

QUARTERLY ACTIVITIES REPORT

March 2019

INTRA ENERGY REPORTS STEADY PERFORMANCE

- Sales in Q3 – 202,726 tonnes
- Production in Q3 – 192,722 tonnes
- Coal stocks available to meet demand during the wet months
- Stronger cash flow is reducing debt

Intra Energy Corporation (“IEC”) is the dominant coal supplier to industrial energy users in the Eastern African region. Its 70% owned Tancoal mine in Tanzania which is also 30% owned by the National Development Corporation of Tanzania (NDC) is the largest operational coal mine in Tanzania and East Africa, and is manned exclusively by Tanzanians.

MINING OPERATIONS

IEC Group Production and Sales

	Quarter Ended		
	Mar-19	Mar-18	Var (%)
Overburden Stripped (bcm)	952,468	776,086	22.73%
Coal mined (tonnes)	192,722	140,238	37.42%
Sold (tonnes)	202,726	127,097	59.50%

- Production and sales have been solely from the Tancoal Mine.

IEC Group quarterly sales volumes (as a percentage) by country

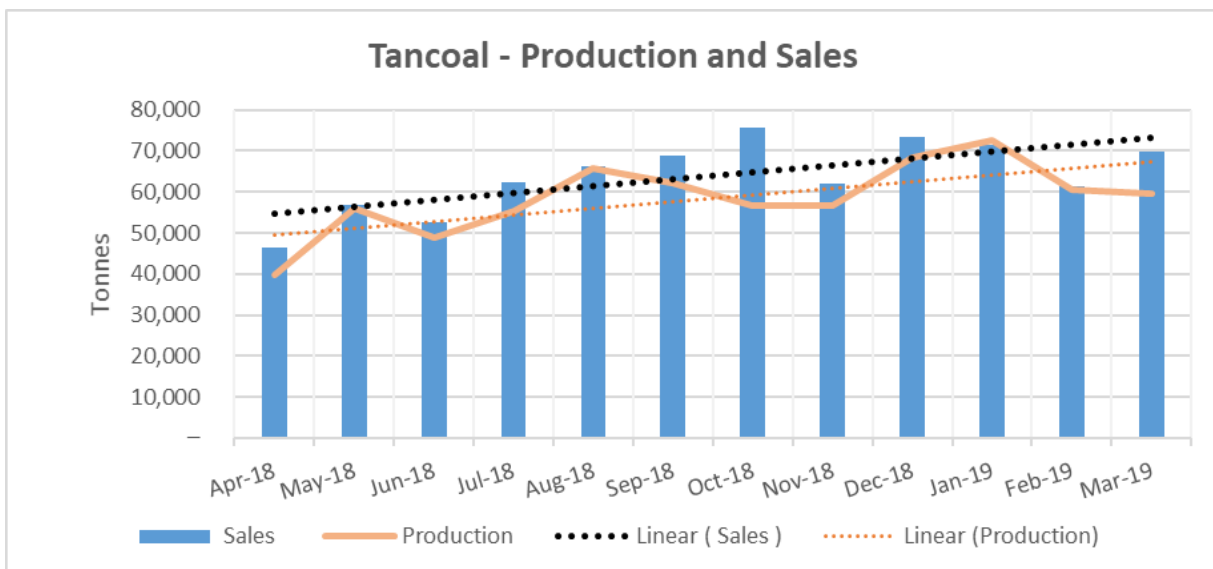
	Quarter Ended	
	Mar-19	Mar-18
Tanzania	78.11%	72.79%
Kenya	13.52%	18.58%
Rwanda	6.36%	7.75%
Uganda	2.01%	0.88%

IEC Group quarterly sales volumes (as a percentage) by industry

	Quarter Ended	
	Mar-19	Mar-18
Cement	68.90%	56.50%
Ceramics	24.07%	26.03%
Textiles	4.16%	5.73%
Other	2.87%	11.74%

The cement industry remained as the main customer during the quarter with the start of infrastructure projects in the country and the main ceramics customer had a shut down during the quarter. The marketing objective continues to be the lessening dependence on the cement industry and broadening the supply of coal into regional and seaborne industrial and power station markets.

Tancoal (Tanzania)



Tancoal’s sales for the quarter were steady given the wet weather and 59.50% higher than the same quarter in 2018. Total sales Q3 were 211,147 tonnes compared to 133,541 tonnes for the same quarter in FY 2017. The rains forecast in Q2 did not have a material effect on sales and production due to being lighter than expected and the improvements that were made during CY 2018 to improve the capacity of the mine to manage the rainy seasons. The rainy season usually continues during Q3 so the mobilisation of equipment is ongoing to increase the production capacity and increase the coal stocks to meet customer demand.

The Caspian court case (refer ASX announcement on 11 September 2018) has been postponed to 14 May 2019 (refer ASX announcement on 11 April 2019) to provide the court time to appoint a new judge to the case. Tancoal has been advised that the Attorney General’s Office has resolved the issue of customers being charged royalty on their costs to transport the coal to their place of business (refer ASX announcements on 21 August 2018 and 8 April 2019). The court in the NBC Bank case found in favour of Tancoal (refer ASX announcement on 8 April 2019). NBC has lodged an appeal and Tancoal is waiting for a court date. IEC will continue to keep the market informed.

ENERGY

In November 2015 IEC entered into a Memorandum of Understanding (MOU) with SINOHYDRO Corporation Limited (a subsidiary of Power China) to jointly develop the feasibility for the 270MW Ngaka coal-fired minemouth power station project in the Tancoal mine area. The Feasibility Study was delivered to the Tanzanian Government in October 2016. The MOU with Sinohydro lapsed in December 2018 and IEC is free to enter other partnerships and is in discussion with other parties. In the meantime, the request for qualification to tender for a Tanzanian Power Station project has been withdrawn without explanation.

Malawi

Operations and expenditure have ceased except for provision of care and maintenance services.

EXPLORATION

Coal exploration is concentrated on tenements being maintained in good standing and supporting mine development work.

AAA DRILLING

AAA Drilling is 50% owned by IEC and has a drilling rig (Hanjin 40) ideally suited to Coal Bed Methane and other purposes. IEC is actively sourcing potential contracts for AAA Drilling.

CORPORATE

Cashflow	Current Quarter A\$ '000	Year to Date (9 months) A\$ '000
Cash at beginning of the Quarter	3,345	(1,857)
Operating	(908)	3,837
Investing	(280)	(480)
*Financing	(193)	557
Exchange Rate Adjustments	7	(86)
Cash at end of Quarter	1,971	3,345

*Includes US\$900,000 (A\$1,187,000) transferred from bank overdraft to term loan in July 2018

- The bank overdraft limit with KCB Bank Tanzania Limited ("KCB") was US\$0.9 million, A\$1.280 million at 31 December 2018
- Bank Facilities with KCB Bank of Tanzania were renewed in July 2018. As part of the renewal the overdraft was reduced from US\$1.8 million to \$0.9 million with the balance converted to a three

year term loan. The invoice discounting facility for sales to a customer, Lake Cement was not renewed as it had not been used for some time. All other terms and conditions governing the facility are relevant to the new facility.

Community

- The Mbalawala Women’s Organisation (“MWO”) in Tanzania that has been supported by the Company for many years continues to go from strength to strength as their operations expand with the growth of the mine.
- During March, the annual tree planting project was completed by Tancoal. The Mbinga District Commissioner Cosmas Nshenye attended the launch that distributed and planted more than 10,000 trees around the mine site, stockpile and at prepared areas at villages near the mine. The seedlings are provided by Tancoal and tended by the Mbalawala Women’s Organisation during the year and then planted.



Mbinga District Commissioner Hon. Cosmas Nshenye Planting the tree during the Tree Transplanting Launch at Amani Makolo Village

- Tancoal has submitted its Corporate Social Responsibility (“CSR”) plan for 2019 to the Government as required under the new rules.
- The Mbinga District Council is in the process of completing Tancoal’s project to construct a well capable of delivering 10,000 litres per hour of potable water at the Ntunduwaro village close to the mine site.



Litetema Secondary School Students participated in Tree Planting exercise

OUTLOOK

As shown during the Quarter, sales have risen above 65,000 tonnes per month on average. IEC will continue to diversify customers and increase coal supply into regional economies. New equipment landed on site will increase production capacity and enable Tancoal to produce more than 1,000,000 tonnes per year to service growth in infrastructure in Tanzania, regional markets and exports. During the Quarter with strong cash flow, IEC has reduced debt with the intention to be debt free in the public company within the next few months. Tancoal is reviewing the possibility of building a new haul road which may allow transporters to service mine stockpiles to reduce dependence on the Kitai Stockpile. Tancoal is also looking after the corporate social responsibility responsibilities that come from increasing profitability. Environmentally it has planted 10,000 trees around the mining area, providing deep water well and supporting the Mbalawala Women's Organisation who are developing coal briquets to replace charcoal and its deforestation in village cooking.

For further information please contact:

Shareholder Enquiries

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IEC - SCHEDULE OF MINING AND PROSPECTING TENEMENTS						
Tenement ID	Country	Company	% Ownership	Locality	Minerals	Status
PL 7620/2012	Tanzania	Tancoal	100	Mbuyura/Mkapa	coal	2 nd Renewal pending
PL 7713/2012	Tanzania	Tancoal	100	Mhukuru	coal	active
PL 8999/2013	Tanzania	Tancoal	100	Mbalawala East	coal	2 nd Renewal pending
ML 439/2011	Tanzania	Tancoal	100	Tancoal	coal	Active
PL 7391/2011	Tanzania	Tancoal	100	Mbalawala	coal	2 nd Renewal pending
PL 9807/2014	Tanzania	Tancoal	100	Mbamba bay	coal	1 st Renewal pending
ML/608/19	Tanzania	Tancoal	100	Mbuyura/Mkapa	coal	ML Application recommended
ML/609/19	Tanzania	Tancoal	100	Mbuyura	coal	ML Application recommended
ML/610/19	Tanzania	Tancoal	100	Mbalawala	coal	ML Application recommended
PL 10417/2014	Tanzania	Tancoal	100	Mhukuru	coal	1 st Renewal pending
PL 11156/2017	Tanzania	Tancoal	100	Mbinga/Ruvuma	coal	Active
PL 11086/2016	Tanzania	Tancoal	100	Mbinga/Ruvuma	coal	Application recommended
PL 13996/2019	Tanzania	Tancoal	100	Mbinga/Ruvuma	coal	Application pending – part of ML610/19
PL 10116/14	Tanzania	Tanzacoal	100	Songwe/Kiwira	coal	Active
ML 0143/2005	Malawi	Malcoal	100	Kayelekera	coal	Active
PL10975/2016	Tanzania	Intra Energy (Tanzania)	100	Dodoma	lithium	Active
PL10976/2016	Tanzania	Intra Energy (Tanzania)	100	Dodoma	lithium	Active
PL10977/2016	Tanzania	Intra Energy (Tanzania)	100	Dodoma	lithium	Active
PL/10979/2016	Tanzania	Intra Energy (Tanzania)	100	Morogoro	graphite	Active
PL10950/2016	Tanzania	Intra Energy (Tanzania)	100	Morogoro	graphite	Active
PL/10980/2016	Tanzania	Intra Energy (Tanzania)	100	Morogoro	graphite	Active
PL10981/2016	Tanzania	Intra Energy (Tanzania)	100	Morogoro	graphite	Active

^Mining Licence Application
 Tancoal is owned 70% by IEC
 Malcoal is owned 90% by IEC