CHRYSALIS RESOURCES LIMITED

FULLY UNDERWRITTEN NON-RENOUNCEABLE ENTITLEMENT ISSUE TO RAISE $1.1 MILLION

ASX Announcement

8th July 2014

The Board is pleased to announce a fully underwritten Non-Renounceable Entitlement Issue (the Offer).

The Offer will give existing eligible shareholders the opportunity to subscribe for (1) New Share for every two (2) shares held in the capital of the Company at 5 pm AWST on 15 July 2014 (the Record Date). The Offer comprises up to 114,494,709 new fully paid ordinary shares at 1 cent per New Share to raise up to $1,144,947 (before costs). The New Shares will be fully paid and will rank equally with the Company's existing issued shares.

The issue price of New Shares under the Offer at 1 cent represents a 33.3% discount to the last traded price and a 54.5% discount to the VWAP of the last 15 trading days.

The Company intends to use the funds raised under this Offer to undertake exploration drilling within the company's copper projects in Zambia and to provide working capital to the Company.

Summary of Key Information

A summary of key information is set out below for your information:

Type of Offer	Non Renounceable Entitlement Issue of up to 114,494,709 new ordinary fully paid shares
Offer Price	1 cent per share
Offer Ratio	1 new share for every 2 held at the record date

Proposed Timetable

The current proposed timetable for the Entitlement Issue is set out below.

Entitlement issue announced	8 July 2014
Securities quoted on 'ex' basis	11 July 2014
Record Date	15 July 2014
Dispatch of Offer Document and Entitlement and Acceptance forms to shareholders	18 July 2014
Closing date of Entitlement Issue	8 August 2014
Securities quoted on a deferred settlement basis	11 August 2014
Notify ASX of under subscriptions	13 August 2014
Issue Shares	15 August 2014
Dispatch of Shareholder Statements	15 August 2014

The dates are indicative only and Chrysalis reserves the right to vary the dates subject to the Corporations Act 2001, the ASX Listing Rules and other applicable law.

Chrysalis Resources Limited

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MT PLEASANT WA 6153

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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	229,489,419
Cash (as at 31st March 2013)	$1.4M

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

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Dealing with Entitlements

The Entitlement Issue is Non Renounceable, which means shareholders cannot sell their Entitlements on the Australian Stock Exchange.

For further information on the issue or how to deal with your entitlement please contact your stockbroker or Chrysalis's share registrar:

Computershare Investor Services Pty Limited

Telephone: 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia)

Facsimile: (08) 9323 2408 (within Australia) or +61 8 9323 2408 (outside Australia)

Thank you for your continued support of Chrysalis Resources Limited.

Attached are an Appendix 3b and s708AA Notice.

Yours sincerely,

Dr Neale Fong
Non-Executive Chairman

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Chrysalis Resources Limited

ABN

56 125 931 964

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	Fully paid ordinary shares
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	114,494,709
3	Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	Shares will rank equally with current ordinary fully paid shares in Company

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes
5	Issue price or consideration	$0.01
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The Company intends to use the funds raised under this Offer Document to undertake exploration across all four of the company's copper projects in Zambia and to provide working capital to the Company.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h *in relation to the +securities the subject of this Appendix 3B*, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	23 November 2012
6c	Number of +securities issued without security holder approval under rule 7.1	Nil

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of +securities issued under an exception in rule 7.2	N/A
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	56,747,355
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	15 August 2014

		Number	+Class
8	Number and +class of all +securities quoted on ASX (*including* the +securities in section 2 if applicable)	343,484,128 (To be confirmed)	Ordinary fully paid shares

+ See chapter 19 for defined terms.

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (*including* the +securities in section 2 if applicable)		

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Shares have the same rights to dividends as other ordinary shares

Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	One for Two
14	+Class of +securities to which the offer relates	Ordinary fully paid
15	+Record date to determine entitlements	15 July 2014
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Any fraction will be rounded up to the nearest whole dollar
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	None
19	Closing date for receipt of acceptances or renunciations	8 August 2014

20	Names of any underwriters	Mr Adrian Paul
21	Amount of any underwriting fee or commission	5%
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	18 July 2014
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements *in full* through a broker?	N/A
31	How do security holders sell *part* of their entitlements through a broker and accept for the balance?	N/A

32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	15 August 2014

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(*tick one*)

(a) ☐ +Securities described in Part 1

(b) ☐ All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:
- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

42 Number and +class of all +securities quoted on ASX (*including* the +securities in clause 38)

Number	+Class

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: .... Date: .....08.07.2014....
(Director/Company secretary)

Print name: ....KEVIN HART..

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	Fully paid Ordinary Securities: 196 899 454
Add the following: • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period *Note:* • *Include only ordinary securities here – other classes of equity securities cannot be added* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	Nil 23,575,427 – 01/11/2013 8,514,538 – 09/01/2014
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
"A"	228,989,419

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of "A"	
"B"	0.15 *[Note: this value cannot be changed]*
Multiply "A" by 0.15	34,348,413
Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period *not counting* those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 *Note:* • *This applies to equity securities, unless specifically excluded – not just ordinary securities* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	500,000
"C"	**500,000**
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 *Note: number must be same as shown in Step 2*	34,348,413
Subtract "C" *Note: number must be same as shown in Step 3*	500,000
Total ["A" x 0.15] – "C"	33,848,413 *[Note: this is the remaining placement capacity under rule 7.1]*

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
"A" *Note: number must be same as shown in Step 1 of Part 1*	228,989,419
Step 2: Calculate 10% of "A"	
"D"	0.10 *Note: this value cannot be changed*
Multiply "A" by 0.10	22,898,942
Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A *Notes:* • *This applies to equity securities – not just ordinary securities* • *Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed* • *Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained* • *It may be useful to set out issues of securities on different dates as separate line items*	Nil
"E"	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 *Note: number must be same as shown in Step 2*	22,898,942
Subtract "E" *Note: number must be same as shown in Step 3*	Nil
Total ["A" x 0.10] – "E"	*22,898,942* *Note: this is the remaining placement capacity under rule 7.1A*

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ABN 56 125 931 964

8 July 2014

The Manager
Company Announcements Office
ASX Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Notice given under Section 708AA(2)(f) of the Corporations Act

This notice is given by the Company under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (Act), as notionally modified by ASIC Class Order (08/35) (Class Order).

On 8 July 2014, the Company announced it would be offering eligible shareholders the opportunity to acquire additional fully paid shares in the capital of the Company (New Shares) via a pro-rata non-renounceable entitlement issue (the Entitlement Issue) on the basis of one New Share for every two shares held at the Record Date (15 July 2014).

New Shares under the Entitlement Issue will be offered at 1 cent ($0.01) per share. The maximum number of shares which may be issued under the Entitlement Issue is 114,494,709 to raise up to $1,144,947 (before costs). The Entitlement Issue is fully underwritten.

The Company confirms that pursuant to section 708AA(2)(f) of the Act that:

1. the Company will offer the New Shares under the Entitlement Issue without disclosure to investors under Part 6D.2 of the Corporations Act, as notionally modified by the Class Order;

2. the Company is providing this notice under section 708AA(2)(f) of the Act, as notionally modified by the Class Order;

3. as at the date of this notice, CYS has complied with:
   a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and;
   b) section 674 of the Corporations Act.

4. as at the date of this notice, there is no information that is "excluded information" within the meaning of section 708AA(8) and 708AA(9) of the Act; and

Control

The Entitlement Issue being offered by the Company is fully underwritten. As a result up to 114,494,709 New Shares (subject to rounding) will be issued. Upon completion of the Entitlement Issue the issued capital of the Company will be approximately 343,484,129 ordinary shares.

Control will be affected by the level of applications under the Entitlement Issue. If all eligible shareholders take up their entitlements under the Offer then the issue of New Shares under the Entitlement Issue will have no effect on the control of the Company.

In the more likely event that there is some level of shortfall, eligible shareholders who do not subscribe for their full entitlement under the Entitlement Issue will be diluted relative to those shareholders who subscribe for some or all of their entitlement.

The Entitlement Issue is fully underwritten by Mr Adrian Paul, an existing shareholder of the Company having a relevant interest in 5.83% of the shares in the Company.

Based on current disclosures made by substantial shareholders in the Company the maximum percentage shareholding any existing shareholder could attain through the Entitlement issue would be 37.22%. This could only occur where no shareholders take up their entitlement under the Entitlement Issue and the Underwriter subscribes for all of the shares.

The underwriter has indicated to the Company that it is his intention to engage sub-underwriters to take up at least a portion of any shortfall such that his voting power in the Company after completion of the Entitlement Issue would not exceed 19.9%. However, the final voting power of the Underwriter will depend both on the level of acceptances of shareholders and his ability to attract sub-underwriters to sub-underwrite his underwriting commitment.

Details of all matters relating to control are contained in the Offer Document.

The final percentage interests held by substantial shareholders of Chrysalis Resources is entirely dependent on the extent to which other security holders take up their entitlements.

For Chrysalis Resources Ltd

Kevin Hart
Company Secretary