

QUARTERLY REPORT FOR THE PERIOD ENDING 30TH SEPTEMBER 2014

ASX Announcement

27th October 2014

HIGHLIGHTS

Exploration

- 122 hole, 5,234m aircore (AC) drilling program completed across the Kimabwe Prospect's 5.5km x 1.6km >100ppm Cu-in-soil anomaly with significant amounts of quartz veining and gossan development encountered, and malachite and / or bornite encountered in 4 holes. Laboratory copper and cobalt assay results are expected next month.
- 9 hole, 1,634m reverse circulation (RC) drilling program completed within the Mwako Prospect's 1km wide x 4.5km long >100ppm Cu-in-soil anomaly with malachite staining and chalcopryrite observed at and surrounding the chert/quartz feldspar porphyry contacts. Laboratory copper and gold assay results are expected next month.
- 1.5km long x 500m wide >100ppm Cu-in-soil anomaly containing XRF assays up to 604ppm Cu identified at the Ifumbwe Prospect (Bulala Hills Project).
- Wide spaced regional soil sampling highlights another >1km long Cu-in-soil anomaly ~4km along strike to the SW of the Mwako Prospect containing XRF assays up to 158ppm Cu (Bulala Hills Project).
- Mulyongo trench rock chip laboratory results include 0.12% Cu and 0.61% Zn from a quartz gossan, 0.22% Cu and 0.18g/t Au from a malachite bearing quartz vein, and 0.16% Zn from a limonitic quartz vein.
- Licence renewals for all 5 Zambian large-scale prospecting licences approved without reduction for a further 2 years commencing 1st July 2014.

Corporate

- Completion of fully underwritten Non-Renounceable Entitlement Issue to raise \$1.1 million.
- \$1.3M cash at hand as at 30 September 2014.

Chrysalis Resources Limited	Company Snapshot	Company Structure	Board & Management
A.B.N 58 125 931 964 Level 1, Suite 20 7 The Esplanade MT. PLEASANT WA 6153 Phone: 618 6180 9290 Fax: 618 9316 1314 E: info@chrysalisresources.com.au www.chrysalisresources.com.au	Listed on ASX 27 May 2008 ASX Share Code CYS Sector Exploration	No of Shares on Issue 344,484,128 (at 30th Sept 2014) Cash (at 30th Sept 2014) \$1.3M	Dr Neale Fong – Non-Executive Chairman Mr Jian Hua Sang – Non-Executive Director Mr Leigh Ryan – Managing Director Mr Kevin Hart – Company Secretary

EXPLORATION

Zambia

Kabwima Project (99.9% CYS)

Kimabwe Prospect - Aircore Drilling

During the quarter a 122 hole, 5,234m aircore (AC) drilling program was completed within the Kabwima Project within the Domes Region of the Lufilian Arc in north-western Zambia. The program was designed to identify the potential for economic copper mineralisation within the >200ppm areas of a 5.5 kilometre long, up to 1.6km wide, continuous >100ppm copper-in-soil anomaly containing values up to 485ppm Cu and in-pit results up to 626ppm Cu (Fig. 1). A total coverage drilling technique was undertaken.

Drilling aimed to intercept supergene copper enrichment at ~30-50m below surface at or near a ENE-trending fault/shear zone coincident with the Cu-in-soil anomaly, immediately south and west of gabbro intrusives. The drilling intercepted interbedded black shale, grey shale/siltstone and quartz-mica schist immediately south of the gabbro contact. Significant amounts of quartz veining and gossan development was encountered both at the gabbro/shale and shale / quartz mica schist contacts. Copper mineralisation in the form of malachite and / or bornite within both shale/siltstone and schist units was encountered in 4 holes. Lithologies and mineralised structures were confirmed to dip at ~400 to the north-northwest. Laboratory copper and cobalt assay results are expected next month.

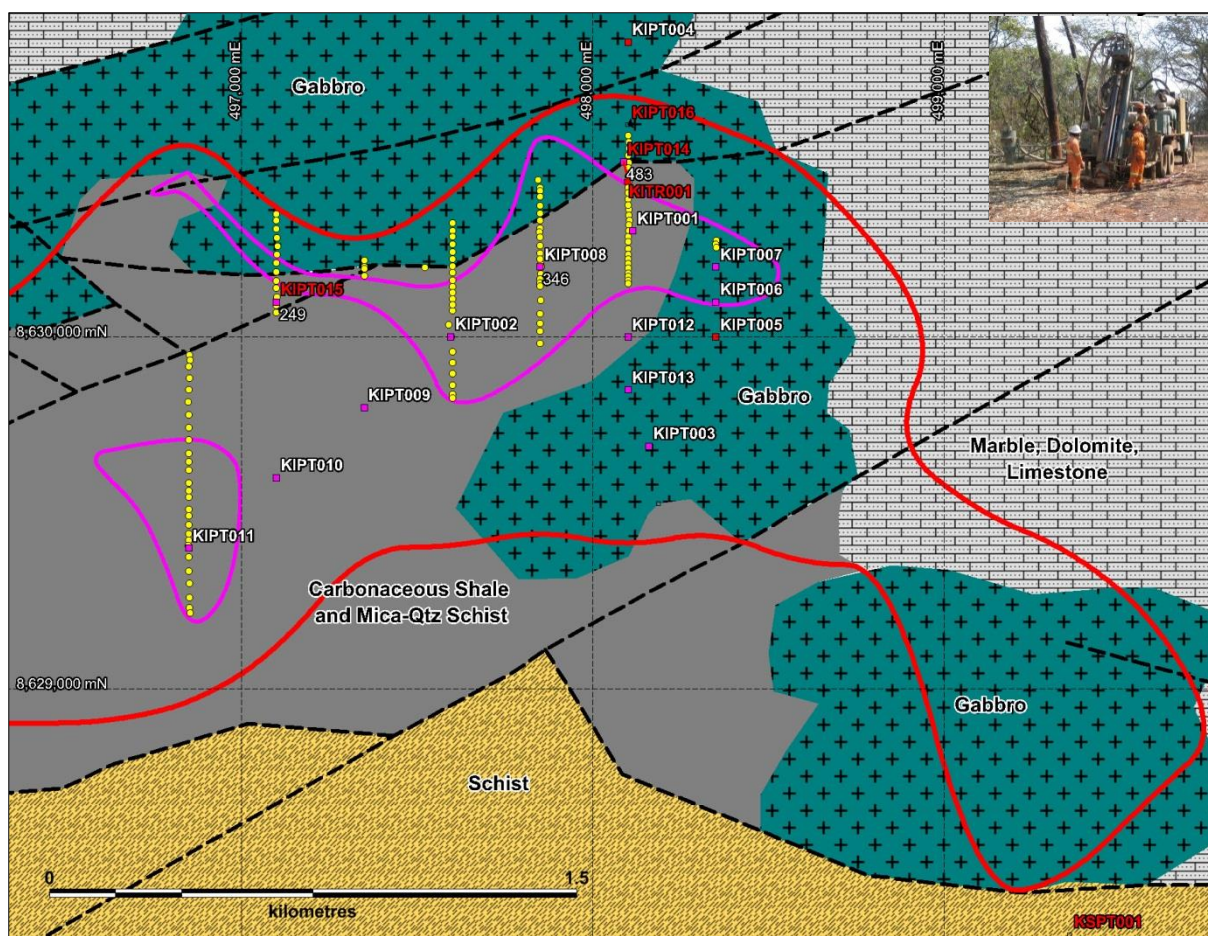


Figure 1: Kimabwe Prospect >100ppm & >200ppm Cu-in-soil contour, pits, trench and Aircore drilling over interpreted geology.

Kimabwe Prospect - Pitting

Four additional pits (KIPT014-KIPT016, KSPT001) were excavated into the eastern and southern end of the Kimabwe anomaly for a combined depth of 44.36m. Vertical channel samples collected every 50cm returned maximum in-pit copper results of 483ppm Cu and 249ppm Cu from pits KIPT014 and KIPT015 respectively (Fig. 1). The best intercept was 9.5m @ 327ppm Cu from 5.5m in KIPT014 (200ppm Cu lower cut-off, max. internal waste 1m). Significant maximum results from other elements included 17.3% Fe and 0.16% Co from 0-0.5m in KIPT015. KIPT016 was not sampled as it did not reach bedrock.

Kimabwe Prospect - Trenching

During the quarter one trench (KITR001) totalling 56.8m was excavated by hand across the interpreted fault contact between the shale and gabbro in the NE part of the Kimabwe Cu-in-soil anomaly (Fig. 1). Grey shale was encountered at the southern end of the trench to 37.2m, with quartz rubble and lateritic gravel to 48.6m and residual soil (interpreted to be highly weathered gabbro / saprolite) to 56.8m (Fig. 1).

Horizontal channel samples were collected every metre or so depending on geology (between 0.4 to 1.3m widths) along the entire length of the trench. XRF results included 11 samples >200ppm Cu including maxima of 266ppm over 1m, 247ppm over 1m, 245ppm over 1m, and 236ppm Cu over 1m, with a best intercept of 10.6m @ 221ppm Cu from 38m (200ppm Cu lower cut-off, max. internal waste 1m). Significant maximum results from other elements included 11.6% Fe (42m-43m), and 0.16% Co (42m-43m).

Regional Soil Sampling

An additional 72 regional (1km x 1km spaced) soil samples were collected from the southern part of the Kabwima South licence during the quarter. XRF results from these and the 301 samples collected during the last quarter included 33 samples >100ppm Cu to a maximum of 193ppm Cu. Six samples were from within the Kimabwe prospect, confirming the ability for 1km spaced samples to detect anomalies of this size (Fig. 2). Other anomalous samples were from within previously defined soil anomalies within Block H and Kimabwe NW, however, 2 other anomalies were identified to the south and southeast of Block F, and a third anomaly containing a cluster of 6 >100ppm Cu 1km x 1km spaced samples was identified over the Kalilele Dome immediately east of Block H (Fig. 2). Infill sampling is warranted at all of these new, broadly defined copper prospects.

Regional sampling will continue during the next quarter with low level 4 acid digest 48 element analysis planned for all samples. Multi-element analysis is to be used to identify broad pathfinder element alteration haloes associated with large Cu (+/-Au) bearing hydrothermal systems, and for litho-geochemical interpretation to help determine rock types underlying areas of no outcrop.

Additional infill and extension soil sampling is also planned for nine other soil anomalies within Blocks A, B, E, H, and J.

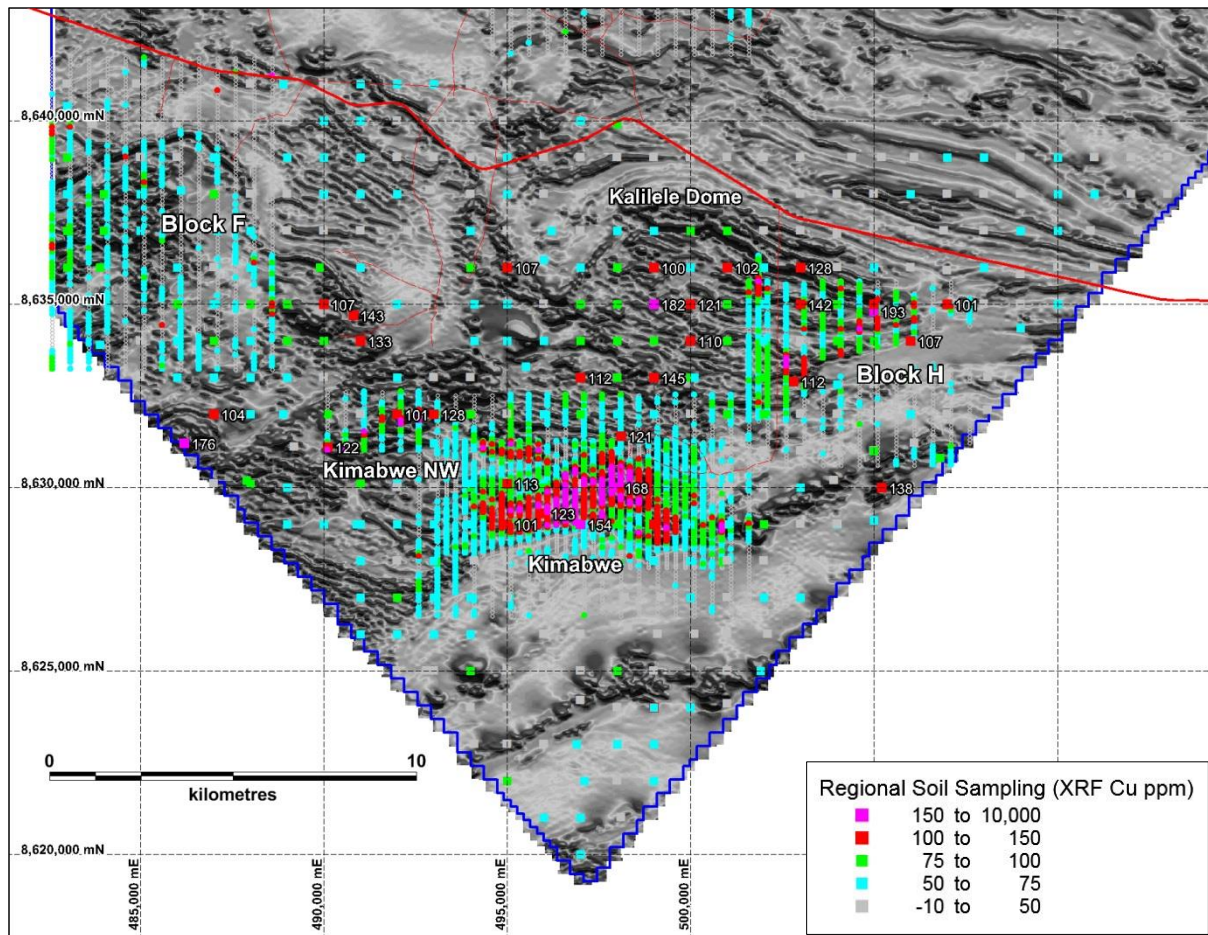


Figure 2: Kabwima South regional soil sampling results (labelled Cu ppm) and infill soil sampling over 1st Vertical Derivative (1VD).

Bulala Hills Project (99.9% CYS)

Mwako Prospect – Reverse Circulation Drilling

A nine hole, 1,634m reverse circulation (RC) drilling program was also completed on the Bulala Hills Project in south-western Zambia during the quarter. The program was aimed at identifying the potential for economic copper mineralisation beneath >200ppm copper-in-soil XRF results within a semi-continuous 1km wide x 4.5km long >100ppm Cu-in-soil anomaly containing 107 >200ppm Cu-in-soil XRF values, including 1100ppm Cu, 1066ppm Cu, 971ppm and 818ppm Cu (Figs. 3 - 5).

Drilling intercepted fine grained clastic sediments, chert, hematite breccia units and quartz-feldspar porphyry displaying variable argillic and phyllic alteration. Disseminated pyrite, and minor malachite staining and chalcopryite were observed at and surrounding the chert/quartz feldspar porphyry contacts. Drilling has confirmed that lithologies and potential mineralised structures dip at $\sim 80^\circ$ to the southeast. Laboratory copper and gold assay results are expected next month.

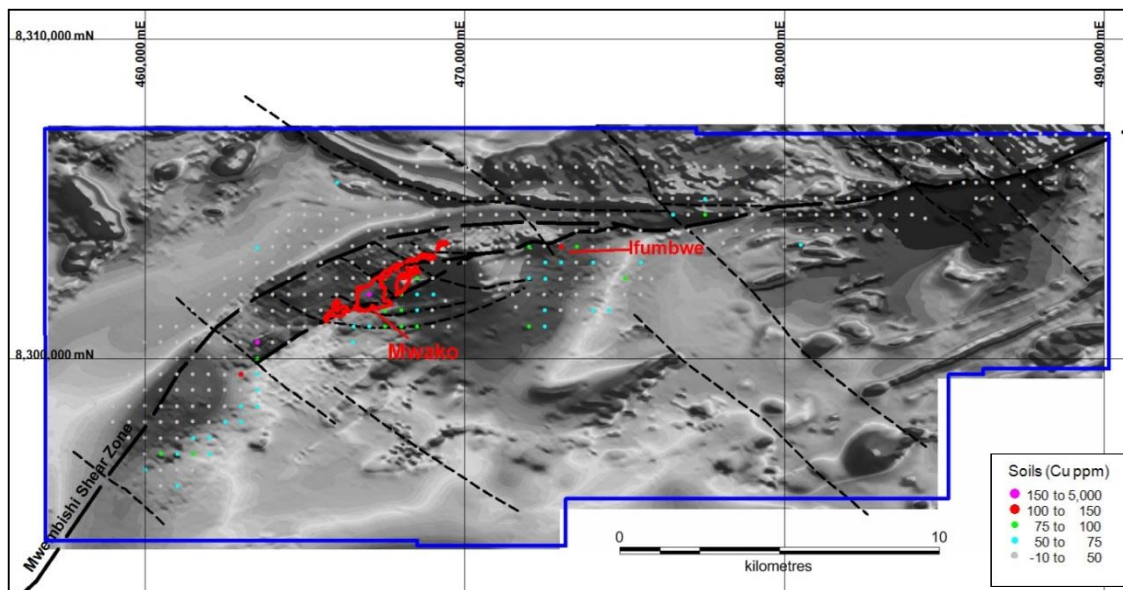


Figure 3: Bulala Hills regional soil samples (coloured circles), major structures, and Mwako Prospect >100ppm Cu-in-soil contour from recent infill soil sampling over grey scale RTP TMI aeromagnetic image.

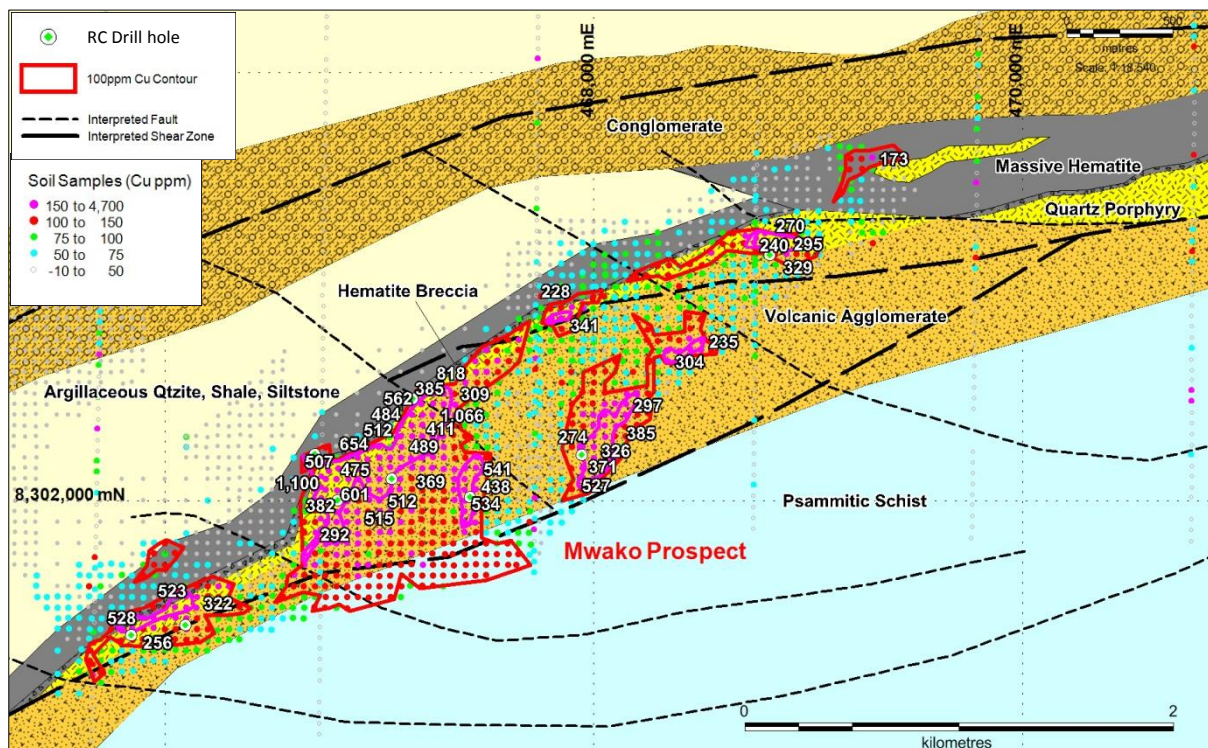


Figure 4: Mwako Prospect soil samples coloured and labelled by XRF Cu results (ppm), proposed drill hole locations over interpreted geology.

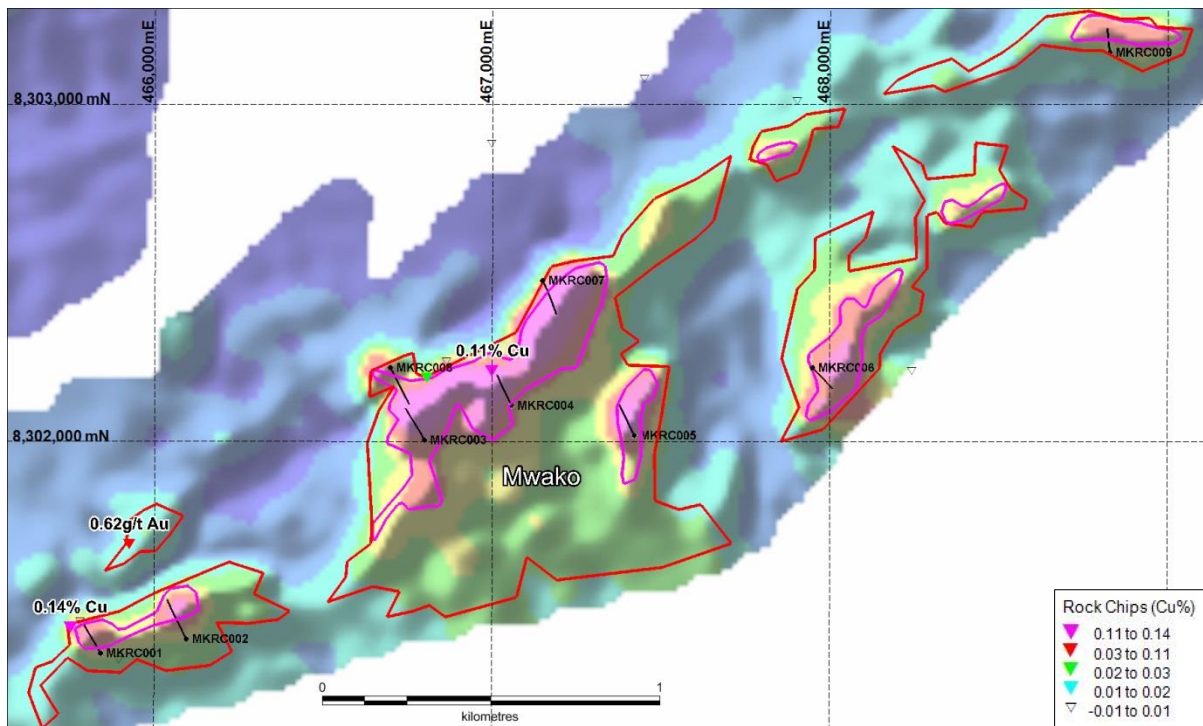


Figure 5: Mwako Prospect XRF Cu-in-soil contours (100ppm Cu-red, 200ppm Cu-pink), rock chips (coloured by Cu ppm), and RC drill hole locations (black drill traces labelled by hole ID) over Cu-in-soil image.

Surface Geochemistry

During the quarter infill soil sampling and mapping was completed at 100m x 100m spacings at the Ifumbwe Prospect. Four hundred and four (404) infill soil samples were collected with 43 soil samples returning XRF values greater than 100ppm Cu to a maximum of 604ppm Cu. The >100ppm Cu-in-soil anomaly is ~1.5km long and ~500m wide (Fig. 6). Additional infill sampling and rock chip sampling is planned.

XRF assay results from the regional wide spaced soil sampling (500m x 500m) collected during the last quarter across the most elevated residual soil areas within the project included only six samples >100ppm Cu to a maximum of 169ppm Cu, however the results detected and confirmed the presence of both Mwako and Ifumbwe prospects and have highlighted another Cu-in-soil anomaly ~4km along strike to the SW of the Mwako Prospect containing XRF results up to 158ppm Cu (Fig. 3). All regional samples will be sent to ALS South Africa for low level gold and 4 acid digest 48 element geochemical analysis in order to identify IOCG-style alteration haloes and for litho-geochemical interpretations within the project area.

The regional sampling will continue next quarter with additional infill soil sampling planned for the eastern extension of the Mwako anomaly and also at the new anomaly to the SW of Mwako.

Laboratory results from 16 rock chip samples collected during the infill soil sampling program at the Mwako Prospect returned best results of 0.14% Cu from a hematite breccia, 0.11% Cu from a massive quartz vein, and 0.62g/t Au from a brown chert unit (Fig. 5).

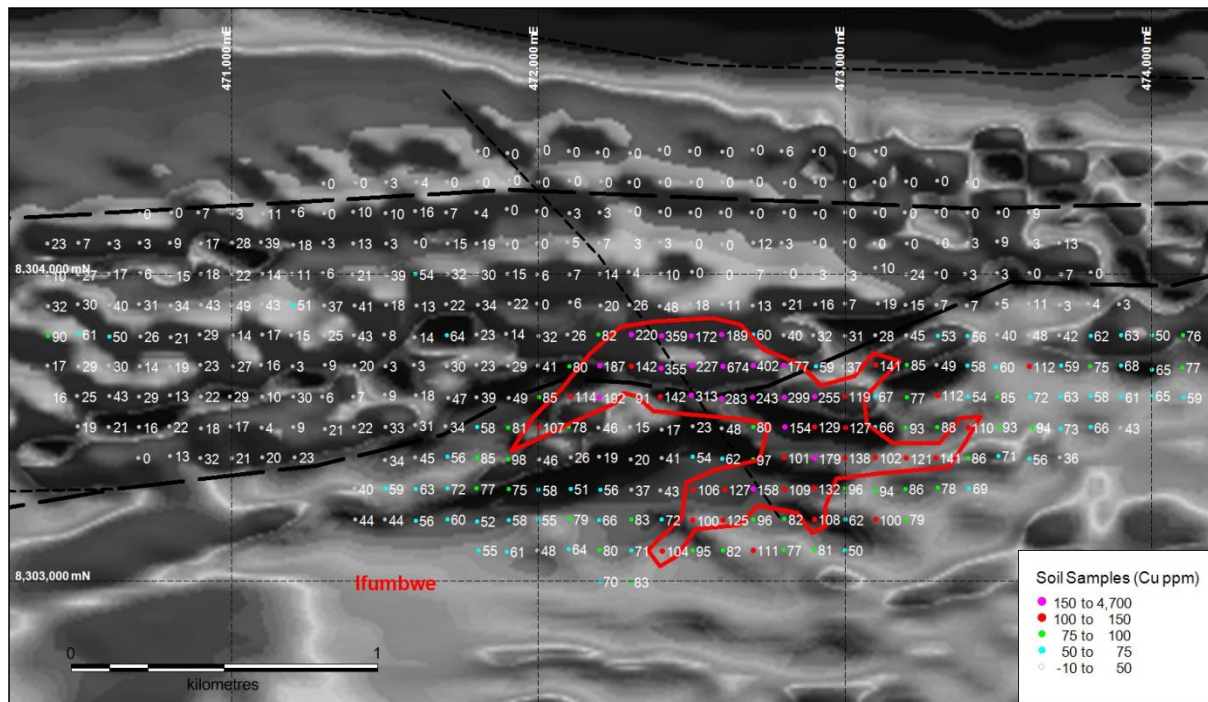


Figure 6: Ifumbwe Prospect soil samples coloured and labelled by XRF Cu results (ppm), and >100ppm Cu-in-soil contour (red outline) over grey-scale 1st vertical derivative aeromagnetic image.

Mwongo Project (99.9% CYS)

Soil Sampling

During the quarter 435 infill soil samples were collected at 50m x 100m spacings at the Kasonkomona Prospect in the central north of the Project. XRF analysis of the soil samples included only 3 samples >90ppm Cu to a maximum of 126ppm Cu (Fig. 7). No further work is currently planned for this area.

Infill soil sampling was also completed at the Chitampira Prospect as a follow-up to anomalous regional soil sampling results. Three hundred and sixty seven (367) soil samples were collected at a 100m x 100m spacing. XRF analysis of the soil samples included 27 samples >100ppm Cu to a maximum of 147ppm Cu (Fig. 7). Further infill sampling will be required over the Cu-in-soil anomaly in the NE of the prospect area.

XRF assay results from 753 (100m x 100m spaced) infill soil samples collected during the last quarter from the area surrounding the workings and trenches at the Mulyongo Prospect included 18 samples >100ppm Cu to a maximum of 182ppm Cu (Fig. 7). Additional work is required at Mulyongo to more closely determine the residual or transported nature of the soils in the area. Reverse circulation (RC) drilling to test for sulphide copper mineralisation at depth beneath the Mulyongo gossan and Cu-Au workings is warranted.

Three hundred and sixty six (366) infill soil samples were collected at 100m x 100m spacings at the Kaporoso Prospect in the southern corner of the Project. XRF analysis of the soil samples included only 3 samples >100ppm Cu to a maximum of 325ppm Cu (Fig. 7). The program is not complete with an additional 235 infill samples planned for the eastern side of the prospect area.

Infill soil sampling and mapping is now focusing on the Mulyongo Syenite, Kaporoso and Musontwa soil anomalies.

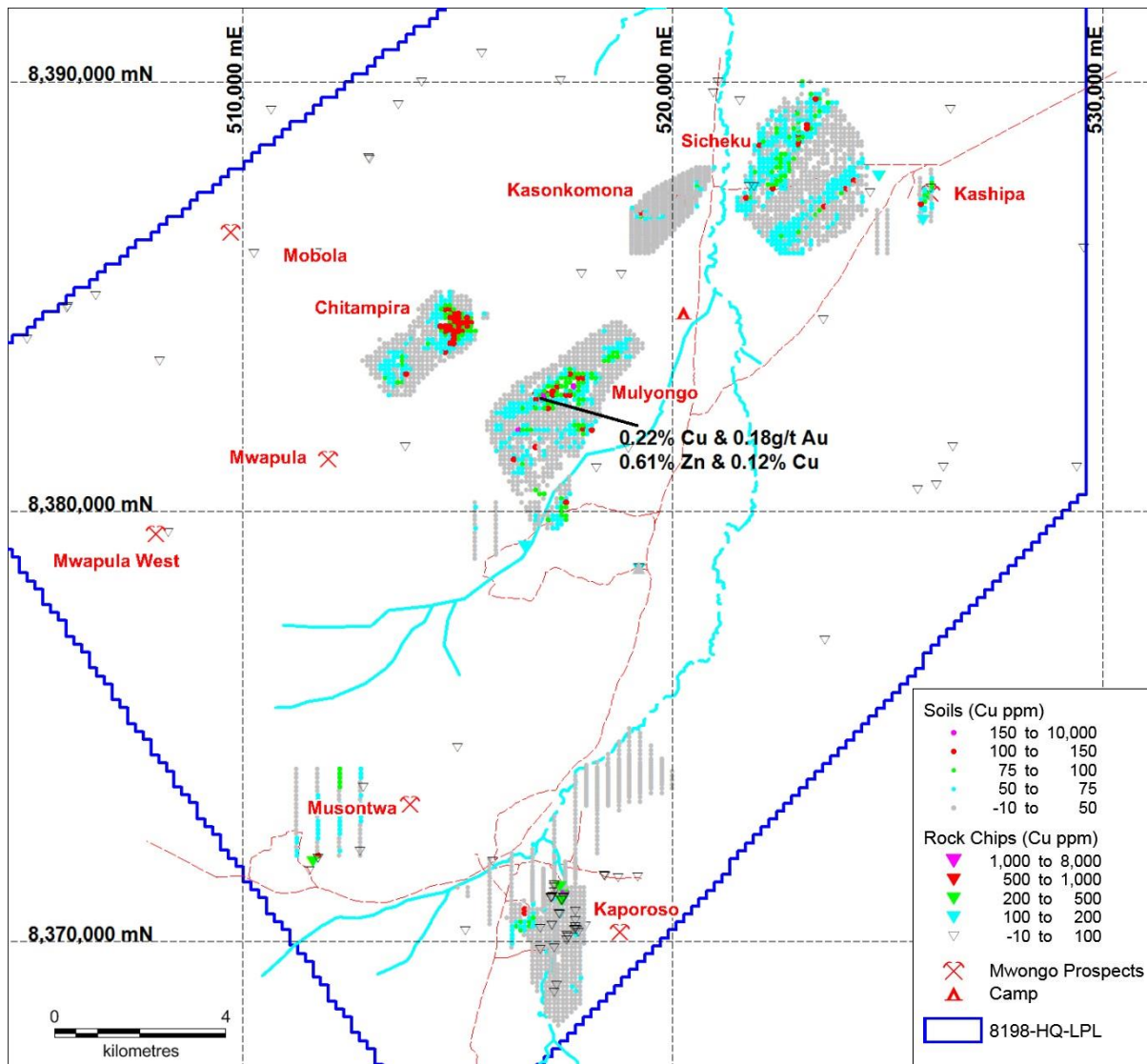


Figure 7: Mwongo Project infill soil sample locations (coloured dots), rock chip samples (coloured triangles), tracks, drainage and prospects.

Trenching

Three old trenches (MGTR001-003) containing abundant quartz veining and a malachite rich hematite gossan at the Mulyongo Prospect were cleaned out, mapped and channel sampled at 1.5m intervals. The combined length of the 3 trenches was 27m. Averaged XRF analysis of the channel samples returned 10.5m @ 347ppm Cu from 0m (including 1.5m @ 542ppm Cu from 4.5m) in MGTR001, 1.5m @ 200ppm Cu from 0m in MGTR002, and 1.5m @ 146ppm Cu from 4.5m in MGTR003.

Rock Chip Sampling

An additional 3 rock chip samples were collected from within the Mulyongo trenches during the quarter. Laboratory results included 0.12% Cu and 0.61% Zn from a quartz gossan, 0.22% Cu and 0.18g/t Au from a malachite bearing quartz vein, and 0.16% Zn from a limonitic quartz vein within MGTR003.

Reverse circulation (RC) drilling to test for sulphide copper mineralisation at depth beneath the Mulyongo workings is warranted.

Shikila Project (99.9% CYS)

No work was completed on the Shikila Project during the quarter.

Zambian Licence renewals

During the quarter licence renewals for all 5 Zambian large-scale prospecting licences were approved without reduction for a further 2 years commencing 1st July 2014. The total area covered by the Zambian prospecting licences remains at 3023km².

Western Australia

Halloween West Joint Venture

No field work was completed on this project, and after a thorough review of the Halloween West exploration data the Halloween West 37% Joint Venture equity in the project (E52/2275) was sold to the new Joint Venture farm-in partner Sandfire Resources NL for a consideration of \$85,000.

Pioneer Project

No field work was completed on this project during the quarter. After a thorough review of the Pioneer exploration data and as part of the Company's exploration tenure consolidation and divestment strategy, exploration licences E63/1413 and E63/1413 were relinquished due to a perceived lack of prospectivity, and the remaining licences (E63/1117, M63/329, M63/368, P63/1429 and P63/1468) were sold to Metals-X Limited for a consideration of \$30,000.

Gregory Range (100% CYS)

No field work was conducted on the Gregory Range Project during the quarter.

Exploration Plans for the December Quarter

- Review and evaluate laboratory assay results for the Kimabwe and Mwako prospect drilling programs within the Kabwima and Bulala Hills projects respectively (Zambia).
- Continue wide spaced regional soil sampling and geological mapping at Kabwima and Bulala Hills Projects (Zambia).
- Continue geological mapping and complete geological interpretations for Kabwima licences (Zambia).
- Continue infill soil sampling and pit/trench work at the Mwongo Project (Zambia).

CORPORATE

Fully Underwritten Non-Renounceable Entitlement Issue (NREI)

On the 8th July 2014 the company announced a fully underwritten Non-Renounceable Entitlement Issue on the basis of one new share for every two shares held on the 15th July 2014 (the record date) at one cent each.

A total of 114,494,709 shares were allotted under the NREI which comprised:

- 26,200,957 shares to existing shareholders; and
- 88,293,752 shares to the Underwriter (Mr Adrian Paul), being the balance of the NREI shortfall.

Total funds raised from the NREI were \$1,144,947 (before costs).

The capital raised will be used to fund the costs associated with further exploration across the Zambian Copper Projects, together with meeting general working capital requirements.

Board Changes

Mr Michael Griffiths and Ms Jing Wang resigned as Non-Executive and Executive Director respectively on the 23rd of September 2014. Mr Leigh Ryan assumed the role of Managing Director on the 23rd of September 2014.

Cash position

The Company had \$1.3M in cash as at 30 September 2014.

Yours sincerely,



Dr Neale Fong
Non-Executive Chairman

For further information please contact:

Leigh Ryan Managing Director +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, Managing Director 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.

The company confirms that it is not aware of any new information or data that materially affects the information included in the recent market announcements referred to in the report.

Interests in Mining Tenements

Tenement	Location	Held at End of Quarter
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%
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%

* For tenement movements in this Quarter please refer to Appendix 5B

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>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.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>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.</i>	All samples referred to in this Public Report are soil samples or channel samples, obtained using an 'industry standard' sampling equipment and sampling practices. Soil Samples: Each site is located using a hand held GPS. The sample location is then adjusted when necessary in order to avoid tracks, alluvium, or other transported material. Metal picks and shovels are used to dig holes at varying depths down to a nominal B-Horizon. Approximately 2 to 3 kg of soil from the B-horizon only is collected in plastic bags and taken back to the base camp for drying and sieving under controlled conditions. Sampling was carried out using documented CYS sampling and QAQC procedures (detailed below). Pit Samples: Each site is located using a hand held GPS. Metal picks and shovels are then used to dig the pit which is approximately 1.5m square down to a recognisable saprock. Wooden ladders and rope ladders are used to enter and exit the pit. Buckets or sacks on the end of ropes are used to remove the excavated dirt. Once completed the pit is paint marked on a 50cm basis from the surface and geologically mapped. A continuous vertical channel sample is then chiselled into the pit wall using a geological pick. The sampling commences at the base of any transported alluvium with samples collected every 50cm. The pit wall material is collected into a steel tray and transferred into a numbered plastic sample bag. Each sample is then taken back to the base camp for drying under controlled conditions. Trench Samples: The end of each trench is located using a hand held GPS. Metal picks and shovels are then used to dig a 1m wide trench down to a recognisable saprock (max depth 2m). Wooden ladders and rope ladders are used to enter and exit the pit. Buckets or sacks on the end of ropes are used to remove the excavated dirt. Once completed the trench is paint marked on a 1.5m basis from one end (0m) and geologically mapped. A continuous horizontal channel sample is then chiselled into the pit wall using a geological pick. The sampling commences below any transported alluvium with samples collected every 1.5m. The trench wall material is collected into a steel tray and transferred into a numbered plastic sample bag. Each sample is then taken back to the base camp

Criteria	JORC Code explanation	Commentary
		for drying under controlled conditions. Sampling was carried out using documented CYS sampling and QAQC procedures (detailed below).
<i>Drilling techniques</i>	<i>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.).</i>	Drill hole sampling or drilling results are not included in this announcement.
<i>Drill sample recovery</i>	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> <i>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.</i>	Drill hole sampling or drilling results are not included in this announcement.
<i>Logging</i>	<i>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.</i> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i>	Soil Samples: A Geologist or experienced field technician logs each soil sample, noting soil sample hole depth and width, slope and slope direction, vegetation, organic content, soil B-horizon, soil moisture, soil texture, soil colour, soil fragment rock types, and comments. Pits: A Geologist or experienced field technician maps each pit, noting regolith/rock type, colour, alteration, mineralisation, veining and comments. Any veins and or structures are measured and noted in the pit log. Trenches: A Geologist or experienced field technician maps each trench, noting regolith/rock type, colour, alteration, mineralisation, veining and comments. Any veins and or structures are measured and noted in the trench log and on the trench cross sectional map.
<i>Sub-sampling techniques and sample preparation</i>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Soil Samples: One commercial laboratory standard or blank laboratory standard, one field blank (barren marble from Lusaka Quarry with an average grade of 6ppm Cu) and one field duplicate is inserted into the soil sample series every 100 samples (i.e. 3% QAQC samples). Field duplicates are collected from the same depth within the same soil sample hole. Pit Samples: One field duplicate is included in every pit

Criteria	JORC Code explanation	Commentary
	<i>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.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	irrespective of total pit depth. Trench Samples: One field duplicate is included in every trench irrespective of total trench length. Statistical analysis of duplicate sample data for Cu in both soil and pit sampling shows a high level of repeatability and a lack of bias between the original and duplicate samples. The sample sizes and the sampling methodology are considered appropriate for the style of mineralisation, and the analysis value ranges for the primary elements. 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
<i>Quality of assay data and laboratory tests</i>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>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.</i> <i>Nature of quality control procedures 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.</i>	Each dry “bulk” soil sample and each dry pit or trench sample is analysed using a Niton hand held XRF instrument. Each sample is analysed for a minimum of 30 seconds, and each sample undergoes 5 such readings. An average of the 5 readings is used for exploration evaluation and reporting purposes. The analysis is considered partial only. Analysis is completed using either a Niton XL3t 955 Ultra Analyser, or a Niton XL3t GOLDD+ Series Analyser. The instruments are calibrated using Niton calibration discs twice a day. CYS use commercially available QAQC reference materials. A selected range of reference values are inserted at specific regular sample intervals. Results highlight that QAQC assay values are acceptably accurate. Duplicate analysis for samples reveals that precision of samples is within acceptable limits.
<i>Verification of sampling and assaying</i>	<i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i>	Soil, pit and trench sample data is collected in the field and XRF assay data is analysed at the base camp by CYS qualified geo-technicians working under the supervision of a qualified geologist. The data is downloaded from the Niton instrument directly onto a laptop, and then opened in the Niton software for viewing and subsequent export into an Excel spreadsheet. Field data is entered on paper log sheets and data entered into Excel spreadsheets at the base camp. Validation rules are in place to ensure no data entry errors occur.

Criteria	JORC Code explanation	Commentary
		Data is loaded into a 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.
<i>Location of data points</i>	<i>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.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i>	A hand-held GPS was used by CYS to locate soil sample, pit and trench positions, with an expected 3 to 6m horizontal accuracy. The grid system used is Universal Transverse Mercator (UTM), Datum WGS 84, Zone 35 - Southern Hemisphere. The vertical elevation of each pit and trench was determined by placing the pit x, y coordinate on the digital terrain model (DTM) produced by NRG during the 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. The soil, pit and trench sample location accuracy is considered appropriate for this stage of exploration.
<i>Data spacing and distribution</i>	<i>Data spacing for reporting of Exploration Results.</i> <i>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.</i> <i>Whether sample compositing has been applied.</i>	The soil sample spacing ranges between 500m x 500m for regional sampling and 250m x 50m for infill sampling. Pits mentioned in this report are between 200m and 2.5km apart. Trenches mentioned in this report are less than 50m apart. No Mineral Resource or Reserve is being reported for this drilling. No data compositing has been applied.
<i>Orientation of data in relation to geological structure</i>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type</i> <i>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.</i>	Soil sampling lines run N-S (True) and E-W (True) at all prospects reported, which in all cases is between 70 and 90 degrees to the strike of bedding and possible mineralisation. No orientation based sampling bias has been identified in the data.
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	Bulk samples are stored on site and guarded by 24 hour security guards.
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	An internal review of the sampling techniques and sample data considered both to be standard industry practice. 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
<i>Mineral tenement and land tenure status</i>	<i>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.</i> <i>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.</i>	Type - Large Prospecting Licence Reference name – Kabwima North, Kabwima South, Mwongo, Bulala Hills Reference number – 8194-HQ-LPL, 13404-HQ-LPL, 8198-HQ-LPL, 8199-HQ-LPL. Location– NW Province and SW Province, Republic of Zambia. Ownership – 99.99% 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 central and eastern part of the Kabwima Project is covered by part of the Kalilele Forest Reserve, the eastern tip of the Bulala Hills licence is covered by the Luba Reserve and the southern tip of the Mwongo licence is covered by the Mumbwa Forest Reserve. Environmental setting – savannah woodland of central Africa
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	RST conducted stream sediment sampling across the Kabwima Project area in the late 1960's – early 1970's. No known previous exploration has been done on the Bulala Hills and Mwongo Projects.
<i>Geology</i>	<i>Deposit type, geological setting and style of mineralisation</i>	<u>Kabwima Project:</u> Deposit Type – Kansanshi Style Cu-Au±Ag mineralisation. Geological setting – Folded and thrustled low grade mica schists, shale and limestone units (with variable dolomitisation) on the southern extremity of the Lufilian arc (i.e. the Katanga Super Group), of probable Lower Kundelungu Series age. Style of mineralisation – Lithologically and structurally controlled Cu-Au-Ag mineralisation within 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.

Criteria	JORC Code explanation	Commentary
		<u>Mwongo and Bulala Hills Projects:</u> Deposit Type – Iron Oxide Copper Gold (IOCG). Geological setting – Folded low grade metasandstone, siltstone, phyllite, schist, and graphitic shale units of the Katanga Super Group (probable Lower Kundelungu Series age) intruded by syn- to post-tectonic granitic intrusions associated with the Hook Granitoid Complex. Style of mineralisation – massive haematite replacement breccia with Cu/Au mineralisation spatially associated with cross-cutting structures. Mineralisation is related to syn- to post-tectonic granitic intrusions (Hook Granitoid Complex) with associated regional iron-oxide alteration.
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: ○ 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.	Cu-in-soil and maximum pit and trench sample Cu results form the basis of the exploration results and are mentioned in the text and presented as figures within the body of the announcement.
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.	Each dry soil sample and each dry pit and trench sample is analysed using a Niton hand held XRF instrument. Each sample is analysed for a minimum of 30 seconds, and each sample undergoes 5 such readings. An average of the 5 readings is used for exploration evaluation and reporting purposes. No metal equivalent reporting is used or applied.

Criteria	JORC Code explanation	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>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').</i>	<u>Pits:</u> The Kimabwe pits are excavated vertically into moderately NNE-dipping shale units such that the intercept angle is ~45 degrees. <u>Trenches:</u> The Kimabwe trench is excavated vertically into moderately NNE-dipping shale units such that the intercept angle is ~45 degrees. The dip and strike of lithologies within the Mwongo trenches could not be accurately determined so the true width of mineralisation is not known. <u>Soils:</u> Soil sample results do not report mineralisation intercepts.
<i>Diagrams</i>	<i>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.</i>	Appropriate plans have been included in the text of this announcement. Cross sections of shallow pits and short trenches are not warranted.
<i>Balanced reporting</i>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All Cu-in-soil, maximum down Cu pit sample results and maximum trench sample results and best intercepts are mentioned in the text and displayed at a regional scale in the figures within this announcement.
<i>Other substantive exploration data</i>	<i>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.</i>	There is only minor geological outcrop within the Kabwima and Mwongo Project areas. CYS flew a regional aeromagnetic and radiometric survey, which when interpreted shows regional lithological trends, cross-cutting structures and buried intrusives within the Kabwima, Bulala Hills and Mwongo Project areas. Aeromagnetic images are available for viewing in previous ASX announcements.
<i>Further work</i>	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Additional drilling at the Mwako and Kimabwe Prospects will be dependent on results. Additional soil sampling, pitting, and trenching is planned for the Kabwima, Shikila, Bulala Hills and Mwongo Project areas.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Chrysalis Resources Limited

ABN

56 125 931 964

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(363)	(363)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	2	2
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net Operating Cash Flows		(594)	(594)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	130	130
1.10	Loans to other entities	1	1
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		131	131
1.13	Total operating and investing cash flows (carried forward)	(463)	(463)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(463)	(463)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,145	1,145
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	(96)	(96)
	Net financing cash flows	1,049	1,049
	Net increase (decrease) in cash held	586	586
1.20	Cash at beginning of quarter/year to date	694	694
1.21	Exchange rate adjustments to item 1.20	3	3
1.22	Cash at end of quarter	1,283	1,283

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	80
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors Fees and Remuneration of Directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	485
4.2 Development	-
4.3 Production	-
4.4 Administration	177
Total	662

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,226	191
5.2 Deposits at call	57	503
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,283	694

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
	Halloween West Project: E52/2275 130km north of Meekatharra	Joint Venture	37%	0%
	Pioneer Project: E63/1117 E63/1413 E63/1414 M63/329 M63/368 P63/1429 P63/1468 25km north-northwest of Norseman	Joint Ownership	93.33%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased			
	Nil			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1				
Preference + securities (description)				
7.2				
Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3				
+Ordinary securities	344,484,128	344,484,128		Fully paid

+ See chapter 19 for defined terms.

Appendix 5B

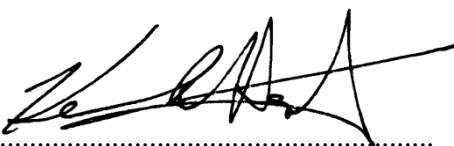
Mining exploration entity and oil and gas exploration entity quarterly report

7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	114,494,709 1,000,000	114,494,709 1,000,000	1 cent Nil	1 cent Nil
7.5	*Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



 (Director/Company secretary)

Date: 27 October 2014

+ See chapter 19 for defined terms.

Print name: Kevin Hart

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==