CHRYSALIS RESOURCES LIMITED

QUARTERLY REPORT FOR THE PERIOD ENDING 31ST DECEMBER 2013

ASX Announcement 31 January 2014

HIGHLIGHTS

- Reverse circulation (RC) drilling completed at the Shikila Copper Project, Zambia, located 15km along strike to the NW of the world class Kansanshi Copper Mine.
- 2,145m in 26 holes designed to identify copper mineralisation within a linear, 24km long copper-in-soil anomaly.
- Best results included:
  - 7m @ 0.10% Cu from 11m (SHRC024), including 2m @ 0.12% Cu from 16m
  - 27m @ 7.8g/t Ag from 7m (SHRC001), including 8m @ 14.2g/t Ag from 8m
- Follow-up drill testing required down dip and along strike of SHRC024.
- Nearly 1,100 soil samples collected from the Mwongo Project in Zambia, just 25 kilometres east of Blackthorn's Kitumba resource, to identify the potential for iron oxide-copper-gold (IOCG) deposits.
- First-pass and infill soil sampling program focusing on copper anomalies underway at Kabwima Project, Zambia.

EXPLORATION

Zambia

Shikila Project (99.9% CYS)

The Shikila Project is within the Domes Region of the Lufilian Belt in north-western Zambia.

Chrysalis commenced a program of RC drilling at Shikila in October 2013. The program consisted of 26 holes for 2,145m, and aimed to identify economic copper mineralisation within a linear, semi-continuous, 24km long copper-in-soil anomaly. Eight individual >120ppm copper-in-soil anomalies were tested, with over half of the drill holes located within 15 kilometres of the Kansanshi Copper Mine.

The geological model for Shikila, developed using the nearby Wangolo resource drilling data, includes lower near-surface copper grades due to surficial copper leaching, and a zone of supergene copper enrichment present between 20m and 40m below surface. RC drilling was used to intercept supergene copper mineralisation at a depth of ~30m and provide fresh drill chips for rock type identification as well as a dry uncontaminated sample for future resource estimations.

Copper mobility is clearly visible in soil geochemistry where copper-in-soil anomalies drop off in the vicinity of drainage systems (Figure 1). This variable leaching has led to the discontinuous "bull's eye" pattern of copper-in-soil anomalies along the 24km strike of copper anomalism.

Chrysalis Resources Limited

A.B.N 58 125 931 964
Level 1
331 Hay Street
SUBIACO WA 6008
PO Box 226, Wembley WA 6913

Phone: 618 9380 4430
Fax: 618 9481 5044
E: info@chrysalisresources.com.au
www.chrysalisresources.com.au

Company Snapshot

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

Company Structure

No of Shares on Issue (as at 10th January 2014)	228,989,419
Cash (as at 31st Dec 2013)	$1.9M

Board & Management

Dr Neale Fong – Non-Executive Chairman
Mr Jian Hua Sang – Non-Executive Director
Mr Michael Griffiths – Non-Executive Director
Ms Michelle Wang – Executive Director
Mr Leigh Ryan – CEO
Mr Kevin Hart – Company Secretary

Results from the program were reported on 3 January 2014. The drilling confirmed the presence of low-grade copper and silver mineralisation of a similar style to that seen in the shallow parts of the resource at the Wangolo resource.

Best copper intercepts from the RC drilling included:

- 2m @ 0.19% Cu from 112m (SHRC012)
- 3m @ 0.12% Cu from 39m (SHRC015)
- 3m @ 0.11% Cu from 50m (SHRC015)
- 2m @ 0.12% Cu from 35m (SHRC019)
- 7m @ 0.10% Cu from 11m (SHRC024), including 2m @ 0.12% Cu from 16m.

Best silver intercepts include:

- 27m @ 7.8g/t Ag from 7m (SHRC001), including 8m @ 14.2g/t Ag from 8m
- 9m @ 13.5g/t Ag from 23m (SHRC005)
- 42m @ 4.7g/t Ag from 37m (SHRC013)
- 5m @ 19.5g/t Ag from 60m (SHRC016)

The best copper intercept (7m @ 0.10% Cu from 11m) in SHRC024 is associated with saprolitic carbonate rocks in the hanging wall of a broad NNW-trending steeply west dipping talc-mica schist/shear zone. The shear cuts through a Kansanshi style “dome structure” associated with much of the Cu-in-soil anomalism in the area (Figures 1 & 2). The down dip and along strike of this shallow intercept will require follow-up drill testing.

Copper intercepts in holes SHRC012 and SHRC015 (2m @ 0.19% Cu from 112m, 3m @ 0.12% Cu from 39m and 3m @ 0.11% Cu from 50m respectively) are associated with brecciated carbonaceous shales and carbonate rocks immediately below the contact between mica schists and dolerite/gabbro sills.

Two silver intercepts (8m @ 14.2g/t Ag from 8m - SHRC001, and 9m @ 13.5g/t Ag from 23m - SHRC005), are associated with deeply weathered, variably sericite altered, magnetic and pyritic gabbro intrusives in the central and western parts of the tenement.

Results from the 226 gabbro intrusive drill samples analysed included 15x1m assay values of more than 300ppm Cu up to a maximum of 524ppm Cu and 20x1m assay values over 10g/t Ag up to a maximum of 41g/t Ag. Understanding the role of the gabbro intrusives with respect to copper mineralisation within the tenement is currently under investigation.

A data exchange agreement CYS signed with First Quantum Mining and Operations Ltd in regards to a geophysical data swap over the copper belt was completed. CYS believes this will greatly enhance regional copper prospect targeting ability throughout the copper belt.

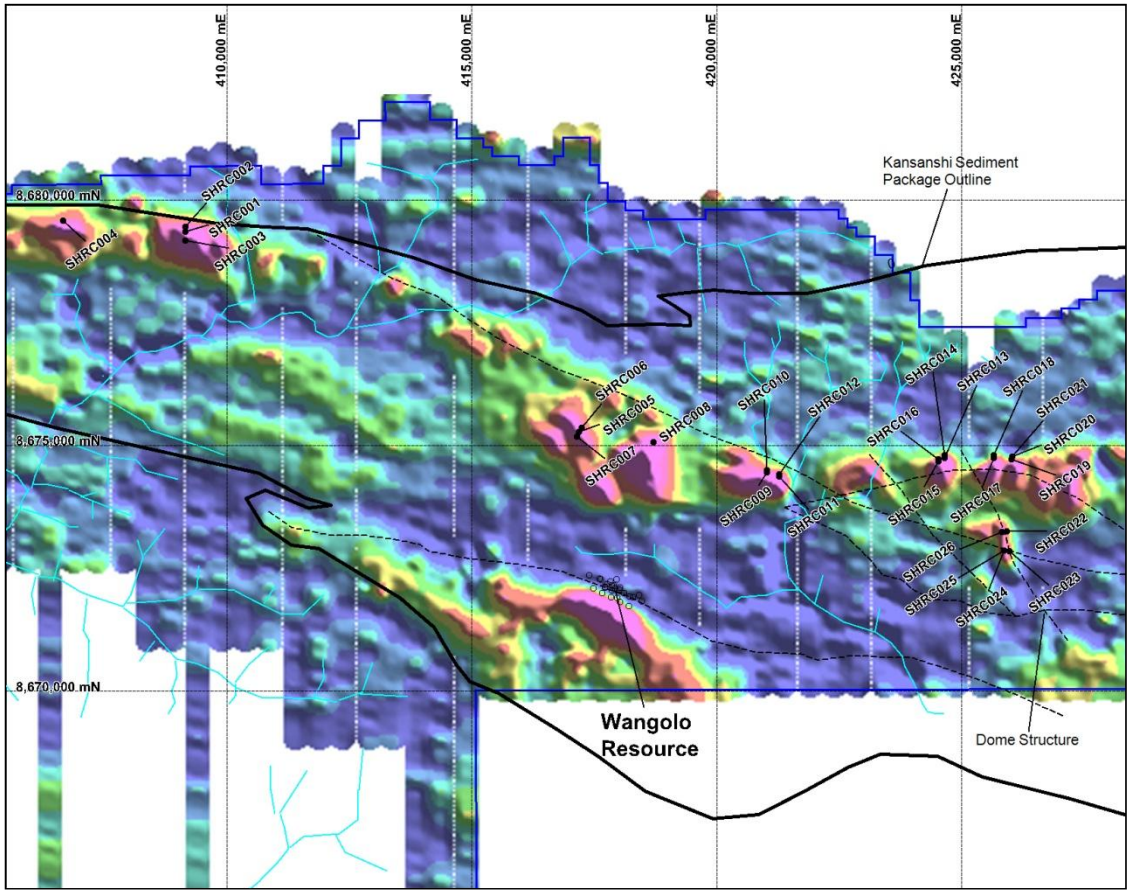

Figure 1: Shikila Project – Recent RC drilling, Kansanshi sediment package outline, drainage and structures over copper in soil image

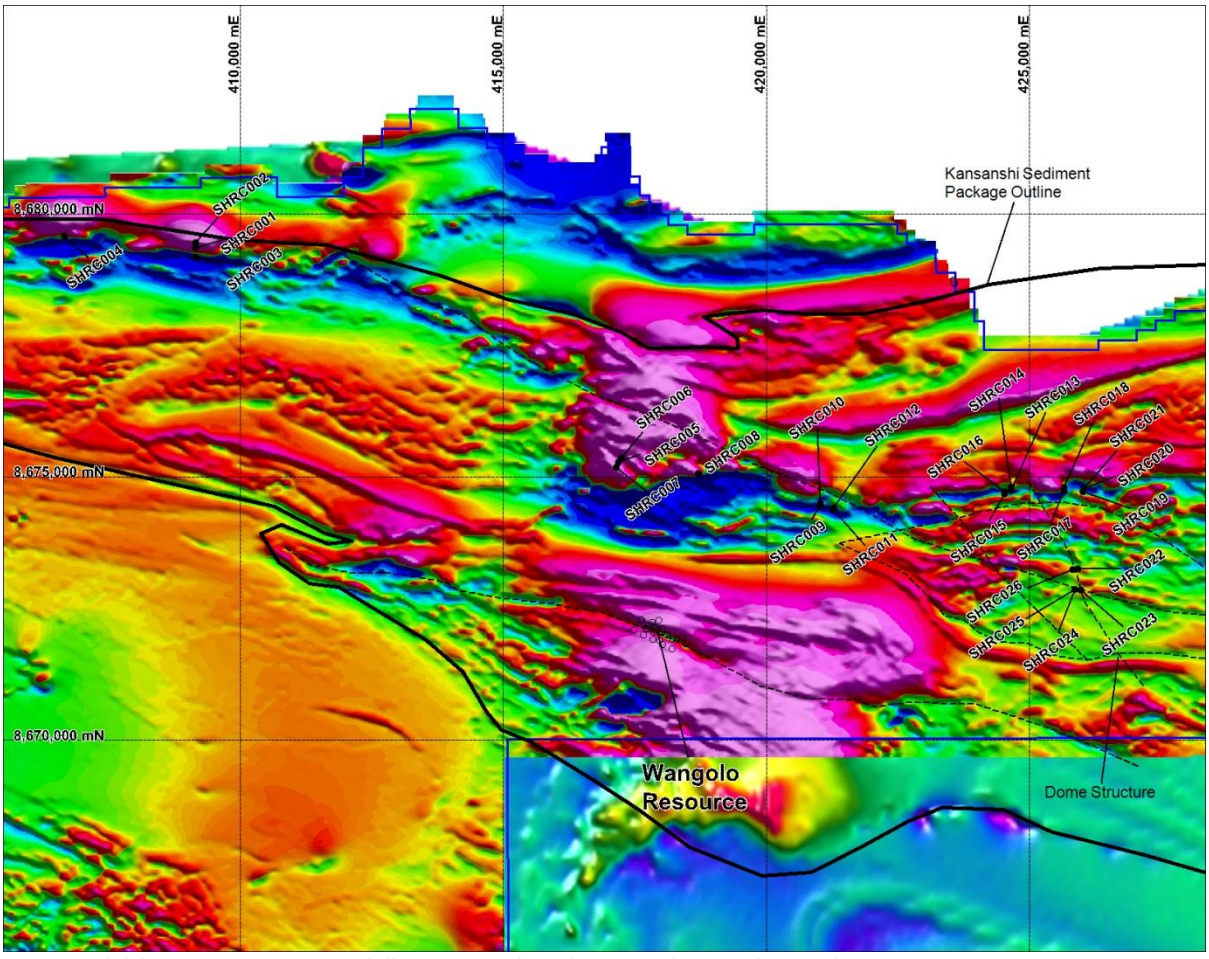

Figure 2: Shikila Project – Recent RC drilling, Kansanshi sediment package outline, and structures over aeromagnetic image

Mwongo Project (99.9% CYS)

The Mwongo copper-gold project is located southern Zambia, 25km from Blackthorn's Kitumba deposit (187Mt @ 1.14% Cu).

During the quarter 1,093 wide spaced (500m x 500m) soil samples were collected (60% of the total program). Low detection limit gold and multi-element analysis will be used to identify broad pathfinder element alteration haloes associated with large Iron Oxide Copper Gold (IOCG) deposits. The program should be completed during the next quarter.

Kabwima Project (99.9% CYS)

The Kabwima Project is 45 kilometres east of Solwezi in the north-western part of Zambia.

During the quarter, CYS collected 7,453 first pass and infill soil samples. Sampling has focussed on seven separate >100ppm Cu anomalies within the Kabwima South tenement.

CYS recently purchased a second Niton XRF unit to fast-track the analysis of all pit samples and the remaining ~2000 soil samples that have been collected but not analysed as yet. This work should be completed by mid-January 2014.

Western Australia

Halloween West Joint Venture (40% CYS)

During the quarter, joint venture partner Talisman Mining Ltd (ASX: TLM) commenced a geochemical sampling and geological mapping program at the Halloween West Project. The Halloween West project is interpreted to host the western extension of the prospective Halloween horizon which is considered to have potential to host volcanogenic massive sulphide (VMS) copper-gold deposits.

The Halloween West JV Project is underlain by the prospective Narracoota Volcanic Formation which hosts the DeGrussa copper-gold deposit which lies 20km along strike east of Halloween West.

This next phase of exploration at Halloween West aims to test for the surface expression of copper-gold mineralisation across two target areas including a malachite-altered sedimentary horizon in the east of the tenement, as well as the western extension of the Halloween VMS target horizon. This program comprises approximately 800 samples taken along 100m/200m-spaced soil sampling traverses.

Geological mapping is also being conducted over the target horizon and aims to identify and better define possible geological controls on potential mineralisation.

During the quarter Talisman also announced the signing of a Letter Agreement to permit Sandfire to farm-in to its interests in the Springfield, Halloween and Halloween West Projects. Sandfire can earn up to 70% of Talisman's interest in its Doolgunna Copper-Gold Projects, by spending a minimum of $15M on exploration over 5½ years. Sandfire has a minimum expenditure commitment of $5M within 2 years. CYS also welcomes Sandfire as a new JV partner and hopes for a new generation of discoveries using Sandfire's extensive geological knowledge (gained from the discovery and development of DeGrussa) and exploration funding capability.

Plans for March quarter

- Commence wide spaced soil sampling and regional geological mapping at Kabwima and Bulala Hills Projects (Zambia).
- Complete Mwongo regional soil sampling program and evaluate gold and multi-element results (Zambia).
- Compile geological mapping and complete geological interpretations for Shikila and Mwongo licences (Zambia).
- Continue project evaluation work and pursue JV opportunities in Australia.

CORPORATE

Release of shares from escrow

Chrysalis advised that 3,000,000 quoted fully paid ordinary CYS shares were released from escrow on 23 October 2013.

General meeting

A general meeting of CYS shareholders held on 14 October 2013 considered the following resolutions:

1. Ratification of prior issue of 23,627,934 fully paid ordinary shares
2. Ratification of prior issue of 15,751,956 fully paid ordinary shares
3. Approval for the allotment and issue of up to 25,704,062 fully paid ordinary shares to Eagle Brilliant Holdings Limited
4. Approval for the issue of up to 6,385,903 fully paid ordinary shares to Tiger Resources Limited.

All resolutions were passed unanimously by a show of hands.

Issue of Shares

Pursuant to the shareholder approval given at the General Meeting on 14 October 2013, CYS issued 23,575,427 fully paid ordinary shares valued 6 cents per share to Eagle Brilliant Holdings Limited ("EBH") on 1 November 2013. The shares were placed under a voluntary 12-month escrow from the date of issue.

Annual General Meeting

CYS held its 2013 Annual General Meeting in Perth on 29 November 2013. Resolutions considered by shareholders at the meeting were as follows:

1. Adoption of Remuneration Report
2. Re-Election of Non-Executive Director – Michael Griffiths
3. Re-Election of Executive Director – Jian Hua Sang
4. Director's Remuneration
5. Amendment to Constitution (Special Resolution)
6. Approval of the 10% Placement Facility (Special Resolution)
7. Adoption of Employee Share Plan

All resolutions were passed unanimously by a show of hands. Two other resolutions relating to the re-election of Non-Executive Directors were withdrawn.

Board Changes

CYS appointed Mr Leigh Ryan as Chief Executive Officer on 2 December 2013. Mr Ryan is a highly qualified geologist with 26 years of experience in the exploration and resources industry, specifically in project management and executive management throughout Australia and Africa. He has been involved in the targeting, evaluation, discovery and resource definition of numerous gold and base metal deposits and has successfully negotiated many purchase option and joint venture agreements.

Mr Neale Fong resigned as Executive Chairman and is continuing with CYS in the role of Non-Executive Chairman.

Ms Jing Wang was appointed to the CYS Board as a Non-Executive Director on 1 November in accordance with the Binding Term Sheet with EBH. Ms Wang has a Bachelor of Science degree in Chemistry from Shandong University of China (2001) and gained her masters of Accounting from Curtin University (2003). She is a member of CPA Australia and has had 10 years of commercial and financial experience in the mining industry in China, Australia and Africa.

At the CYS Annual General Meeting, Ms Wang resigned as a Non-Executive Director and was appointed as Executive Director. This followed Mr Jian Hua Sang's resignation as Executive Director and Interim Chief Executive Officer. He will remain on the Board as a Non-Executive Director.

Mr Grant Kidner resigned as Executive Director, effective as of 29 November 2013. Mr Kidner had been with the Company since 2008.

Mr Adrian Paul and Mr Trevor Benson resigned as Non-Executive Directors of the Company, effective 29 November 2013.

Company Secretary
Mr Michael Griffiths was appointed as Company Secretary effective from 29 November 2013 following the resignation of Ms Melanie Cotterell from the role.

Mr Kevin Hart was appointed Company Secretary effective from 3 December 2013. Mr Griffiths resigned from the role and remains a Non-Executive Director of the Company.

Cash position
The Company had $1.9M in cash as at 31 December 2013.

Yours sincerely,

Dr Neale Fong
Non-Executive Chairman

For further information please contact:

Leigh Ryan **Chief Executive Officer** **+61 427 093 043**
Website: **www.chrysalisresources.com.au**

Competent Person's Statement
The information in this report that relates to exploration results is based on information compiled by Mr Leigh Ryan, CEO employed by Chrysalis, who is a Member of the Australian Institute of Geoscientists (MAIG). Mr Ryan has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ryan consents to the inclusion in the report of the matters based on information in the form and context in which it appears.
Mr Ryan participates in the Company's Employee Share Plan

Interests in Mining Tenements

Tenement	Location	Held at End of Quarter	Acquired during the Quarter	Disposed during the quarter
Halloween West (JV)				
E52/2275	130km north of Meekatharra	40%	-	-
Gregory Range				
E45/3120	200km southeast of Port Hedland	100%	-	-
E45/3313	200km southeast of Port Hedland	100%	-	-
E45/3314	200km southeast of Port Hedland	100%	-	-
Horseshoe South				
E52/2523	140km north of the Meekatharra	100%	-	-
E52/2524	140km north of the Meekatharra	100%	-	-
P52/1363	140km north of the Meekatharra	100%	-	-
Pioneer				
E63/1117	25km north-northwest of Norseman	93.33%	-	-
E63/1413	25km north-northwest of Norseman	93.33%	-	-
E63/1414	25km north-northwest of Norseman	93.33%	-	-
M63/329	25km north-northwest of Norseman	93.33%	-	-
M63/368	25km north-northwest of Norseman	93.33%	-	-
P63/1429	25km north-northwest of Norseman	93.33%	-	-
P63/1468	25km north-northwest of Norseman	93.33%	-	-
West Angelas				
E47/1838	135km west of Newman	100%	-	-
P47/1538	135km west of Newman	100%	-	-
Zambia Project				
13404-HQ-LPL	400km north of Lusaka	99.99%	-	-
13405-HQ-LPL	70km south southeast of Kansanshi	99.99%	-	-
8194-HQ-LPL	70km south southeast of Kansanshi	99.99%	-	-
8198-HQ-LPL	200km west of Lusaka	99.99%	-	-
8199-HQ-LPL	150km west-northwest of Lusaka	99.99%	-	-

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	All samples referred to in this Public Report are Reverse Circulation (RC) drill samples, obtained using an 'industry standard' drill rig, drilling equipment and sampling practices. RC drilling was used to obtain 1m samples collected in polyweave bags from below the cyclone of the drill rig. Each sample was weighed and then split on site using a single tier riffle splitter to produce a 2 - 3 kg sub-sample. The samples obtained are considered to be representative of the material drilled. A booster compressor was used when required to help maintain a dry hole, however at certain points in some holes wet or damp samples were unavoidable. In these cases the polyweave bags containing the sample was left to dry in the sun prior to riffle splitting. Sampling was carried out using documented CYS sampling and QAQC procedures (detailed below).
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	RC drilling was completed using a 5½" diameter face sampling hammer. Hole depths ranged from 48m to 120m. Down hole surveys (using a down hole Reflex camera) were taken at the end of each >100m deep hole that showed obvious signs of copper mineralisation.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Each RC polyweave sample bag was weighed, and the estimated dry bulk densities were used to calculate the chip sample recoveries. No significant recovery issues were encountered except where large volumes of water were encountered. In this case each sample subject to lower than normal recoveries were noted in the sample book. Drillers used appropriate measures to maximise RC recovery such as SuperFoam. Drill sample recovery and quality was considered adequate for the drilling technique used. Sample depths were routinely checked against drill rod depths by the drillers and CYS staff at the end of each rod drilled. RC samples were visually checked for moisture and contamination. Moisture data was entered into a data spreadsheet.

Criteria	JORC Code explanation	Commentary
		No relationship exists between RC sample recovery and grade, and accordingly no bias has occurred as a result of loss/gain of fine/coarse material.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* *The total length and percentage of the relevant intersections logged.*	Geological logging was completed on all RC chip samples, with colour, weathering, grain-size, lithology, alteration, mineralogy, veining, and comments on other features of the samples noted. Logging of sulphide mineralisation and veining is quantitative. RC chips were collected in chip trays and photographed as labelled piles on the ground at each drill site. All holes were logged in full. No judgement has yet been made by independent qualified consultants as to whether RC chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	RC samples were collected on the rig using one polyweave bag for each metre from below the cyclone cone. Of the 759 RC samples assayed, 149 samples were damp or wet (19.6%). CYS inserted 1 commercial laboratory standard or blank laboratory standard, 1 field blank (barren marble from Lusaka Quarry with an average grade of 6ppm Cu) and 1 field duplicate every 30 samples (i.e. 10% QAQC samples). Field duplicates were collected on 1m samples using a riffle splitter. 5% of sample pulp checks are planned but have not yet been sent to an alternate laboratory. Statistical analysis of duplicate sample data for Cu shows a high level of repeatability and a lack of bias between the original and duplicate samples. The sample sizes are considered appropriate for the style of mineralisation, the thickness and consistency of the intersections, the sampling methodology and percent value assay ranges for the primary elements.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures*	Sample preparation and analysis was conducted by SGS in Kalulushi. Preparation of RC samples follows industry laboratory best practice in sample preparation involving logging of RC sample weights, drying the entire ~2kg sample in an electric oven set at 105ºC+5ºC for 4 hours (drying time dependent on moisture content), then crushing to 90% passing 2.36mm. A split of 250g – 1kg was taken and then pulverized to 85% passing 75µm using an Essa LM2 grinding mill. A representative sample was split and bagged as the analytical sample.

Criteria	JORC Code explanation	Commentary
	adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	The sample was analysed using SGS method code AAS-42D. The analysis for Cu and Ag was done by a 4 acid digest (HNO3/HClO4/HCl/HF) using a 0.40g pulp. Digestion temperature range 160 - 200ºC for 1hr. Bulk-up volume is 100ml with AAS finish It is considered a "total" assay technique – considered to extract and measure the entire element contained within the sample Lab standards AMIS 0350 and AMIS 0162 were used for the TCu analysis. CYS did not use any Lab standard for Ag analysis. No geophysical tools were used to determine any element concentrations used in this resource estimate. Laboratory QAQC involves the use of internal laboratory standards using certified reference material, blanks, splits and replicates as part of the in house procedures. CYS used commercially available reference materials, having a good range of values, and were inserted regularly. Results highlight that sample assay values are accurate. Duplicate analysis for samples reveals that precision of samples is within acceptable limits.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	Reported drill hole intercepts are compiled by the Company's database consultant and checked by the CYS CEO. No twinned holes were drilled in the Oct-Nov 2013 RC drilling campaign. RC chips are collected in chip trays as a permanent record of the sample. Data is collected by CYS qualified geologists and geo-technicians working under the supervision of a qualified geologist, and entered into Excel spreadsheets. Validation rules are in place to ensure no data entry errors occur. Data is loaded into an Microsoft Access database by a consultant database administrator, and reviewed by the CYS CEO, who is a competent person. No assay data adjustments have been made.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	A hand-held GPS was used by CYS to locate collar positions, with an expected 3 to 6m horizontal accuracy. The vertical elevation was determined by placing the hole collar's x, y coordinate on the digital terrain model (DTM) produced by NRG using the Shikila aeromagnetic flight information. The DTM was produced by subtracting the aircraft altitude from the aircrafts DGPS (Novatel 3151R) height. Results were referenced to the EGM96 Geoid. WGS84 35L zone (south) is the grid system used. Down hole surveys (using a down hole Reflex camera) were taken at the end of each

Criteria	JORC Code explanation	Commentary
		>100m deep hole that showed obvious signs of copper mineralisation. The grid system used is Universal Transverse Mercator (UTM), Datum WGS 84, Zone 35 - Southern Hemisphere. The drill collar and down hole location accuracy is considered appropriate for this stage of exploration.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	The RC drill hole line spacing ranges from 150m to 3.3km, and hole spacing on lines from 40m to 170m. No Mineral Resource or Reserve is being reported for this drilling. No data compositing has been applied.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	The RC holes were drilled approximately at right angles to the strike and dip of mineralisation with all intercepts close to true widths. No orientation based sampling bias has been identified in the data.
Sample security	*The measures taken to ensure sample security.*	Bulk samples are stored on site and guarded by 24 hour security guards. The samples flagged for analysis are transported to the SGS assay laboratory by CYS vehicles. Sample bags are sealed for storage and during transport. Pulp samples are stored at SGS Kalulushi and guarded by 24 hour security guards until they are re-located to the CYS office in Lusaka.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	An internal review of the sampling techniques and sample data considered both to be of sufficient quality to carry out resource estimation. No external audit or review of the sampling techniques or sample data has been conducted to date.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Type - Large Prospecting Licence Reference name – Wangolo - Shikila - Solwezi Reference number – 13405-HQ-LPL Location– NW Province, Republic of Zambia (25km NW of Solwezi) Ownership – Sedgwick Resources Limited, a wholly owned subsidiary of Chrysalis Resources (CYS) Overriding royalties - none The land is held under communal title, i.e. the local chief is the guardian. However, when it comes to change of land use, e.g. to mining, the national government, in consultation and agreement of the chief (representing the local inhabitants) make the final decision No historical sites are known. The eastern part of the licence is covered by part of the Mulenga National Forest, however within this area, the proclamation is not well observed, and apparently the original area has been reduced considerably. Environmental setting – savannah woodland of central Africa
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	RST explored the area in the late 1960's – early 1970's. They drilled 8 diamond holes late in 1969. Cyprus – Amax between 1996 and 2004 included regional and infill geochemical sampling, aeromagnetic work and drilling 4 diamond holes.
Geology	*Deposit type, geological setting and style of mineralisation*	Deposit type – Lithologically and structurally controlled Cu-Ag mineralisation. Geological setting – Folded and thrusted low grade mica schists and limestones (with variable dolomitisation) on the southern extremity of the Lufilian arc (i.e. the Katangan Copper Belt), probably Kundelungu age. Style of mineralisation- Cu-Ag in a tectonic breccia zone at or near the contact of a muscovite schist and a grey shale overlying variably dolomitised and metamorphosed limestone. The thickness of the mineralised zone varies along strike and down dip.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*	Drill results form the basis of the exploration results and are tabulated within the body of the announcement.

Criteria	JORC Code explanation	Commentary
	○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	All drill hole intercepts are reported from 1 metre down hole samples. All reported Cu drill hole intercepts include a 0.1% Cu lower cut-off grade, no upper cut off grade, and a maximum 2m of internal waste. All reported Ag drill hole intercepts include a 2.5g/t Ag lower cut-off grade, no upper cut off grade, and a maximum 2m of internal waste. Mineralised intercepts are reported using a >0.1% Cu average grade cut-off and >20 gram x metre Ag cut-off. No metal equivalent reporting is used or applied.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	The dip and strike of bedding parallel brecciation and mineralisation is approximately 30 to 40 degrees to the N to NE which is parallel to the observed sedimentary contacts in the area. All holes were drilled at approximately right angles to the strike of bedding/mineralisation, and the drilling was conducted at -60 degrees, therefore the reported intercept widths are close to true widths (except for SHRC011, 012, & 021 drilled at -90° and SHRC025 drilled at -85° due to site access problems and SHRC026 drilled at -55°).
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	An appropriate plan and cross section has been included in the text of this announcement.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be*	All drill intercepts containing 1m sample assay grades above the stated lower cut-off limits have been reported.

Criteria	JORC Code explanation	Commentary
	practiced to avoid misleading reporting of Exploration Results.	
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	There is only minor geological outcrop in the areas drilled. CYS carried out a soil sampling programme regionally on a 500m by 100m grid together with a 125m by 25m infill sampling, which confirmed all Cu-in-soil geochemical anomalies. CYS flew a regional aeromagnetic and radiometric survey, which when interpreted shows regional lithological trends, cross-cutting structures and buried intrusives within the drilling area.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Further drilling is planned for the Wangolo Resource and some follow-up drilling to test for down-dip and along strike extensions of the intercepts in this announcement is possible, but the detailed drill program has not yet been designed.