CHRYSALIS RESOURCES LIMITED

Chrysalis RESOURCES LIMITED

QUARTERLY REPORT FOR THE PERIOD ENDING 30th SEPTEMBER 2015

ASX Announcement

30th October 2015

HIGHLIGHTS

Exploration

- Phase 1 Diamond and Reverse Circulation (RC) drilling program consisting of an initial 2,250m in 21 holes designed to test for economic copper mineralisation within the Kimabwe, Target H and Target D soil anomalies has commenced.
- Significant drill results from Phase 1 will initiate part or all of Phase 2 and Phase 3 RC and diamond drilling consisting of up to 3,150m in 28 holes.
- Infill soil sampling at the Wangolo Prospect within the Shikila Project is planned

Corporate

- Peppermint starts working with a large agent network with respect to the integration of its remittance platform and other services in the Philippines.
- Shareholder approval for the Peppermint Innovation acquisition obtained at EGM on 2 October 2015
- Prospectus and Appendix 1A forms for the readmission of CYS as Peppermint Innovation Limited have been submitted.
- DJ Carmichael Pty Ltd have commenced capital raising up to $4.0 million of additional equity funding.

Chrysalis Resources Limited

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Company Snapshot

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

Company Structure

No of Shares on Issue (at 30th September 2015)	345,484,128
Cash (at 30th September 2015)	$0.02M

Board & Management

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)

Diamond and Reverse Circulation Drilling

Subsequent to satisfying all conditions associated with the Exclusive Option Period and electing to execute the Option and advance to the "Earn-in" period of the Letter Agreement, FQM Exploration (Zambia) Limited ("**FQM**") have commenced a multi-phase diamond and Reverse Circulation (RC) drilling program consisting of up to 5,400m in 49 RC and diamond drill holes on the Kabwima Project in south-western Zambia. The program aims to identify the potential for economic copper mineralisation with the previously aircore drilled Kimabwe Prospect and within the Target H and Target D soil anomalies identified in previous and recent soil sampling programs (refer to CYS ASX release 14 October 2015). The drilling is being conducted by Layne Drilling.

Phase 1 diamond drilling within the Kimabwe Prospect, a 5.5 kilometre long, up to 1.6km wide, continuous +100ppm copper-in-soil anomaly, will target high grade supergene copper mineralisation beneath aircore hole KIAC108 (**44m @ 0.7% Cu from 6m to EOH** incl. **6m @ 2.2% Cu from 44m to EOH),** (refer to CYS ASX release 10 November 2014) (Figs. 1 & 2).

Phase 1 RC drilling within Target H aims to test the Cu/Sc ratio high points within a semi-continuous soil anomaly up to 2 kilometres wide and more than 10 kilometres long (refer to CYS ASX release 23 July 2015) (Figs. 1 & 3).

Phase 1 RC and diamond drilling within Target D aims to test the Cu/Sc ratio high points within a continuous soil anomaly up to 1.5 kilometres wide and more than 3 kilometre long (refer to CYS ASX release 23 July 2015) (Figs. 1 & 4).

It is likely that phase 1 drilling at the Kimabwe Prospect and Target H will be completed prior to the 2015 wet season with Target D drilling completed early in 2016.

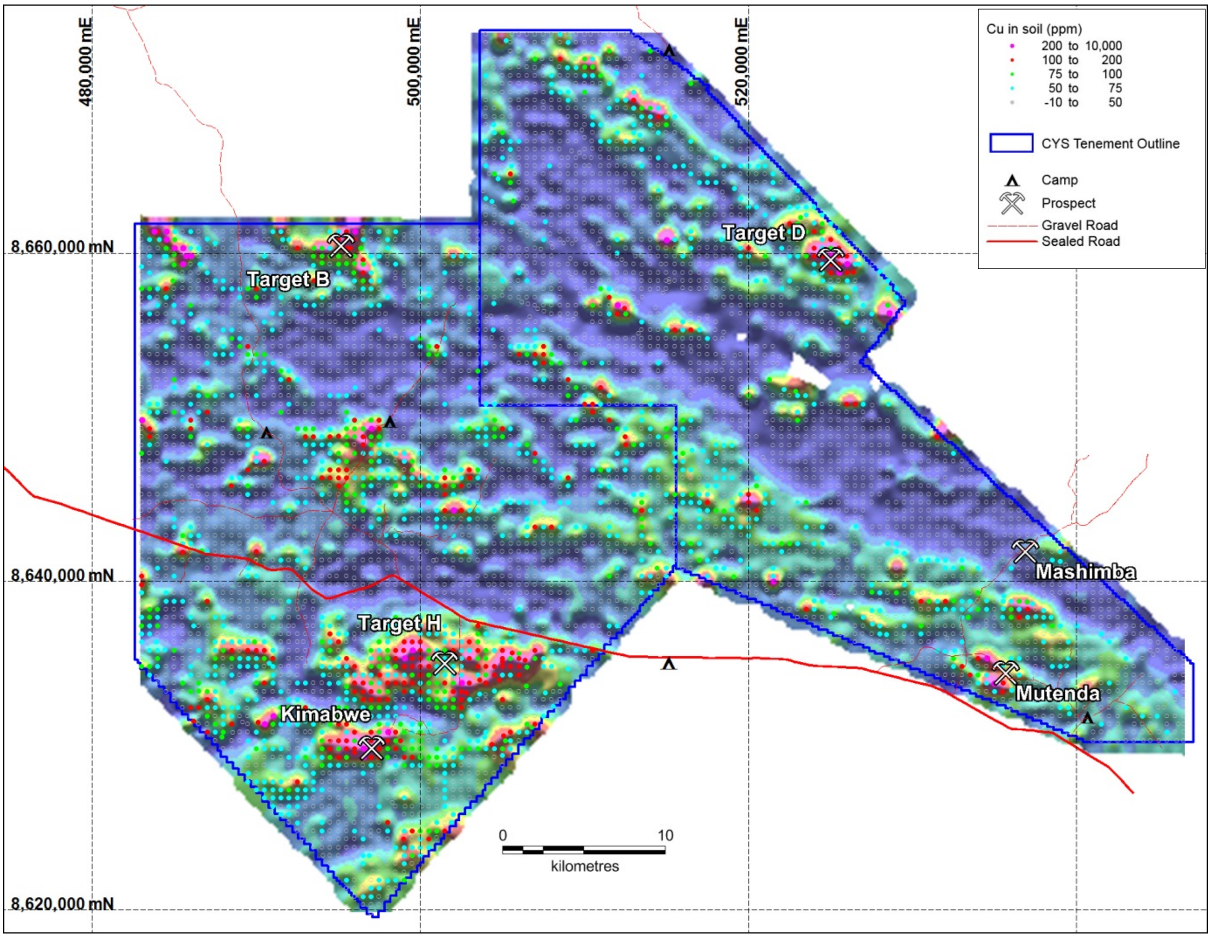

Figure 1: Kabwima Project 500m x 500m spaced soil sample results (Cu ppm) over Cu/Sc ratio image.

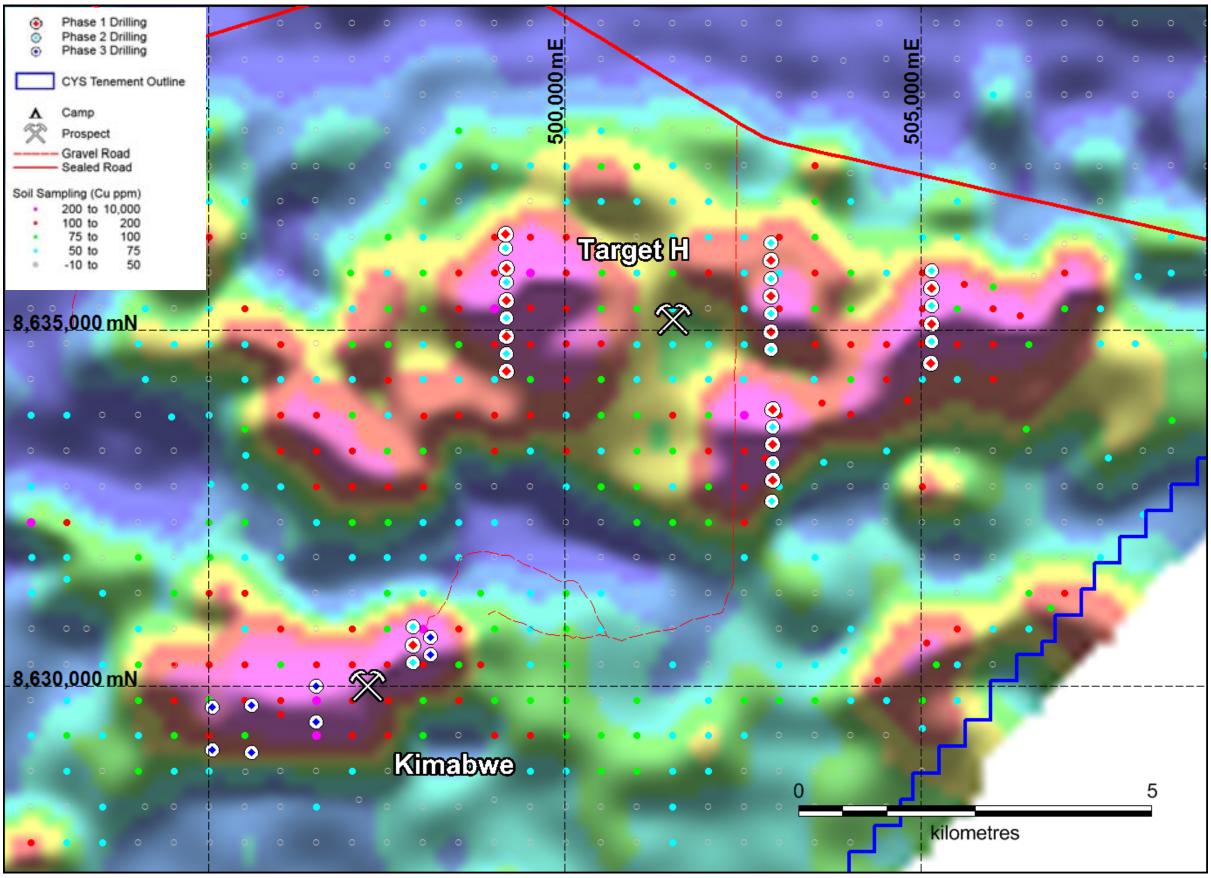

Figure 2: Kimabwe and Target H prospects proposed drilling and 500m x 500m spaced soil sample results (Cu ppm) over Cu/Sc ratio image.

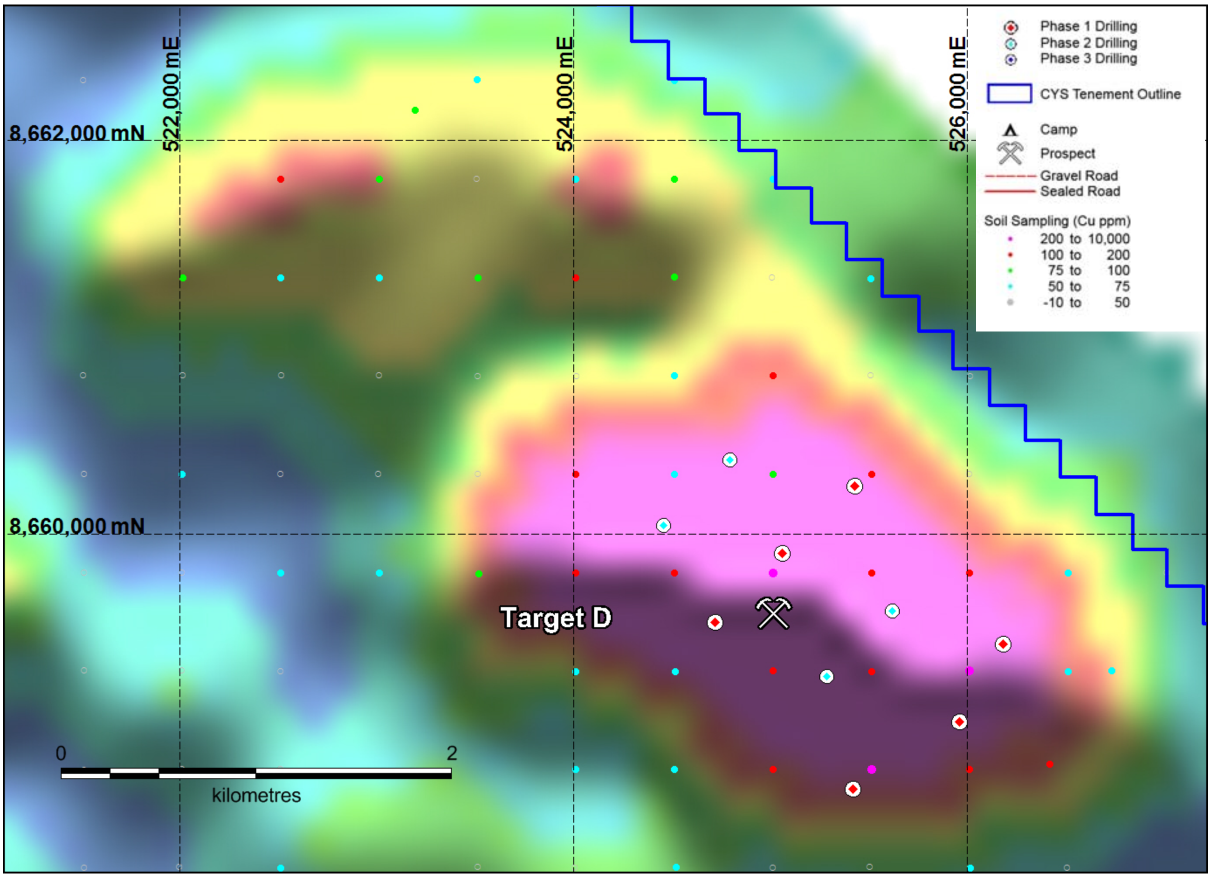

Figure 3: Target D proposed drilling and 500m x 500m spaced soil sample results (Cu ppm) over Cu/Sc ratio image.

Shikila Project (99.9% CYS)

Infill Soil Sampling

FQM are planning to commence a 100m x 100m spaced infill soil sampling program in and around the Wangolo resource area within the Shikila Project in order to aid the planning of additional drilling. The sampling analysis will be conducted using a hand held XRF instrument. The program should be completed prior to the wet season.

Bulala Hills Project (99.9% CYS)

No work was completed on the Bulala Hills Project during the quarter.

Mwongo Project (99.9% CYS)

No work was completed on the Mwongo Project during the quarter. Sedgwick Resources Limited (SRL), a wholly owned Zambian subsidiary of Chrysalis, has entered into a Memorandum of Understanding with Reddy Resources Zambia Limited (RRZL) with respect to the sale of the Mwongo licence for a consideration of US$50,000 to be paid on transfer of the licence to RRZL. SRL will also retain a 2.5% raw ore royalty (ROR) which applies to any mineral (including copper and gold) deemed to be of an economically mineable grade that has been derived from the Licence with the average grade of ore mined calculated at an arm's length basis and the purchase value of the Raw Ore calculated at the moment it is extracted from the mine site.

Western Australia

West Angelas (100% CYS)

Both West Angelas Iron Ore Project licences (E47/1838 and P47/1538) were surrendered during the quarter. Subsequently Chrysalis has no exploration, prospecting or mining licence interests in Australia.

Corporate

Peppermint Innovation Limited Acquisition

During the quarter Peppermint Innovation Limited ("Peppermint") entered into a joint venture with a large agent network for its Remittance Platform and Peppermint Services in the Philippines (refer to CYS ASX release 30 September 2015).

Remittance is the act of sending money either domestically within a country, or internationally across country borders.

Around the world it is now being driven by the global phenomenon of international migration with more people living outside their country of birth now than at any other time in history.

The World Bank states remittances sent by migrants to Developing World countries grew by 4.4% in 2014 to reach US $436 billion with remittance flows expected to reach $479 billion by 2017, while the average cost globally of remitting money in the 4th quarter of 2014 was 8% of funds sent.

While still in its infancy* mobile commerce is growing globally and is being promoted as a valuable tool for remittance which can have a particular impact in the Developing World where remittances are a key source of funds – far exceeding official development assistance or even foreign direct investment in some cases. This is because;

- mobile technology can lower the cost of remittances, as it removes the need for physical points of presence and ensures a timely and secure method of transaction presenting an opportunity to reach users previously inaccessible where distance and logistical factors make sending or receiving money very difficult or impossible;
- the emergence of 3G networks has increased the popularity of mobile technology and increased the numbers of mobile telecommunication devices with GSMA Intelligence reporting there were 7.1 billion mobile SIM connections at the end of 2014, while the International Telecommunication Union estimates that 78% are within the Developing World; and
- mobile cellular networks have eliminated the need for developing countries to build out expensive landline infrastructure.

** According to the World Bank, the use of mobile money technologies in cross border transactions remains limited to now and the value of international remittances through mobile phones accounted for less than 2 percent ($10 billion) of global remittance flows through 2013.*

Peppermint's Remittance Platform

Peppermint's Remittance Platform is a mobile money transfer service that will allow person to person (P2P) transfer of funds within or across borders. Peppermint has started to build an agent network to penetrate and educate the market for domestic P2P remittances and through which international remittances can be terminated from strategic partners.

Progress with Agent Network

Under an agreement with MyWepS International Inc. (MyWeps), Peppermint has agreed to provide the Peppermint Remittance Platform and Peppermint Services for MyWepS to provide products and services to its direct members, agents, business branches, other network partners and their respective members, located in the MyWepS network. Part of this network is another party to the joint venture, 1Bro Global Inc. (www.1brophilippines.com), which operates 70,000 agents/members and 40 business centres across the Philippines.

At the present time the parties are working together on the installation of Peppermint services for pilot roll out of the MyWeps Remittance platform. If successful, MyWeps shall proceed to commercial application of Peppermint services with Peppermint appointed as the exclusive provider of the following services to it and its network.

- Sending and receiving cash (Remittances)
  - Pay in/Pay out facilities
  - Remit to bank account
- Airtime Load
  - For own phone
  - For others
- Bill Payment
- Fund transfer
- Change Mobile PIN and Password
- View Transaction history and account balance.

Working with MyWeps International in joint venture signals Peppermint's initial delivery of financial services via a mobile phone to the unbanked population within the Philippines, firstly targeting domestic remittances before leveraging into the wider domestic P2P payments market.

According to a Bankable Frontier Associates LLC report the domestic P2P payments market in the Philippines determined;

- The numbers of domestic P2P payment transactions were estimated at 45 million per month in 2010.
- The value of domestic P2P payments were estimated at US $3.2 billion per month in 2010

Philippines

A developing country of circa 100 million people living on over 7,000 islands with real transport challenges (even in their capital city) – means access to traditional financial services can be difficult for a large portion of Filipinos'.

Fortunately the Philippines is also a country with 114.6 million mobile connections well positioned for the rapid uptake of mobile banking and payments with Government support and encouragement to make this happen.

All this makes the Philippines an attractive target for Peppermint. It is a country which is the 3rd largest international remittance receiving country worldwide with USD$28 billion estimated from international inbound remittances in 2014 (10% of the country's GDP comes from migrants sending funds home which exceeds the amount of international aid received by the country) and the widespread use of mobile remittance is not limited to international remittances. Importantly domestic remittances in the Philippines are estimated to be an even bigger market.

Ref: The facts and figures in this report were drawn from the World Bank Migration and Development Brief 24 - April 13, 2015, and research from GSMA Research – 'The Mobile Economy 2015'.

Shareholder approval for the Peppermint Innovation acquisition was obtained at a General Meeting held on 2 October 2015. Pursuant to ASX Listing Rule 3.13.2, all the resolutions contained in the Notice of Meeting and considered at the General Meeting of Shareholders were all passed unanimously on a show of hands, (refer to CYS ASX release 2 October 2015 for all proxy results).

The Prospectus and Appendix 1A forms for the readmission of CYS as Peppermint Innovation Limited have been submitted.

Corporate Advisors and Lead Manager DJ Carmichael Pty Ltd have commenced their assistance in capital raising up to $4.0 million of additional equity funding as part of the Company's proposed re-compliance with Chapters 1 and 2 of the ASX Listing Rules. As disclosed in the Notice of Meeting and Prospectus, Chrysalis proposes to place up to 200 million ordinary fully paid shares at an issue price of $0.02.

Cash position

The Company had $21,000 in cash as at 30 September 2015. The company has a loan facility of A$200,000 @ 10% pa interest rate with Adrian Paul in place. Subsequent to the end of the quarter the facility was extended by an amount of $90,000. The loan is to be paid back from the proceeds of the Prospectus capital raising.

Yours sincerely,

Dr Neale Fong
Non-Executive Chairman

For further information please contact:

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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 this announcement.

Interests in Mining Tenements

Tenement	Location	Held at End of Quarter
Zambia Project		
13404-HQ-LPL*	45km east of Kansanshi	99.99%
13405-HQ-LPL*	12km northwest of Kansanshi	99.99%
8194-HQ-LPL*	66km east of Kansanshi	99.99%
8198-HQ-LPL	140km northwest of Lusaka	99.99%
8199-HQ-LPL	150km west of Lusaka	99.99%

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

* Tenements subject to FQM Letter Agreement.

Rule 5.5

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	Quarter ended ("current quarter")
56 125 931 964	30 September 2015

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	(3)	(3)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(204)	(204)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (Zambia Exploration Funding by FQM)	15	15
	Net Operating Cash Flows	(191)	(191)
	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	6	6
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	6	6
1.13	Total operating and investing cash flows (carried forward)	(185)	(185)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(185)	(185)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	50	50
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	-	-
	Net financing cash flows	50	50
	Net increase (decrease) in cash held	(135)	(135)
1.20	Cash at beginning of quarter/year to date	159	159
1.21	Exchange rate adjustments to item 1.20	(3)	(3)
1.22	**Cash at end of quarter**	21	21

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	47
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	200	50
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	0
4.2	Development	
4.3	Production	
4.4	Administration	150
	Total	150

On the 22/7/15 the Company made announcements to the ASX regarding the acquisition of Peppermint Innovations Limited and the entering into a mandate with DJ Carmichaels to raise up to $3.5M.

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	16	68
5.2	Deposits at call	5	91
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	21	159

+ See chapter 19 for defined terms.

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	West Angelas Project: E47/1838 135km west of Newman P47/1538 135km west of Newman		 100% 100%	 0% 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**	345,484,128	345,484,128		Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
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: .. .. Date: 30 October 2015
(Director/Company secretary)

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

+ See chapter 19 for defined terms.

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.

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+ See chapter 19 for defined terms.