

CHROME

CORPORATION LTD

ABN 30 003 207 467

25th January 2007

Manager of Company Announcements
Australian Stock Exchange Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

By E-Lodgement

31st December 2006 Quarterly Report

Key Highlights:

- **Grant of New Order Rights at Ruighoek Chrome Project**
- **Lodgement of Mining Rights Application**
- **Acceptance of Mining Rights Application by DME**
- **Completion of Underwritten Renounceable Rights Issue and Placement**
- **Due diligence on new projects**

Batlhako Mining Limited - Ruighoek Chrome Mine, South Africa

On the 20th October 2006, Batlhako Mining Ltd, Chrome Corporation Limited's (CCI) 74% owned subsidiary, received notification from the South African Department of Minerals and Energy (DME) that the old order chrome prospecting permits on farm Ruighoek 169 JP were now converted to new order chrome prospecting rights.

On the 23rd November 2006, Batlhako Mining Ltd, lodged a Mining Rights Application for open cut chrome mining operations on farm Ruighoek 169 JP with the DME's North West Province regional office at Klerksdorp. Receipt and acceptance of the application was subsequently confirmed by the DME on 7th December 2006 along with a timetable to complete future requirements to progress the application, such as the Environmental Impact Assessment, Environmental Management Plan, interested and affected parties consultation process and the broad based aspects of the Black Economic Empowerment process. The company's staff and specialist environmental/social consultants, Golders Associates Africa, are well advanced with all the above reports and processes. CCI is confident that all deadlines with the DME can now be met.

CCI accepted an offer in July 2006 from a UK unlisted public company, Blackthorn Mining plc, to purchase, subject to CCI shareholder approval, the Ruighoek Chrome Project. Blackthorn offered a combined consideration of cash and shares of A\$21,000,000 which comprises \$8,700,000 in cash and \$12,300,000 of ordinary shares in Blackthorn to be issued at the time that Blackthorn lists on the AIM Market in London.

The cash component of the offer will enable CCI to extinguish all outstanding debts associated with the original acquisition of the Ruighoek Project by redeeming the \$6,000,000 in listed February 2008 10% coupon convertible notes plus the loan facility with Ilanda Associates and a further \$270,000 in unsecured loan notes.

New Projects

The company continued the search for a new resource project to replace the Ruighoek Chrome Project once the Blackthorn transaction completes. Consultants have conducted due diligence on a number of opportunities with a more comprehensive study on one currently underway.

Corporate

Underwritten Renounceable Rights Issue

The company completed the renounceable pro rata offer of one fully paid ordinary share for every two shares fully paid ordinary shares to existing shareholders at an issue price \$0.005 announced in August. The issue of 464,835,024 shares with 464,835,024 free attaching options was fully underwritten raised \$2,324,175. The offer closed on 25th September with some applications for the shortfall received after the start of the quarter.

Placement

The company also secured agreement for the placement to sophisticated investors of 278,000,000 Ordinary Fully Paid Shares at an issue price of \$0.0045 per share together with 278,000,000 free attaching listed options (2 cents, 30 September 2009) which raised \$1,251,000 before costs. Chrome will initially issue 209,000,000 shares under its 15% placement facility with the balance of the securities being issued subject to shareholder approval. A Notice of Meeting will be sent to shareholders in due course.

Ilanda Debt

On 16th September 2005, Chrome Corporation Ltd signed a loan agreement with Ilanda Associates Limited whereby Ilanda advanced \$2,000,000 to allow the final settlement of the balance of the vendor consideration of ZAR10,000,000 owed to EBCK Limited under the original agreement to purchase the shares in Bonmerci Investments 103 (Pty) Ltd, the company which holds 100% of shares in Batlhako Mining Limited. The loan was repayable by 30th November 2006 with interest accruing at the rate of 10% per annum payable on repayment of the facility.

As detailed above, the original intention was to repay the Ilanda loan and interest post the settlement of the sale of Chrome Holdings Ltd to Blackthorn Mining plc. As the AIM listing of Blackthorn has been delayed, the company entered into negotiations with Ilanda to vary the repayment terms. Ilanda agreed to delay repayment of the full amount to 30th March 2007 in return for payment of all accrued interest as at 30th September 2006.

Subsequent to the finalisation of the rights issue, the board took the decision to repay \$1,000,000 of the outstanding loan advance.

Negotiations were also conducted on a variation to the repayment terms of unsecured Loan Notes with a face value of \$270,000 with a similar maturity profile. All but one note holder agreed to the variation with that note holder calling a \$70,000 note.

Company Secretary

During the quarter Mr Peter Landau resigned from the position of Joint Company Secretary. The Company is pleased to advise that Mr Andrew Chapman has been appointed Joint Company Secretary of the Company.

Yours faithfully



Brian Thomas
Managing Director
Chrome Corporation Ltd

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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 2006

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	(20)	(20)
(b) development	(140)	(349)
(c) production	-	-
(d) administration	(298)	(612)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	6
1.5 Interest and other costs of finance paid	(149)	(298)
1.6 Income taxes paid	-	-
1.7 Other	24	38
Net Operating Cash Flows	(578)	(1,235)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(23)	(25)
1.9 Proceeds from sale of:		
(a) prospects	-	100
(b) equity investments	250	250
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Cash on acquisition of subsidiary	-	-
Net investing cash flows	227	325
1.13 Total operating and investing cash flows (carried forward)	(351)	(910)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(351)	(910)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,253	2,924
1.15	Convertible Note Expenses	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(1,000)	(1,200)
1.18	Proceeds from Convertible Note	-	-
1.19	Costs associated with issue of shares	(186)	(196)
	Net financing cash flows	67	1,528
	Net increase (decrease) in cash held	(284)	618
1.20	Cash at beginning of quarter/year to date	1,188	286
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	904	904

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	116
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	40
Payments of Directors Fees and Superannuation	76

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	150
4.2 Development	250
Total	400

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	904	1,188
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – In Trust	-	-
Total: cash at end of quarter (item 1.22)	904	1,188

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	1,394,518,322	1,394,518,322		
7.4 Changes during quarter				
(a) Increases through issues	13,250	13,250	2 cents	2 cents
(b) Decreases through returns of capital, buy-backs	Nil	Nil		
7.5 +Convertible debt securities <i>(description)</i>	239,220,000	239,220,000	2.5 cents	2.5 cents
7.6 Changes during quarter				
(a) Increases through issues	Nil	Nil		
(b) Decreases through securities matured, converted	Nil	Nil		
7.7 Options	499,320,624	499,320,624	<i>Exercise Price</i> 5 cents	<i>Expiry Date</i> 30/09/07
	464,821,774	464,821,774	2 cents	30/09/09
7.8 Issued during quarter	Nil	Nil		
7.9 Exercised during quarter	13,250	13,250		

+ See chapter 19 for defined terms.

7.10	Expired during quarter	Nil	Nil		
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: 25th January 2007

(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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