

# QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 2010

30 July 2010

## HIGHLIGHTS

- **Program approval and heritage clearance gained for our Doolgunna West Project.**
- **Earthworks for drill rig access and pads completed.**
- **Drilling to commence in July 2010.**
- **Sheeza Project assessed via 1,233 metres of aircore drilling.**
- **Access defined for the West Angelas project, interpretation pending. Program of works and heritage work to follow early in the next quarter.**

## PROJECTS

### DOOLGUNNA WEST PROJECT (Cu/Au)

Chrysalis is currently drilling 5 geophysical anomalies. The aim is to ascertain the cause of these anomalies via inclined or vertical reverse circulation drill holes. Drilling commenced in mid July and is expected to finish at the end of the last week of August.

During the quarter, a program of works was developed and submitted to the Department of Mines and Petroleum and approval was granted on the 16th June 2010. Concurrent with the approval process, Chrysalis contracted the archaeological and ethnographic surveys to Yamatji Communications. All proposed lines and drill points were cleared and earthworks commenced in late June. It was envisaged that drilling would commence in late June 2010 but due to contractor difficulties, this was delayed till mid July 2010.

The Doolgunna West Copper Gold Project comprises an area of approximately 18.5 km<sup>2</sup>. The project is located within the Meekatharra Mineral Field approximately 130 kilometres north of the township of Meekatharra.

The Company has a granted exploration tenement approximately 20 kilometres west along strike from the Sandfire Resources (ASX:SFR) 'DeGrussa' Copper/Gold Deposit. Parts of our tenements immediately adjoin Sandfire's ground.

#### Chrysalis Resources Limited

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#### Company Snapshot

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

#### Company Structure

No of Shares on Issue	44,423,001
No of Options on Issue	35,059,127
Cash (as at 30th June 10)	\$2.15M

#### Board Structure

Dr Neale Fong  
Executive Chairman

Mr Adrian Paul  
Non Executive Director

Mr Grant Kidner  
Non Executive Director/Company Secretary

## WEST ANGELAS PROJECT (Fe)

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

During the quarter, Bruce Craven & Associates were contracted to complete a final aerial magnetic interpretation of the area with a focus on defining CID and insitu/bedded targets. This work continues and will be finalised early in the next quarter.

Whilst geophysical interpretations continue, defining access for possible field work for this tenure was completed. The area was traversed and current 1:250000 GSWA mapping validated. A program of works is being developed for submission and approval by the relevant government bodies coupled with archaeological and ethnographic clearance via an external contractor. It is envisaged that this program of works and heritage clearance will commence in the next quarter.

## SHEEZA PROJECT (Au)

The Sheeza Gold Project comprises an area of approximately 17 km<sup>2</sup>. The project is located within the Broad Arrow Mineral Field approximately 20 kilometres northwest of the historic gold mining centre of Ora Banda and 75 kilometres northwest of Kalgoorlie.

During May 2010, two of the highest tenure anomalies within this project were subject to 1,233 metres for 99 holes of air core drilling to assess their potential. The program was based on external consultant interpretation using soil geochemistry and geophysics in consultation with internal technical staff. Below is a breakdown of the results:.

Statistics	Au_ppb	Pt_ppb	As_ppm	Ni_ppm	Cu_ppm	Ag_ppm
Maximum	1150	30	8.4	791	740	0.25
Medium	3.2	-5	0.8	158	55	-0.05
Minimum	-0.2	-5	-0.2	16	7.5	-0.05
Average	10.7	-4.2	1.0	219.2	73.0	0.0

	Zn_ppm	Co_ppm	Pd_ppm	W_ppm	Pb_ppm	Mg_%
Maximum	947	367	20	8	269	12.5
Medium	32	33.8	-10	-0.1	2	2.25
Minimum	4	3.4	-10	-0.1	-1	0.12
Average	49.8	41.9	-8.9	0.0	3.1	3.4

	Fe_%	Ca_%	Be_ppm
Maximum	15.7	20.9	20.2
Medium	3.47	4.37	-0.2
Minimum	-0.01	0.06	-0.2
Average	3.4	5.1	0.4

Table 1: Raw Assay statistics.

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ASX Share Code CYS

Sector Mining

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The maximum assay result for gold was 1.15 g/t Gold which when it was re-assayed, returned a value of 3.27 g/t gold, the next highest gold assay was 216ppb Au from the top of hole CSA088. This sample was a 1 metre sample from the top of the hole, CSA038, which is representative of the soil horizon in target Area C. Whilst significant in itself, when put in context it is essentially a soil sample within the drilling and no further anomalism in any element assayed for is exhibited in holes around it or within the hole from which this sample came from. Unfortunately this demonstrates that this particular result must be discounted and is not representative of possible further anomalism/mineralisation in the area drilled.

No other elements analysed returned any anomalous values.

The Company will continue to evaluate its options with respect to future exploration at the Sheeza Project.

### PIONEER PROJECT (Au)

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

During the quarter, a final geophysical/historical drilling interpretation has been commissioned via Bruce Craven & Associates. This work will commence when the West Angelas interpretation work is completed and will go beyond concentrating on the Spongelite Prospect, taking into account the whole project area. Other than the Company Geologist traversing the area during the quarter, no other work was completed.

### SPRING CREEK (Fe)

The Spring Creek project was subjected to a field trip by Chrysalis staff to verify 1:250000 GSWA mapping and possibly define the extents of the mapped Spring Creek Tertiary unit which is host to the Spring Creek Limonites in the northern part of this project.

Whilst it was confirmed that this Tertiary unit continues into Chrysalis tenure, the tenure is dominated by dolerite and basaltic flows of the Fortescue Group and recent sediments as shallow channels. Potential for bedded mineralisation is not possible whereas the possibility of CID development in the northern part of the projects remains prospective. The Company Geologist has traversed the area during the quarter but no other work was completed.

### HORSESHOE LIGHTS (Cu/Au)

The Horseshoe South Project comprises an area of approximately 11.3 km<sup>2</sup>. The project is located within the Meekatharra Mineral Field approximately 140 kilometres north of the township of Meekatharra.

During the quarter, P52/1363 was granted on 27th May 2010. Along with the grant, the area was traversed during a Doolgunna West field trip to ascertain the nature of the ground within this tenure

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and its suitability for soil sampling. Upon traversing the area, the Horseshoe Lights Project appears to be amenable to auger drilling as a first pass assessment of the area. Various auger drill operators have been contacted to tender their services. It is envisaged that this will be finalised sometime in the next quarter of the new financial year.

### YOUANMI (U)

The Youanmi Uranium Project comprises an area of approximately 390km<sup>2</sup> of application tenure. The project is located 480km northeast of Perth within the Yilgarn Province of Western Australia.

The Youanmi project was granted then subsequently relinquished on the 30th June 2010. Chrysalis opted out of the Youanmi Project to concentrate on its premier projects of Doolgunna West, West Angelas and Pioneer.

### WINDARRA PROJECT (Ni)

The Windarra Nickel Project comprises an area of approximately 4.3 km<sup>2</sup>. The project is located in the Laverton mineral field and immediately south and south west of the Windarra South nickel mine.

No work was performed on the project during the quarter.

### GREGORY RANGE (Fe)

The Gregory Range Iron Project comprises an area of approximately 84 km<sup>2</sup> with further applications pending totalling 1077 km<sup>2</sup>. The project is located in the Marble Bar mineral field, approximately 200 kilometres south east of Port Hedland.

No work was performed on the project during the quarter.

### BEYONDIE WEST (Fe)

The Beyondie West Project comprises an area of approximately 1152 km<sup>2</sup>. The project is located in the northern region of the mid-west iron province of Western Australia, immediately adjacent to the Great Northern Highway and Goldfields Gas pipeline.

No work was performed on the project during the quarter.

### MISCELLANEOUS

During the quarter, CSA Global have been contracted to build and maintain Chrysalis's metadata and GIS data. Work commenced on building and maintaining a valid database late in the quarter and it is expected that this work will be finalised early in the new financial year. The aim is to standardise and be able to produce valid data for interrogation and presentation across all our projects across Western Australia.

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**CORPORATE**

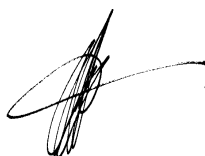
During the quarter Chrysalis spent \$183,000 on field work and evaluation Programs. The Company has \$2.15 million in cash as at 30 June 2010.

**SUMMARY**

The company is poised for a very exciting new financial year with the commencement of drilling over our Doolgunna West Project, coupled with preparatory work for West Angelas coming to fruition and a program of works being developed for the new quarter. The company will continue to evaluate each project on its merits and make prudent decisions regarding all those projects. The Company is confident that the prioritisation of projects and subsequent works programmed will give some significant advances in further understanding the projects under our stewardship.



**DR N FONG**  
Executive Chairman



**G KIDNER**  
Company Secretary

*Competent Person's Statement:*

*The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Jason Livingstone, who is a Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and is a fulltime employee of Chrysalis Resources Limited. Mr Livingstone is the Company Geologist of Chrysalis Resources Ltd and has over 11 years of exploration and mining experience in a variety of mineral deposit styles. Mr Livingstone has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Livingstone consents to inclusion in the report of the matters based on his information in the form and context in which it appears.*

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