed to Related parties at year end $
Transactions with related parties					
Equiti partners (i)	**2013**	**-**	**154,718**	**-**	**30,430**
	2012	-	60,723	-	3,124
Dr N Fong	**2013**	**-**	**-**	**-**	**-**
	2012	-	-	190	-
Mr G Kidner	**2013**	**-**	**-**	**-**	**-**
	2012	-	-	2,642	-
Mr B Marwood (iii)	**2013**	**-**	**-**	**-**	**-**
	2012	**-**	**-**	**-**	**-**
Craigstone Pty Ltd (ii)	**2013**	**-**	**-**	**-**	**78,000**
	2012	-	-	236	-

15: RELATED PARTY DISCLOSURE (continued)

		Income from Related Parties $	Expenditure to Related Parties $	Amounts Owed by Related parties at year end $	Amounts Owed to Related parties at year end $
Transactions with related parties (continued)					
Australasian Minerals & Trading Pty Ltd (iv)	**2013**	**-**	**2,071**	**-**	**-**
	2012	-	-	-	-
Ruby Hall Pty Ltd (v)	**2013**	**-**	**1,215**	**-**	**-**
	2012	-	-	-	-

(i) Mr G Kidner, an Executive director, is a director of Equiti Partners. During the financial year, Equiti Partners received fees for accounting, secretarial, executive consultancy fees, administration services and reimbursement of car parking facilities from the Company.

(ii) Mr J Noakes, a director of Sedgwick Resources Limited, is a director of Craigstone Pty Ltd. During the financial year, Mr Noakes received geological exploration consultancy fees from the Company.

(iii) Mr B Marwood, a Non-Executive director from 24 September 2012 until 26 July 2013 accrued fees as a nominee director of Tiger Resources Limited. As 30 June 2013, remuneration of $46,128 (including superannuation) was due and payable to Tiger Resources Limited in consideration of providing services as a Nominee Director.

(iv) Australasian Minerals & Trading Pty Ltd is the trustee for the Sedgwick Resources Unit Trust of which Mr J Noakes is a beneficiary. During the year, the Company paid $92,071 as settlement for the acquisition of the Zambian Copper Project, which includes an interest expense of $2,071.

(v) Mr A Paul, a Non-Executive director, is a director of Ruby Hall Pty Ltd. During the financial year, Ruby Hall Pty Ltd lent $195,000 via an unsecured loan to the Company. The loan was repaid during September 2012 with interest of $1,215 calculated at 8% per annum in accordance with the terms of contract with the Company.

(vi) Refer to Remuneration Report, contained within the Directors' Report.

For the year ended 30 June 2013, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties due to solid payment history (2012: $nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

16. AMOUNTS DUE UNDER CONTRACT

	Consolidated 2013 $	2012 $
Current		
Unsecured		
Vendors of the Zambian Copper Project	**-**	300,000
Total unsecured borrowings	**-**	300,000

The amount related to the cash consideration for the acquisition of the Zambian Copper Project which remained payable as at 30 June 2012. The amount was settled during the year.

17. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Group's financial instruments consist mainly of deposits with banks and current trade and other payables.

The main purpose of financial instruments is to finance the Group's operations. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations.

The Company does not speculate in the trading of derivative instruments. The main risks the Group is exposed to through its financial instruments are currency risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

(b) Capital risk management objectives

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2012.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as general administrative outgoings.

(c) Categories of financial instruments

	Consolidated 2013 $	2012 $
Financial assets		
Trade and other receivables	**2,413,109**	35,139
Cash and cash equivalents	**456,885**	294,444
	2,869,994	329,583
Financial liabilities		
Trade and other payables	**406,936**	607,909
Amounts due under contract	**-**	300,000
	406,936	907,909

17. FINANCIAL INSTRUMENTS (continued)

(d) Market risk

The Group's activities expose it mainly to the financial risks of changes in foreign currency exchange rates and changes in interest rates.

The Company's subsidiary, Sedgwick Resources Limited, exposes the Group to fluctuations in foreign currency exchange rates by undertaking mineral exploration on tenements within the Republic of Zambia.

There have been no changes at the reporting date to the Group's manner in which it manages and measures the risk from the previous period.

(i) Price risk

Given the current level of operations, the Group is not exposed to price risk.

(ii) Interest rate risk

The Group has exposure to the risks of changes in market interest rates relating to its cash and cash equivalents. The Group maintains funds at both fixed and floating interest rates, with the risk managed by the Group maintaining an appropriate mix between fixed and floating rate liquid funds. The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Financial assets and liabilities in the form of receivables, payables and current borrowings were non-interest bearing during the year. Unsecured loans and credit cards had floating interest rates during the year.

During the year ended 30 June 2013, if interest rates had been 50 basis points higher or lower than the prevailing rates realised, with all other variables held constant, there would have been an immaterial change in the post tax loss for the year. The impact on equity would have been the same.

	Consolidated			
	30 June 2013		30 June 2012	
	Weighted average interest rate %	**Balance $**	Weighted average interest rate %	Balance $
Cash balances	**0.48%**	**456,885**	3.65%	294,444

(iii) Foreign currency exchange risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Assets		**Liabilities**	
	2013	2012	**2013**	2012
	$	$	**$**	$
Zambian Kwacha (KWA)	**165,910**	1,955	**105,120**	5,621
United States Dollar (USD)	**-**	-	**-**	459,702

Foreign currency sensitivity analysis

The Group is exposed to Zambian Kwacha (KWA) and United States Dollar (USD) currency fluctuations.

17. FINANCIAL INSTRUMENTS (continued)

(d) Market risk (continued)

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian Dollar (AUD) against the relevant currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

The sensitivity analysis includes cash balances held in KWA and trade creditors and other payables held in KWA and USD. A positive number indicates an increase in profit and other equity where the AUD strengthens against the relevant currency. For a weakening Australian Dollar against the relevant currency there would be an equal and opposite impact on the profit and other equity and the balances would be negative.

		Consolidated			
		2013		2012	
		Profit / (loss)	**Equity increase / (decrease)**	Profit / (loss)	Equity increase / (decrease)
AUD strengthens	KWA	**(6,079)**	**6,079**	367	367
10%	USD	**-**	**-**	45,970	45,970
AUD weakens	KWA	**6,079**	**(6,079)**	(367)	(367)
10%	USD	**-**	**-**	(45,970)	(45,970)

Note: foreign currency gains or losses on intercompany loans are transferred to equity in accordance with Note 1. Therefore there is no impact on the Group's loss.

(e) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

The Group's cash balances are held with a major Australian lending institution. The Group does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

(f) Liquidity risk management

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitors the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

17. FINANCIAL INSTRUMENTS (continued)

(f) Liquidity risk management (continued)

The financial liabilities of the Group are confined to trade and other payables, joint venture liabilities and unsecured loans as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of reporting date. Unsecured loans undertaken during the period were interest bearing at a fixed rate of 8% per annum. Amounts due under contract undertaken during the period were interest bearing at a fixed rate of 24% per annum.

Liquidity and interest rate risk tables

	Weighted average interest rate %	Less than 1 month $	1 – 3 months $	3 months – 1 year $	1 – 5 years $	5 + years $
2013						
Non-interest bearing	-	-	**403,187**	-	-	-
Variable interest rate instruments	**11.69%**	-	**3,749**	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
2012						
Non-interest bearing	-	-	907,909	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-

The above table details the Group's remaining contractual maturity for its financial liabilities. These are based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay.

The following tables detail the Group's contractual maturity for its financial assets. These are based on the undiscounted cash flows of financial assets.

	Weighted average interest rate %	Less than 1 month $	1 – 3 months $	3 months – 1 year $	1 – 5 years $	5 + years $
2013						
Non-interest bearing	**-**	**-**	**2,761,890**	**-**	**-**	**-**
Variable interest rate instruments	**2.25%**	**-**	**7,066**	**-**	**-**	**-**
Fixed interest rate instruments	**4.00%**	**-**	**50,722**	**-**	**-**	**-**
Receivables	-	-	**50,316**	-	-	-
2012						
Non-interest bearing	-	-	3,976	-	-	-
Variable interest rate instruments	3.50%	-	250,827	-	-	-
Fixed interest rate instruments	4.99%	-	39,641	-	-	-
Receivables	-	-	35,139	-	-	-

(f) Fair value of financial instruments

For financial assets and liabilities, the net fair value approximates the carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Group has no financial assets where carrying amount exceeds net fair value at reporting date.

18. AUDITOR REMUNERATION

	Consolidated	
	2013 **$**	2012 $
Remuneration of the auditors of the Company for:		
- audit and review services		
HLB Mann Judd Australia	**36,200**	34,750
BDO Zambia	**26,828**	-
- other services	**-**	-
	63,028	34,750

19. DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

Directors		
Mr Neale Fong	Chairman (Executive)	
Mr Grant Kidner	Executive director	
Mr Jian Hua Sang	Executive Director	Appointed 5 July 2013
	Interim Chief Executive Officer	Appointed 5 August 2013
Mr Adrian Paul	Non-Executive director	
Mr Brad Marwood	Non-Executive director	Appointed 24 September 2012; Resigned 26 July 2013
Mr Michael Griffiths	Non-Executive director	Appointed 26 July 2013
	Alternate director	Appointed 5 April 2013; ceased 26 July 213
Mr Trevor Benson	Non-Executive director	Appointed 24 September 2012
Executives		
Ms Melanie Cotterell	Company Secretary	
Mr Jeremy Hawksworth	Exploration Manager	Appointed 30 November 2012
Mr John Noakes	Director – Sedgwick Resources Limited; Exploration consultant	
Mr Christopher Simasiku	Director / Company secretary – Sedgwick Resources Limited	

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

19. DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(b) Shareholdings of Key Management Personnel

30 June 2013	Balance at beginning of period	Granted as remuneration	On exercise of options	On market acquisitions / (disposals)	Balance at end of period
Directors					
Dr Neale Fong	**3,852,400**	**-**	**-**	**3,081,920**	**6,934,320**
Mr Grant Kidner	**3,581,724**	**-**	**-**	**2,865,380**	**6,447,104**
Mr Jian Hua Sang[1]	**-**	**-**	**-**	**-**	**-**
Mr Adrian Paul	**6,934,344**	**-**	**-**	**5,547,476**	**12,481,820**
Mr Brad Marwood[2]	**-**	**-**	**-**	**-**	**-**
Mr Michael Griffiths[3]	**-**	**-**	**-**	**-**	**-**
Mr Trevor Benson[4]	**3,750,000**	**-**	**-**	**3,000,000**	**6,750,000**
Key Management Personnel					
Ms Melanie Cotterell	**200,000**	**-**	**-**	**160,000**	**360,000**
Mr Jeremy Hawksworth	**-**	**-**	**-**	**-**	**-**
Mr John Noakes	**1,500,000**	**-**	**-**	**(75,000)**	**1,425,000**
Mr Christopher Simasiku	**-**	**-**	**-**	**-**	**-**
	19,818,468	**-**	**-**	**14,579,776**	**34,398,244**

30 June 2012	Balance at beginning of period	Granted as remuneration	On exercise of options	On market acquisitions	Granted as consideration for projects	Balance at end of period
Directors						
Dr Neale Fong	1,601,600	-	-	2,250,800	-	3,852,400
Mr Adrian Paul	3,610,001	-	-	3,324,343	-	6,934,344
Mr Grant Kidner	1,640,000	-	-	1,941,724	-	3,581,724
Mr Brad Marwood[2]	-	-	-	-	-	-
Mr Trevor Benson[4]	100,000	-	-	150,000	3,500,000*	3,750,000
Key Management Personnel						
Ms Melanie Cotterell	-	-	-	200,000	-	200,000
Mr John Noakes	-	-	-	-	1,500,000	1,500,000
Mr Christopher Simasiku	-	-	-	-	-	-
	6,951,601	-	-	7,866,867	3,500,000	19,818,468

*As consideration for the acquisition of the Zambian Copper project.

The above table includes shares and options issued under the Employee share incentive plan.

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

19. DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(c) Option holdings of Key Management Personnel

30 June 2013	Balance at beginning of period	Granted as remuneration	Options expired	On market acquisitions	Balance at end of period	Exercisable
Directors						
Dr Neale Fong	**500,000**	-	**(500,000)**	-	-	-
Mr Grant Kidner	**2,190,000**		**(2,190,000)**	-	-	-
Mr Jian Hua Sang[1]	-	-	-	-	-	-
Mr Adrian Paul	**2,500,001**	-	**(2,500,001)**	-	-	-
Mr Bradley Marwood[2]	-	-	-	-	-	-
Mr Michael Griffiths[3]	-	-	-	-	-	-
Mr Trevor Benson[4]	-	-	-	-	-	-
Key Management Personnel						
Ms Melanie Cotterell	**141,830**	-	**(141,830)**	-	-	-
Mr Jeremy Hawksworth	-	-	-	-	-	-
Mr John Noakes	-	-	-	-	-	-
Mr Christopher Simasiku	-	-	-	-	-	-
	5,331,831	-	**(5,331,831)**	-	-	-

30 June 2012	Balance at beginning of period	Granted as remuneration	Options expired	On market acquisitions	Balance at end of period	Exercisable
Directors						
Dr Neale Fong	500,000	-	-	-	500,000	500,000
Mr Adrian Paul	2,500,001	-	-	-	2,500,001	2,500,001
Mr Grant Kidner	2,190,000	-	-	-	2,190,000	2,190,000
Mr Brad Marwood[2]	-	-	-	-	-	-
Mr Trevor Benson[4]	-	-	-	-	-	-
Key Management Personnel						
Ms Melanie Cotterell	141,830	-	-	-	141,830	141,830
Mr John Noakes	-	-	-	-	-	-
Mr Christopher Simasiku	-	-	-	-	-	-
	5,331,831	-	-	-	5,331,831	5,331,831

[1]Appointed an Executive Director from 5 July 2013

[2]Appointed a Non-Executive Director from 24 September 2012; Resigned 26 July 2013.

[3]Appointed Alternate Director 5 April 2013; Appointed Non Executive Director 26 July 2013

[4]Appointed Non-Executive Director from 24 September 2012

20. EVENTS AFTER THE REPORTING PERIOD

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods other than:

- On 5 July 2013 the Company announced it had issued 39,379,890 Initial Placement Shares pursuant to the Term Sheet with EBH;
- On 5 July 2013 the Company announced the appointment of Mr Jian Hua Sang as an executive director pursuant to the terms of the Term Sheet with EBH;
- On 26 July 2013 the Company announced the resignation of Mr Bradley Marwood as a Non - Executive Director and concurrently the appointment of Mr Michael Griffiths as a Non-Executive Director;

20. EVENTS AFTER THE REPORTING PERIOD (continued)

- On 31 July 2013 the Company received an ASX waiver from listing rule 6.18 in relation to the Top Up Right issued pursuant to the Term Sheet with EBH;
- On 14 August 2013 the Company surrendered exploration licences in the Horseshoe project;
- On 9 August 2013 the Company announced the appointment of Mr Jian Hua Sang as Interim Chief Executive Officer of the Company;
- On 20 August 2013 the Company announced a maiden resource estimate at the Wangolo prospect on the Shikila Licence; and
- On 12 September 2013 the Company called a Notice of Meeting to ratify and seek shareholder approval for the resolutions outlined on page 15 above.

NOTE 21: INTEREST IN JOINTLY CONTROLLED OPERATION

During the year, Talisman earned a 60% joint venture interest in the Halloween West project by spending $500,000 on exploration within three years from the commencement of the original Farm In agreement. Chrysalis retains the remaining 40% interest in the project. A formal joint venture agreement was executed with Talisman in the June quarter. Details of the work performed on the project during the year are disclosed in the Company Overview section of this report.

The share of the assets, liabilities, revenue and expenses of the jointly controlled operation, which are included in the consolidated financial statements, are as follows:

	Consolidated	
	2013	2012
	$	$
Current assets		
Trade and other receivables	**-**	-
Total current assets	**-**	-
Non-current assets		
Exploration and evaluation expenditure	**344,508**	-
Total non-current assets	**344,508**	-
Current liabilities		
Trade and other payables	**-**	-
Total non-current assets	**-**	-
Net 40% interest in Joint Venture	**344,508**	-

Refer to Note 14 for details on capital commitments.

There were no impairment losses in the jointly controlled operation.

22. PARENT ENTITY DISCLOSURES

	Consolidated	
	2013	2012
	$	$
Financial position		
Assets		
Current assets	**2,715,954**	331,105
Non-current assets	**4,089,676**	4,046,202
Total assets	**6,805,630**	4,377,307
Liabilities		
Current liabilities	**301,815**	902,289
Total Liabilities	**301,815**	902,289
Equity		
Ordinary share capital	**14,019,803**	7,715,081
Retained earnings	**(8,434,888)**	(5,158,963)
Reserves		
Share-based payments	**627,710**	627,710
Options issue reserve	**291,190**	291,190
Total equity	**6,503,815**	3,475,018
Financial performance		
Loss for the year	**(3,275,925)**	(1,190,200)
Total comprehensive loss for the year	**(3,275,925)**	(1,190,200)

The parent entity has agreed to provide financial support to its subsidiary Sedgwick Resources Limited for the period beyond 30 June 2013.

The recoverability of the parent company loans and investment in its subsidiaries is dependent upon the successful development and commercial exploitation or sale of the underlying exploration assets.

The parent entity has no contingent liabilities as at 30 June 2013 other than those disclosed in Note 14 above.

DIRECTORS DECLARATION

1. In the opinion of the directors of Chrysalis Resources Limited (the 'Company'):
   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year then ended; and
      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2013.

This declaration is signed in accordance with a resolution of the Board of Directors.

Dr Neale Fong
Executive Chairman

Perth, 18 September 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Chrysalis Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Chrysalis Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Chrysalis Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Chrysalis Resources Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

M R W OHM
Partner

Perth, Western Australia
18 September 2013

SHAREHOLDER INFORMATION

HOLDINGS AS AT 12 SEPTEMBER 2013:

Number of Securities held	FULLY PAID SHARES No. of Holders
1 to 1,000	15
1,001 to 5,000	62
5,001 to 10,000	71
10,001 to 100,000	272
100,001 and over	146
Total number of holders	566
Total number of shares and options on issue	196,899,454
Number of holders of less than a marketable parcel	153
Percentage of the 20 largest holders	67.63%

Substantial Shareholders

The Company has been notified of the following substantial shareholdings:

	Number
Tiger Resources Limited	39,182,991
Eagle Brilliant Holdings Ltd	31,543,293
Mr Adrian Paul (and related parties)	12,481,820
Mr David Nasir Yusoff (and related parties)	9,994,835

Voting Rights

The Constitution of the Company makes the following provision for voting at general meetings:

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

HOLDINGS AS AT 12 September 2013 (Continued):

20 Largest Holders of Securities as at 12 September 2013:

Fully Paid Ordinary Shares

	No.	**%**
Tiger Resources Limited	39,182,991	19.90
Eagle Brilliant Holdings Ltd	31,543,293	16.02
Mr Adrian Stephen Paul	9,450,004	4.80
Mr David Nasir Yusoff	6,750,000	3.43
Ice Cold Investments Pty Ltd G & J Brown Super Fund A/C>	5,400,000	2.74
Mr Trevor Benson <Benson Family Fund A/C>	4,140,000	2.10
Pareto Nominees Pty Ltd <The Damelle A/C>	4,000,000	2.03
Mr Grant Anthony Kidner	3,375,000	1.71
Mr Graham William Waldon & Mrs Barbara Elizabeth Waldon <Nodlaw Employees S/F A/C>	3,060,000	1.55
Bell Potter Nominees Limited <100905 A/C>	2,880,000	1.46
Mr Neale William Fong	2,835,000	1.44
Secor Pty Ltd <Sandover Family Capital A/C>	2,700,000	1.37
Mr Neale William Fong <Fong Family A/C>	2,610,000	1.33
Trevetal Investments Pty Ltd	2,610,000	1.33
Juneday Pty Ltd	2,328,735	1.18
Mr Grant Michael Button <Wilberforce A/C>	2,250,000	1.14
Mr Adrian Stephen Paul & Mrs Noelene Fay Paul <ZME Superannuation Fund A/C>	2,194,816	1.11
Mr Robert Lawrence Hawke	2,050,000	1.04
Mr Denis Ivan Rakich & Mrs Francesca Angelina Rakich <Rakich Retirement Fund A/C>	2,000,000	1.02
Mr Gary Wayne Watkins & Mrs Debra Doreen Watkins <The Watkins Investment A/C>	1,810,000	0.92
	133,169,839	67.63%

Restricted Securities

The Company has no restricted securities on issue as at the date of this report.

TENEMENT SCHEDULE AS AT 12 September 2013:

Project	Tenement Number	Tenement Status	Holder	Chrysalis Resources Limited Percentage Interest
WA Projects				
Halloween West (JV)	E52/2275	Granted	Chrysalis Resources Limited	40%
Gregory Range	E45/3120	Granted	Chrysalis Resources Limited	100%
	E45/3313	Granted	Chrysalis Resources Limited	100%
	E45/3314	Granted	Chrysalis Resources Limited	100%
Horseshoe South	E52/2523	Granted	Chrysalis Resources Limited	100%
	E52/2524	Granted	Chrysalis Resources Limited	100%
	P52/1363	Granted	Chrysalis Resources Limited	100%
Pioneer	E63/1117	Granted	Chrysalis Resources Limited	93.33%
	M63/0329	Granted	Chrysalis Resources Limited	93.33%
	M63/0368	Granted	Chrysalis Resources Limited	93.33%
	P63/1429	Granted	Chrysalis Resources Limited	93.33%
	P63/1468	Granted	Chrysalis Resources Limited	93.33%
	E63/1413	Granted	Chrysalis Resources Limited	93.33%
	E63/1414	Granted	Chrysalis Resources Limited	93.33%
West Angelas	E47/1838	Granted	Chrysalis Resources Limited	100%
	P47/1538	Granted	Chrysalis Resources Limited	100%
Zambian Project				
Shikila	13405-HQ-LPL	Granted	Sedgwick Resources Limited	99.99%
Kabwima Nth	8194-HQ-LPL	Granted	Sedgwick Resources Limited	99.99%
Kabwima Sth	13404-HQ-LPL	Granted	Sedgwick Resources Limited	99.99%
Bulala	8199-HQ-LPL	Granted	Sedgwick Resources Limited	99.99%
Mwongo	8198-HQ-LPL	Granted	Sedgwick Resources Limited	99.99%