

THE CHRYSALIS REPORT



Chrysalis is focused on generating superior returns through the creation of a series of unique Capital Pool Companies...

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Chrysalis IV Signs Agreement with Homeland Energy

On June 18, 2007, four months following its \$850k IPO, CIV signs an Agreement with Homeland Energy, an exciting coal exploration and development company that also holds a significant position in Homeland Uranium Inc

Chrysalis V Incorporates

CV incorporates and is preparing for its September IPO

Chrysalis III Completes Acquisition of U.S. Silver

On Dec. 28, 2006, CIII completed its Qualifying Transaction with U.S. Silver and now trades as "USA" on the TSXV

CHRYsalis CPCs

"Chrysalis Partners" Launches with Carlaw Capital CPC

In Jan, the "Chrysalis Partner" program launches with Carlaw Capital, which completed its \$1.1M IPO Feb 27- TSXV: CLW.P

Chrysalis Announces 2nd Partner CPC: Panda Capital Inc

Our 2nd Chrysalis Partner, Panda Capital is set for a summer IPO

PARTNER CPCs

Chrysalis Labs Signs Agreement with Pangea Pictures Corp

Chrysalis will be helping Pangea prepare for an eventual CPC

LABS

Dear Shareholders & Partners,

Welcome to the 2nd edition of The Chrysalis Report

A lot has happened since we last chatted in November of '06 and we're pleased to report that our 3rd CPC, Chrysalis III successfully completed its transaction with U.S. Silver Corp in record time - approx 2.5 months from the date we signed the Agreement in Principle - making this one of the fastest CPC transactions in TSXV history. More importantly, shareholders of Chrysalis III have had the opportunity to realize a 600% gain - less than a year after their initial investment.

We're also excited to report that Chrysalis IV has just signed an Agreement in Principle with Homeland Energy, less than 4 months from the date it IPO'd via Eric Mennell of Canaccord Capital - who did a fantastic job organizing another over-subscribed Chrysalis IPO. As you can guess, we're already deep into planning for the IPO of Chrysalis V, set for September.

CPC Presidents Wanted: In addition to creating a series of unique Chrysalis branded CPCs, we recently introduced "Chrysalis Partners" - a program where we partner with experienced individuals and groups that have access to great deal flow and a desire to create a CPC; but lack an understanding of the intricacies of the CPC program and the back office support required to maintain it. Since launching the service, we've signed up 2 Partners and expect more in the coming months.

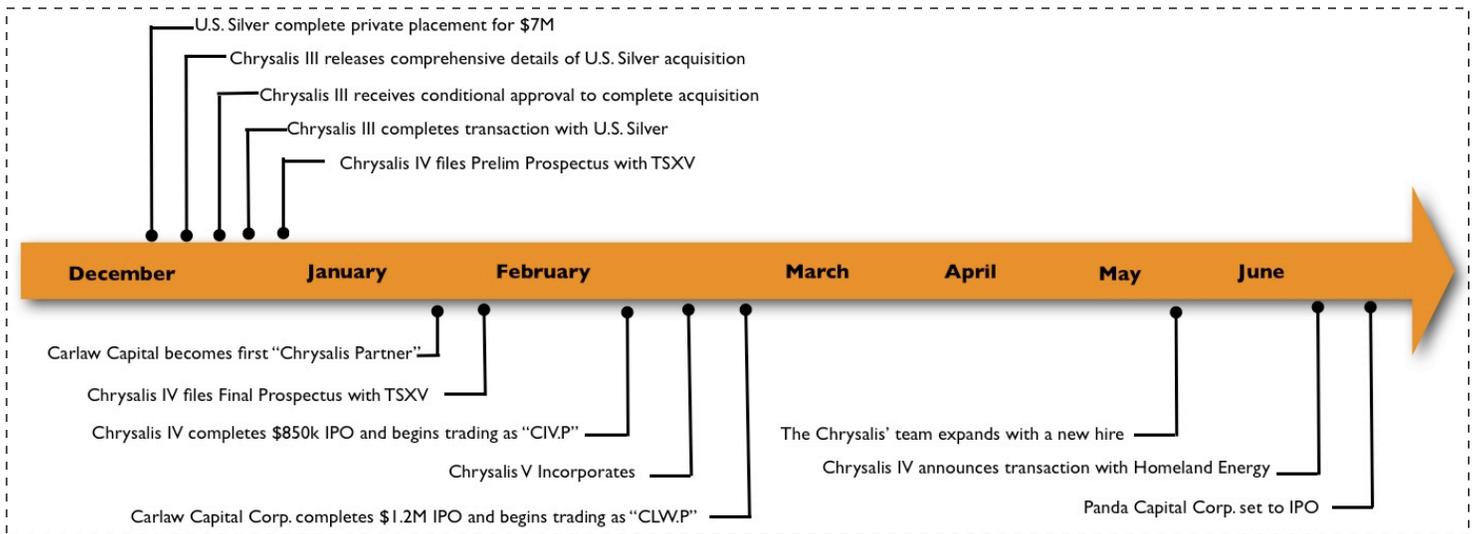
Finally, with the signing of Pangea Pictures Corp, we've officially launched Chrysalis Labs - whose goal is to advise and help prepare early stage private operating companies that are ideally suited for the CPC Program for an eventual transaction.

We will continue to work hard to provide our shareholders and partners with opportunities to realize significant gains via the CPC program and welcome your feedback and suggestions on how to do so.

Sincerely,

Marc Lavine
Chairman

Robert Munro
President



CHRYSALIS CPC ACTIVITIES

CHRYSALIS IV ANNOUNCES QUALIFYING TRANSACTION WITH HOMELAND ENERGY

On June 18, Chrysalis IV announced its Qualifying Transaction with Homeland Energy. With over \$25M raised into the company to date and a market cap exceeding \$80M, Homeland has established itself as a premier coal exploration and development company. In addition to its coal assets, Homeland also holds a significant ownership position in Homeland Uranium Inc, which recently closed a \$25M financing. For a detailed overview, please visit www.homelandcorp.com

Insight: *The success of our transaction with U.S. Silver has given us a significant amount of credibility within the mining industry, exposing us to very high quality targets, such as Homeland.*

CHRYSALIS III COMPLETES TRANSACTION WITH US SILVER CORPORATION

On December 28, Chrysalis III announced the closing of its previously announced acquisition of U.S. Silver Corporation. John Ryan, Chairman stated, "Chrysalis was instrumental in helping us achieve a public listing on an extremely tight timetable. Their relationship with the TSXV and intimate knowledge of the CPC process allowed us to complete our transaction just over 2 months from the date we signed our Agreement, helping us avoid a share dilution penalty that would have cost us millions of dollars. I would highly recommend them to anyone seeking a CPC..."

Insight: *Chrysalis III shareholders have enjoyed returns as high as 600%, making this one of the most successful CPCs in 2006.*

CHRYSALIS V INCORPORATES AND PREPARES FOR A SEPTEMBER IPO

Our next CPC, Chrysalis Capital V Corporation is preparing for a September IPO. Stay tuned for more information

CHRYSALIS PARTNERS & LABS

CHRYSALIS LAUNCHES THE "CHRYSALIS PARTNERS" PROGRAM

Over the past several years, Chrysalis has developed a significant amount of unique and sought after Intellectual Property (IP) surrounding the CPC Program. Over the past while, we've had numerous requests from individuals with access to excellent deal-flow to leverage this IP and as such we're pleased to introduce to the "Chrysalis Partners" Program.

Individuals or groups who have access to a breadth of "deal-flow" but lack the time or expertise required to run a premier CPC are the ideal candidates for the program. In exchange for an investment in their CPC's seed financing, Chrysalis Partners enjoy access to Chrysalis' infrastructure, staff and service partners - allowing them to focus all of their energies on doing what they do best - finding great Qualifying Transactions.

Since launching the service in January, we've successfully helped 2 groups create CPCs:

- 1) Carlaw Capital - \$1.2M IPO in Feb, 2007 - (TSXV:CLWP)
- 2) Panda Capital - set to IPO in the summer of 2007

If you, or someone you know, would be interested in creating a Chrysalis Partner CPC, please contact us any time.

PANGEA PICTURES SIGNS WITH CHRYSALIS LABS IN PREPARATION FOR AN EVENTUAL CPC

Chrysalis was recently introduced to a forward thinking group that is in the process of consolidating several of the film industry's leading post-production special effects companies in preparation for the launch of its film production arm; set to revolutionize the the way movies are produced.

Chrysalis has partnered with Pangea to advise and assist them as they determine the optimal structure and timing for a TSXV listing.