

CHROME

CORPORATION LTD

ABN 30 003 207 467

December 2008 Quarterly Activities Report

Key Highlights:

- **Extension to Sale Agreement**
- **Grant of Sec 11**
- **Ruighoek Chrome Project – Mining Operations Continue**
- **Renegotiation of BEE**
- **Placement**

Ruighoek Chrome Project – North West Province, South Africa

During the quarter, Chrome Corporation Ltd ("Chrome") and AMCOL International Corporation ("AMCOL") agreed to vary the Cut Off Date for the conditional share sale agreement dated 5 March 2008 between Chrome, Chrome Holdings Limited ("Chrome Holdings") and AMCOL to 31 January 2009 for the sale of Bonmerci Investments 103 (Pty) Ltd, the holder of 74% of Batlhako Mining Ltd, the registered holder of the Ruighoek Chrome Project. The sale agreement has now been extended from the original Cut Off Date of 30 June 2008 on six separate occasions to enable the parties additional time to fulfil the outstanding conditions precedent of the sale agreement

The settlement of the sale is conditional on approval from South African regulatory authorities. Consent from the Competition Commission of South Africa was received in late August 2008 with consent from the Minister of Minerals and Energy under Section 11(1) of the Mining and Petroleum Resources Development Act for the indirect change in the controlling interest in Batlhako Mining Limited granted on 2 December 2008.

Approval from the Exchange Control Department of the South African Reserve Bank is still pending. Directors, staff and advisors from Chrome continue to work with and assist AMCOL wherever possible with overcoming the delays in receiving this final consent. Issues unique to a regulated foreign exchange environment in combination with tightening of credit markets by the banking system resulting from the global credit crisis have also contributed to the delay.

Ruighoek Operations

Bulk Sampling and mining operations have continued at the Ruighoek Chrome Project during the quarter. As is provided for under the conditional share sale agreement Bulk Sampling Operations and Commercial Operations can commence prior to Closing with AMCOL to provide all funding for the operations and take delivery of the run of mine chrome ore.

Volclay South Africa (Pty) Ltd, a company jointly owned by AMCOL and their South African partner, Niemcor Africa (Pty) Ltd, is conducting the open cut mining operations on the LG6 and LG6A chrome seams using Benhaus, a local chrome mining contracting specialist. During the quarter 25,188 tonnes of chrome ore was removed from site.

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Black Economic Empowerment

In November 2008 Chrome signed a Heads of Agreement with Blue Horison Investments 1 (Pty) Ltd, a wholly owned subsidiary of Aka Resources Holdings (Pty) Ltd, for the conditional sale of their 26% shareholding in Batlhako Mining Limited. This agreement will allow Batlhako to engage a Black Economic Empowerment partner who will be better aligned with the emerging Broad Based Black Economic Empowerment guidelines of increased participation by local communities and landowners in resource projects.

Placement

Chrome secured agreement for the placement of 21,819,744 ordinary fully paid shares at an issue price of \$0.06 per share together with 21,819,744 free attaching listed options (exercise price of \$0.30, expiring 30 September 2011) to raise \$1.31m before costs. The placement was made to clients of Margrave Holdings Ltd.

The Company had previously announced on 11 September that it had reached agreement to place 4,500,000 shares at an issue price of \$0.11 per share together with 4,500,000 free attached listed options (exercise price of \$0.30, expiring 30 September 2011) but only issued 1,900,001 shares and options. This was as a consequence of the financial turmoil on the equity markets and the resultant drop in the Company's share price. It was unsuccessful in placing the remaining 2,599,999 shares and options at an issue price of \$0.11.

Yours faithfully



Brian Thomas
Managing Director
Chrome Corporation Ltd

For further information please contact

Tel : (08) 9388 8430
Fax : (08) 9388 8450

Web : www.chromecorp.com
E-mail : bthomas@chromecorp.com

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CHROME CORPORATION LIMITED

ABN

30 003 207 467

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000 (6 months)
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	-	-
(b) development	(46)	(132)
(c) production	-	-
(d) administration	(505)	(821)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	29
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Other income	18	41
	-	-
Net Operating Cash Flows	(517)	(883)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(68)	(68)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(63)
1.11 Loans repaid by other entities	-	-
1.12 Other	-	(1)
Net investing cash flows	(68)	(132)
1.13 Total operating and investing cash flows (carried forward)	(585)	(1,015)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(585)	(1,015)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,309	1,518
1.15	Convertible Note Expenses	-	-
1.16	Proceeds from borrowings	107	107
1.17	Repayment of borrowings	-	-
1.18	Proceeds from Convertible Note	-	-
1.19	Costs associated with issue of shares	(21)	(21)
	Net financing cash flows	1,395	1,604
	Net increase (decrease) in cash held	810	589
1.20	Cash at beginning of quarter/year to date	537	758
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,347	1,347

Payments to directors of the entity and associates of the directors

Payments to 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 and 1.7	133
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments of Consultancy fees to Director	32
Payments of Directors Fees and Superannuation	101

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

Nil

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

Nil

+ 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	
4.2 Development	75
Total	75

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	1,347	537
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – In Trust	-	-
Total: cash at end of quarter (item 1.22)	1,347	537

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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 <i>(description)</i>				
7.2 Changes during quarter				
(a) Increases through issues	Nil	Nil		
(b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil		
7.3 +Ordinary securities	167,284,722	167,284,722		
7.4 Changes during quarter				
(a) Increases through issues	1,900,001 17,734,744 4,085,000	1,900,001 17,734,744 4,085,000	11 cents 6 cents 6 cents	11 cents 6 cents 6 cents
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	Nil			
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options	82,106,789	82,106,789	<i>Exercise Price</i> 40 cents	<i>Expiry Date</i> 30/09/09
7.8 Issued during quarter	1,900,001	Nil	30 cents	30/09/11
7.9 Exercised during quarter				

+ See chapter 19 for defined terms.

7.10	Expired during quarter			
7.11	Debentures <i>(totals only)</i>	Nil	Nil	
7.12	Unsecured notes <i>(totals only)</i>	Nil	Nil	

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30 January 2009
(Director/Company Secretary)

Print Name: Brian Thomas

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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