

CHROME CORPORATION LIMITED

AND ITS CONTROLLED ENTITIES

ABN 30 003 207 467

INTERIM FINANCIAL REPORT

31 DECEMBER 2008

	PAGE
Directors' Report	3
Auditor's Independence Declaration	6
Consolidated Interim Income Statement	7
Consolidated Interim Balance Sheet	8
Consolidated Interim Statement of Changes in Equity	9
Consolidated Interim Cash Flow Statement	10
Notes to the Consolidated Financial Interim Statements	11
Directors' Declaration	16
Independent Review Report to the Members	17

CORPORATE DIRECTORY

Directors

Richard Linnell - Non-Executive Chairman
 Brian Thomas - Managing Director
 Andrew Waller – Non-Executive Director

Auditors

BDO Kendalls Audit & Assurance (WA) Pty Ltd
 128 Hay Street
 Subiaco WA 6008
 Tel: (08) 9380 8400
 Fax: (08) 9380 8499

Company Secretary

Andrew Chapman

Share Registry

Computershare Investor Services Pty Ltd
 Level 2, Reserve Bank Building
 45 St Georges Terrace
 Perth WA 6000
 Tel: (08) 9323 2000
 Fax: (08) 9323 2033

Registered Office

Suite B, 150 Hay Street
 Subiaco WA 6008
 Tel: (08) 9388 8430
 Fax: (08) 9388 8450

Head Office

Suite B, 150 Hay Street
 Subiaco WA 6008
 Tel: (08) 9388 8430
 Fax: (08) 9388 8450

Home Stock Exchange

Australian Securities Exchange Limited
 Level 2
 Exchange Plaza
 2 The Esplanade
 Perth WA 6000

ASX Code: **CCI**

Website

www.chromecorp.com

Legal Advisors

Blakiston & Crabb
 1202 Hay Street
 West Perth WA 6005
 Tel: (08) 9388 8430
 Fax: (08) 9388 8450

DIRECTORS' REPORT

Your directors present their report together with the consolidated financial report of Chrome Corporation Limited for the six months ended 31 December 2008.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Richard Linnell - Non-Executive Chairman
Brian Thomas - Managing Director
Andrew Waller – Non-Executive Director

Unless otherwise indicated all directors were in office from the beginning of the financial period until the date of this report.

REVIEW AND RESULTS OF OPERATIONS

The consolidated entity incurred an operating loss after tax of \$4,220,399 for the half-year ended 31 December 2008 (2007: operating loss after tax \$1,478,248).

Key Highlights:

- **Approval by Company Shareholders of the Conditional Share Sale Agreement to sell the Ruighoek Chrome Project to AMCOL International Corporation on 30 June 2008;**
- **Applications for Consents for the Sale lodged with South African Regulatory Authorities;**
- **Extensions to Conditional Sale Agreement during the Period;**
- **Consent granted by Competition Commission August 2008;**
- **Ruighoek Chrome Project Mining Operations Commenced October 2008;**
- **Negotiations for the Restructuring of the Batlhako Mining Ltd Black Economic Empowerment Partnership finalised November 2008;**
- **Placement of Shares;**
- **Consent granted by the Minister of Minerals and Energy under Sec 11 of MPRD Act in December 2008;**
- **Variation to Share Sale Agreement agreed and settled February 2009.**

Ruighoek Chrome Project – North West Province, South Africa

Immediately prior to the commencement of the period on 30 June 2008, Chrome Corporation Limited shareholders approved in general meeting the conditional Share Sale Agreement to sell the Ruighoek Chrome Project to AMCOL International Corporation ("AIC").

During the period, Chrome and AIC agreed to vary the Cut Off Date for the conditional Share Sale Agreement dated 5 March 2008 between Chrome, Chrome Holdings and AIC to 31 January 2009 for the sale of Bonmerci, the holder of 74% of Batlhako, the registered holder of the Ruighoek Chrome Project. The sale agreement was 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.

In July 2008, AIC in conjunction with the Company, lodged applications for consent to the transaction with the South African Regulatory Authorities, namely the Competition Commission, the Minister of Minerals and Energy under Sec 11 of Mineral and Petroleum Resources Development Act and the Exchange Control Department of the South African Reserve Bank. Consent from the Competition Commission was received in August 2008.

**CHROME CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467**

DIRECTORS' REPORT

Following protracted delays with the grant of the Section 11 consent, the Company and AIC retained consultants to liaise with the Department of Minerals & Energy Directorate on finding solutions to the impasse. As a consequence negotiations commenced with the incumbent BEE partner to restructure the arrangements which lead to the Company announcing in November 2008 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, the holder of the Ruighoek Chrome Project. 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 South African resource projects.

Consent from the Minister of Minerals and Energy under Section 11(1) of the Mineral and Petroleum Resources Development Act for the indirect change in the controlling interest in Batlhako Mining Limited was granted on 2 December 2008.

On 23 February 2009 the Company announced that it and AIC agreed to vary the conditional share sale agreement dated 5 March 2008 between Chrome, Chrome Holdings Limited ("Chrome Holdings") and AIC whereby AIC or its nominated buyer ("AMCOL") agreed to purchase 100% of the equity in Bonmerci Investments 103 (Pty) Ltd ("Bonmerci"), the holder of 74% of the shares in Batlhako Mining Ltd ("Batlhako"), the registered holder of the Ruighoek Chrome Project.

Completion of the sale was subject to the satisfaction of remaining conditions precedent, including the approval from the Exchange Control Department of the South African Reserve Bank. Changes in the financial and capital markets caused by the global financial crisis have resulted in delays in the satisfaction of the conditions precedent under the original terms. The completion aspects of the transaction have been renegotiated so that completion effectively occurs in two stages as detailed below.

It should be noted that there will be no change to the consideration for the sale, being A\$41 million.

The key amendments to the terms of the agreement are:

1. AMCOL to purchase 53% of Bonmerci for consideration of US\$14 million (A\$21.75 million based on an exchange rate at 30 January 2009 of US\$0.6438) ("Stage 1 Completion");
2. Chrome to repay outstanding US\$6 million loan to AMCOL upon Stage 1 Completion;
3. AMCOL be granted a call option to purchase the remaining 47% equity in Bonmerci from Chrome for US\$12.4 million (A\$19.25 million based on an exchange rate at 30 January 2009 of US\$0.6438) exercisable at any time for a period of 24 months (the purchase by AMCOL of the remaining 47% equity in Bonmerci from Chrome, whether by call option or put option, to be referred to as ("Stage 2 Completion");
4. Chrome to be paid a monthly option fee of US\$75,000/month for the first 12 months and US\$150,000/month for the second 12 months;
5. Chrome to be granted a put option to sell the remaining 47% equity in Bonmerci to AMCOL for US\$12.4 million (A\$19.25 million based on an exchange rate at 30 January 2009 of US\$0.6438) for a one off fee of US\$300,000, which fee is only payable if the put option is exercised by Chrome;
6. Stage 1 Completion and Stage 2 Completion are not conditional on any further approvals;

On 26 February 2009 the Company advised that Stage 1 Completion had occurred and that AMCOL and their South African partners have full operational control of the Ruighoek Chrome Project and continue the open cut mining of chrome ore from the LG6 and LG6A chrome seams commenced late last year.

DIRECTORS' REPORT

Ruighoek Operations

Bulk Sampling and mining operations have continued at the Ruighoek Chrome Project commenced in October 2008 and continued during the period. 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 period 25,188 tonnes of chrome ore was removed from site.

Placement

Chrome secured agreement for the placement of 17,734,744 ordinary fully paid shares at an issue price of \$0.06 per share together with 17,734,744 free attaching listed options (exercise price of \$0.30, expiring 30 September 2011) to raise \$1.06m 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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 6 and forms part of the directors' report for the six months ended 31 December 2008.

Signed in accordance with a resolution of the Board of Directors.



Brian Thomas
Managing Director
Perth, Western Australia
Date: 13 March 2009



BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008
PO Box 700
WEST PERTH WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

13 March 2009

The Board of Directors
Chrome Corporation Ltd
Suite B, 150 Hay Street
SUBIACO WA 6008

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF CHROME CORPORATION LTD

As lead auditor for the review of Chrome Corporation Ltd for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Chrome Corporation Ltd and the entities it controlled during the period.

Brad McVeigh

Director

BDO Kendalls Audit & Assurance (WA) Pty Ltd

Perth, Western Australia

**CHROME CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467**

**CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

	Note	31 December 2008 \$	31 December 2007 \$
Continuing Operations			
Revenue			
Other revenue		7,896	69,990
Employee benefit expense		(286,020)	(221,021)
Depreciation expense		(3,544)	(2,003)
Consultants fees		(424,000)	-
Legal fees		(45,853)	-
Administration expenses		(805,189)	(462,778)
Finance costs		-	(295,832)
Foreign exchange differences	4	(2,445,660)	-
Share based payments expense		-	(420,000)
		<hr/>	<hr/>
Loss from continuing operations before income tax		(4,002,370)	(1,331,644)
Income tax expense		-	-
		<hr/>	<hr/>
Loss for the period from continuing operations after income tax		(4,002,370)	(1,331,644)
Loss from discontinued operations	8	(218,029)	(146,604)
Loss attributable to minority equity interest		-	-
		<hr/>	<hr/>
Loss attributable to members of the parent entity		(4,220,399)	(1,478,248)
		<hr/>	<hr/>
Continuing Operations			
Loss per share - basic (cents per share)		(2.71)	(0.95)
Loss per share - diluted (cents per share)		N/A	N/A
Earnings per Share			
Loss per share - basic (cents per share)		(2.86)	(1.05)
Loss per share - diluted (cents per share)		N/A	N/A

The notes on pages 11 to 15 are an integral part of these consolidated interim financial statements.

CHROME CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467

CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	31 December 2008 \$	30 June 2008 \$
Assets			
Current Assets			
Cash and cash equivalents		867,192	419,873
Receivables		4,224	12,571
Held for trading financial assets		49,827	-
Prepayments		-	5,786
Assets classified as held for sale	7	10,838,993	10,377,428
		<u>11,760,236</u>	<u>10,815,658</u>
Non-Current Assets			
Property, plant & equipment		39,756	43,299
		<u>39,756</u>	<u>43,299</u>
Total Assets		<u>11,799,992</u>	<u>10,858,957</u>
Liabilities			
Current Liabilities			
Trade and other payables		525,459	81,515
Provisions		53,657	50,120
Borrowings	7	8,692,260	6,246,600
Liabilities classified as held for sale	8	1,316,533	651,328
		<u>10,587,909</u>	<u>7,029,563</u>
Total Liabilities		<u>10,587,909</u>	<u>7,029,563</u>
Net Assets		<u>1,212,083</u>	<u>3,829,394</u>
Equity			
Issued capital	6	119,402,665	117,905,498
Reserves		1,478,587	1,372,666
Accumulated losses		(119,669,169)	(115,448,770)
Parent Interest		1,212,083	3,829,394
Minority interest		-	-
Total Equity		<u>1,212,083</u>	<u>3,829,394</u>

The notes on pages 11 to 15 are an integral part of these consolidated interim financial statements.

**CHROME CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467**

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

	Issued Capital \$	Option Reserve \$	Share Based Payment Reserve \$	Accumulated Losses \$	Foreign Exchange Reserve \$	Minority Equity Interest \$	Total Equity \$
At 1 July 2008	117,905,498	647,040	550,908	(115,448,770)	174,718	-	3,829,394
Adjustment for translation of foreign controlled entities	-	-	-	-	105,921	-	105,921
Net income for the period recognised directly in equity	-	-	-	-	105,921	-	105,921
Loss for the period	-	-	-	(4,220,399)	-	-	(4,220,399)
Total recognised income and expense	-	-	-	(4,220,399)	105,921	-	(4,114,478)
Shares issued during the period	1,518,185	-	-	-	-	-	1,518,185
Transaction costs	(21,018)	-	-	-	-	-	(21,018)
At 31 December 2008	119,402,665	647,040	550,908	(119,669,169)	280,639	-	1,212,083
At 1 July 2007	115,473,536	647,040	130,908	(111,896,073)	(127,046)	-	4,228,365
Adjustment for translation of foreign controlled entities	-	-	-	-	(128,660)	-	(128,660)
Net (expense) for the period recognised directly in equity	-	-	-	-	(128,660)	-	(128,660)
Loss for the period	-	-	-	(1,478,248)	-	-	(1,478,248)
Total recognised income and expense	-	-	-	(1,478,248)	(128,660)	-	(1,606,908)
Shares issued during the period	2,993,699	-	-	-	-	-	2,993,699
Transaction costs	(562,690)	-	-	-	-	-	(562,690)
Cost of share based payments	-	-	420,000	-	-	-	420,000
At 31 December 2007	117,904,545	647,040	550,908	(113,374,321)	(255,706)	-	5,472,466

The notes on pages 11 to 15 are an integral part of these consolidated interim financial statements.

CHROME CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

	31 December 2008 \$	31 December 2007 \$
Cash Flows From Operating Activities		
Payments to suppliers and employees	(1,204,858)	(1,006,464)
Interest received	28,650	69,991
Other income received	51,124	37,254
(Repayment of)/ deposit from Blackthorn	-	(250,000)
Interest and other finance costs paid	-	(146,320)
Payments for development	-	(17,630)
	<hr/>	<hr/>
Net Cash Flows From/(Used in) Operating Activities	(1,125,084)	(1,313,169)
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Payments for investments	(67,417)	-
Payment for property, plant and equipment	(56,690)	(222,440)
Loans to other entities	(58,954)	-
Payments for patents	-	(2,708)
	<hr/>	<hr/>
Net Cash Flows From/(Used in) Investing Activities	(183,061)	(225,148)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Proceeds from share and option issues	1,518,185	2,993,699
Payment of share issue expenses	(21,019)	(562,690)
Proceeds from borrowings	407,087	-
	<hr/>	<hr/>
Net Cash Flows From Financing Activities	1,904,253	2,431,009
	<hr/>	<hr/>
Net Increase In Cash Held	596,108	892,692
Cash at beginning of the financial period	757,695	1,298,918
	<hr/>	<hr/>
Cash at the end of the Financial Period	1,353,803	2,191,610
	<hr/>	<hr/>

The notes on pages 11 to 15 are an integral part of these consolidated interim financial statements

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting entity

Chrome Corporation Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2008 is available upon request from the Company's registered office at Suite B, 150 Hay Street Subiaco WA 6008 or at www.chromecorp.com.

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2008 and any public announcements made by Chrome Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This consolidated interim financial report was approved by the Board of Directors on 13 March 2009.

3. Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2008 and previous corresponding interim period.

4. Significant expenses

The Company has a US\$6 million denominated loan owing to AMCOL International Corporation Limited (AMCOL) which is to be repaid to AMCOL upon the settlement of the sale of the Ruighoek Chrome Project to AMCOL. Due to foreign currency fluctuations during the year at 31 December 2008 the balance owing in Australian dollars had increased to \$8,692,260 (30 June 2008:\$6,246,600) resulting in a foreign exchange loss of \$2,445,660 for the six months.

5. Going Concern

The accounts have been prepared on a going concern basis as the directors believe the Company will be able to satisfy its liabilities as they fall due and payable. Subsequent to the reporting date the Company was able to settle current borrowings of \$8,692,260 by completion of the sale of the Ruighoek Chrome Project. The excess of funds received from the sale will provide the Company with additional working capital. Refer additional details of the sale in Note 12.

**CHROME CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Contributed Equity

	2008	2007
	\$	\$
Ordinary shares on issue during the six months		
Issued on placement at 10 cents each	-	2,993,668
Issued on placement at 11 cents each	209,000	-
Issued on placement at 6 cents each	1,309,184	-
Options exercised	-	31
Transaction costs on share issue	(21,018)	(562,690)
	1,497,166	2,431,009

	2008	2007
	Number of shares	Number of shares
Issued on placement at 10 cents each	-	59,936,638
Issued on placement at 11 cents each	1,900,001	-
Issued on placement at 6 cents each	21,819,744	-
Options exercised	-	77
	23,719,745	59,936,715

	Number of options 2008	Number of options 2007
Options on issue during the six months		
Listed options issued at 40 cents per share expiring 30 September 2009	-	44,968,340
Listed options exercised at 40 cents each per share expiring 30 September 2009	-	(77)
Listed options expired at \$1 per share expiring 30 September 2007	-	(24,966,022)
Unlisted options issued at 30 cents per share expiring 30 September 2011	1,900,001	-
	1,900,001	20,002,241

The options on issue at 31 December 2008 were 82,106,789 (2007:82,109,291).

7. Short Term Borrowings

Convertible notes	-	5,980,500
Loan AMCOL	8,692,260	-
	8,692,260	5,980,500

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Discontinued Operation

In March 2008 the Group announced it had entered into an agreement with Amcol International Corporation (“AIC”) to purchase, subject to shareholder approval and South African regulatory approvals, the Group’s 74% interest in the Ruighoek Chrome Project in South Africa for \$41 million. The transaction involves the sale of the Group’s South African 100% owned subsidiary Bonmerci Pty Ltd. Settlement of this transaction occurred on 26 February 2009, after balance date, on a partial basis with the balance of the sale to occur at a later date. Accordingly the Group has shown the South African operations as discontinued operation in the income statement and balance sheet.

	31 December 2008	31 December 2007
Results of discontinued operation		
Revenue	77,657	67,428
Expenses	(295,686)	(214,032)
Loss for the period from discontinued operations	<u>(218,029)</u>	<u>(146,604)</u>

No income tax benefit or expense has been recognised in relation to discontinued operations.

	31 December 2008	30 June 2008
Assets and liabilities held for sale operations		
Assets		
Trade and other receivables	144,471	126,569
Cash and cash equivalents	486,611	337,822
Plant and equipment	1,453,630	1,158,544
Deferred exploration & evaluation	8,754,281	8,754,493
Assets classified as held for sale	<u>10,838,993</u>	<u>10,377,428</u>
Liabilities		
Trade and other payables	150,074	25,995
Provision for rehabilitation	759,372	625,333
Borrowings	407,087	-
Liabilities classified as held for sale	<u>1,316,533</u>	<u>651,328</u>

Cash flow information - held for sale operations		
Net cash used in operating activities	(434,890)	(536,654)
Net cash used in investing activities	-	(62,369)
Net cash used in held for sale operations	-	-

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. Segment Information

The consolidated entity operates in two geographical segments being Australia and South Africa and one industry segment, that of chromite ore exploration.

Half-Year ended 31 December 2008	South Africa (discontinued)	Australia	Unallocated	Total
Revenue				
Rents and recoveries	56,903	-	-	56,903
Interest Revenue	-	-	28,650	28,650
Total consolidated revenue	56,903	-	28,650	85,553
Result				
Segment result	(218,029)	(4,002,370)		(4,220,399)
Loss before income tax				(4,220,399)
Income tax expense				-
Net loss for period				(4,220,399)
Half-Year ended 31 December 2007				
Revenue				
Rents and recoveries	67,428	-	-	67,428
Interest Revenue	-	-	69,990	69,990
Total consolidated revenue	67,428	-	69,990	137,418
Result				
Segment result	(146,604)	(1,331,644)		(1,478,248)
Loss before income tax				(1,478,248)
Income tax expense				-
Net loss for period				(1,478,248)

10. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

11. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2008 annual financial report.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Subsequent Events

On 23 February 2009 the Company announced that it and AMCOL International Corporation ("AIC") agreed to vary the conditional share sale agreement dated 5 March 2008 between Chrome, Chrome Holdings Limited ("Chrome Holdings") and AIC whereby AIC or its nominated buyer ("AMCOL") agreed to purchase 100% of the equity in Bonmerci Investments 103 (Pty) Ltd ("Bonmerci"), the holder of 74% of the shares in Batlhako Mining Ltd ("Batlhako"), the registered holder of the Ruighoek Chrome Project.

Completion of the sale was subject to the satisfaction of remaining conditions precedent, including the approval from the Exchange Control Department of the South African Reserve Bank. Changes in the financial and capital markets caused by the global financial crisis have resulted in delays in the satisfaction of the conditions precedent under the original terms. The completion aspects of the transaction have been renegotiated so that completion effectively occurs in two stages as detailed below.

It should be noted that there will be no change to the consideration for the sale, being A\$41 million.

The key amendments to the terms of the agreement are:

1. AMCOL to purchase 53% of Bonmerci for consideration of US\$14 million (A\$21.75 million based on an exchange rate at 30 January 2009 of US\$0.6438) ("Stage 1 Completion");
2. Chrome to repay outstanding US\$6 million loan to AMCOL upon Stage 1 Completion;
3. AMCOL be granted a call option to purchase the remaining 47% equity in Bonmerci from Chrome for US\$12.4 million (A\$19.25 million based on an exchange rate at 30 January 2009 of US\$0.6438) exercisable at any time for a period of 24 months (the purchase by AMCOL of the remaining 47% equity in Bonmerci from Chrome, whether by call option or put option, to be referred to as ("Stage 2 Completion");
4. Chrome to be paid a monthly option fee of US\$75,000/month for the first 12 months and US\$150,000/month for the second 12 months;
5. Chrome to be granted a put option to sell the remaining 47% equity in Bonmerci to AMCOL for US\$12.4 million (A\$19.25 million based on an exchange rate at 30 January 2009 of US\$0.6438) for a one off fee of US\$300,000, which fee is only payable if the put option is exercised by Chrome;
6. Stage 1 Completion and Stage 2 Completion are not conditional on any further approvals.

On 26 February 2009 the Company advised that Stage 1 Completion had occurred and that AMCOL and their South African partners have full operational control of the Ruighoek Chrome Project and continue the open cut mining of chrome ore from the LG6 and LG6A chrome seams commenced late last year and the US\$6 million loan has been repaid.

DIRECTORS' DECLARATION

In the opinion of the directors of Chrome Corporation Limited ("the Company"):

- a) the financial statements and notes set out on pages 7 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position of the consolidated entity as at 31 December 2008 and of its performance for the six month period ended on that date; and
 - (ii) (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Brian Thomas
Executive Director

Perth, Western Australia
Date: 13 March 2009

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CHROME CORPORATION LTD

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Chrome Corporation Ltd, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Chrome Corporation Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Chrome Corporation Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls
BM Veigh

Brad McVeigh
Director

Dated this 13th day of March 2009
Perth, Western Australia