

QUARTERLY ACTIVITIES REPORT

December 2018

INTRA ENERGY REPORTS THIRD QUARTER OF RECORD SALES

- Record Sales in Q2 – 211,147 tonnes
- Coal stocks available to meet demand

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		
	Dec-18	Dec-17	Var (%)
Overburden Stripped (bcm)	808,358	799,429	1.12%
Coal mined (tonnes)	181,336	164,743	10.07%
Sold (tonnes)	211,147	133,541	58.11%

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

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

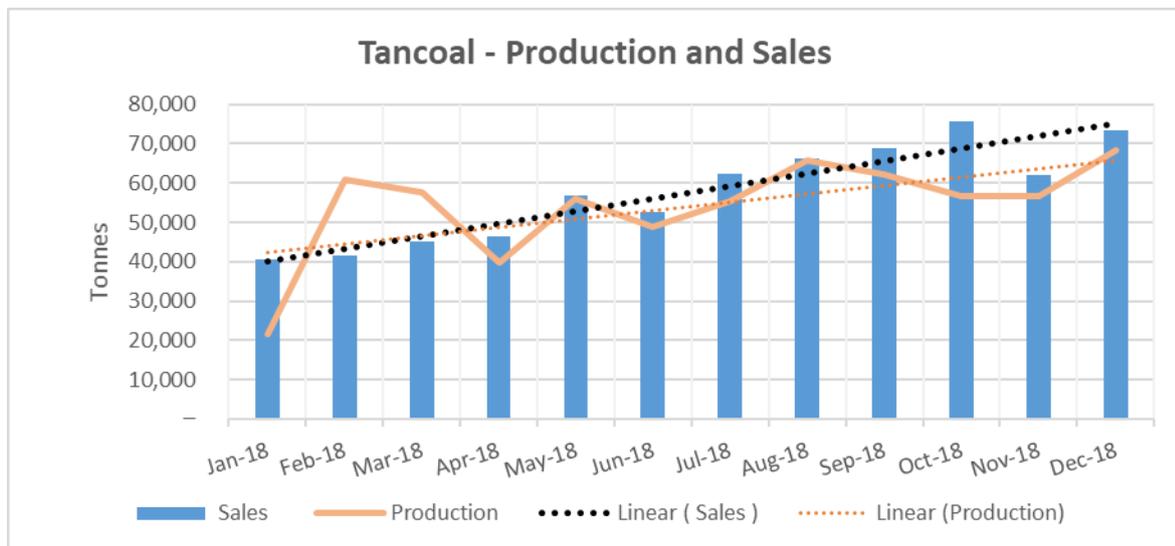
	Quarter Ended	
	Dec-18	Dec-17
Tanzania	76.0%	83.4%
Kenya	13.0%	12.9%
Rwanda	7.3%	3.7%
Uganda	3.7%	-

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

	Quarter Ended	
	Dec-18	Dec-17
Cement	57.6%	68.9%
Ceramics	33.5%	14.5%
Textiles	4.3%	6.3%
Other	4.6%	10.3%

The charts above illustrate the continuing marketing objective of lessening dependence on the cement industry and broadening the supply of coal into regional and seaborne industrial and power station markets.

Tancoal (Tanzania)



Sales for the quarter were another record for Tancoal following the record reported in Q4 2018 and Q1 2019 and an increase of 58.11% on the same quarter in 2017. Total sales Q2 were 211,147 tonnes compared to 133,541 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 met customer demand.

There has been no further developments since the last update in the Caspian court case (refer ASX announcement on 11 September 2018) which was postponed to 20 February 2019 as the Courts are on statutory leave. Tancoal continued to engage with the Ministry of Mining during December to resolve the issue of Tancoal's customers being charged royalty on their costs to transport the coal to their place of business (refer ASX announcement on 21 August 2018). 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 was extended in June 2018 for a further six months. In September 2018 Sinohydro received a request for qualification (RFQ) from Tanesco for coal fired power generation projects under tender no. PA/001/2018-19/HQ/N/033. Power China is the party responding to the RFQ and will advise Tancoal if the tender is to move forward. There have been no further developments but the MOU with Sinohydro has now lapsed allowing IEC to enter into other partnerships.

Malawi

Operations and expenditure has 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 joint venture is being wound up and assets marketed as conditions for drilling services remain depressed.

CORPORATE

Cashflow	Current Quarter A\$ '000	Year to Date (6 months) A\$ '000
Cash at beginning of the Quarter	221	(1,857)
Operating	3,544	4,744
Investing	(99)	(200)
*Financing	(271)	751
Exchange Rate Adjustments	(50)	(93)
Cash at end of Quarter	3,345	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 and 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 has been supported by the company for many years. MWO has worked very hard and with the increased production and sales at the mine their catering and accommodation service business has achieved financial independence, the company will continue to support them with technical and other ongoing support that they need.
- MWO has just received a Tested Product Certificate from the Tanzania Bureau of Standards which is a licence for them to manufacture coal briquettes. These briquettes from coal fines mixed with clay, have the potential to reduce the use of charcoal in cooking fires and hence reduce the environmental devastation caused by the charcoal industry..



Leah Kayombo, General Manager Mbalawala Women's Organisation receiving the 'Tested Product Certificate' for coal briquettes from the Tanzania Bureau of Standards

- Tancoal donates funds to local village organisations to support their activities within the community and has donated funds for new school classrooms. Tancoal has submitted its Corporate Social Responsibility ("CSR") plan for 2019 to the Government as required under the new rules.
- 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 is close to completion.

OUTLOOK

As demonstrated during the Quarter, sales have risen above 65,000 tonnes per month and the profile of purchasing has changed with more coal being exported into neighbouring countries and into a more diversified clientele. IEC will continue to market coal into regional economies and work on the development of export facilities through the Port of Mtwara to allow barge and/or Handymax deliveries to overseas consumers. New equipment, due to arrive on site in February 2019, will boost Tancoal's capacity to produce coal to more than 1,000,000 tonnes per year of thermal coal.

For further information please contact:

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