

On behalf of the Board of Directors of Intra Energy Corporation Limited ("IEC", "Intra Energy" or "the Company"), it is my pleasure to present this summary of operations for this Annual Financial Report for 2019.

Intra Energy Corporation ("IEC") is the dominant coal supplier to industrial energy users in the Eastern African region through its 70% ownership of Tancoal Energy Limited ("Tancoal") which operates the Ngaka coal mine in south west Tanzania which is also 30% owned by the National Development Corporation of Tanzania (NDC), the mine is the largest operational coal mine in Tanzania and East Africa, and is manned exclusively by Tanzanians.

IEC recorded a profit after tax of A\$4,535,000 (2018: loss of A\$1,921,000).

Tancoal's 2019 production was 748,874 (2018: 579,108) tonnes and sales were 788,702 (2018: 540,937) tonnes, approximately 46% more than sales in the previous year. Sales revenue for 2019 was A\$52.277 million (2018: A\$33.079 million). Sales were mainly to customers in Tanzania (67%), with the remainder to customers in Kenya (15%) and Rwanda and Uganda (18%). 56% of sales were made to the cement industry, 32% to the ceramic industry and 12% to textile manufacturers and other industries.

As in 2018, the increase in sales during 2019 was mainly due to the further increase in export sales to Kenya, Rwanda and Uganda and growth in the ceramics industry. As announced on 3 September 2019, the Ministry of Minerals has formally demanded the implementation of the payment of royalty on freight to customers plants both domestic and internationally. The increased cost is being passed on to customers and is expected to negatively impact the demand from export customers as the coal will no longer be competitive with Richards Bay, South Africa like most other countries exporting coal does not charge a royalty on the gross invoice value of transport to customers plants.

IEC purchased the 50% of the drilling operations held by the joint venture partner at the end of May 2019. AAA Drilling is now owned 100% by IEC.

IEC's wholly owned subsidiary, AAA Drilling Limited, a Mauritian incorporated company, has invested in a newly discovered gold property near Pemba in Mozambique. The initial investment will be used to fund survey and trenching work on the gold concession. If initial work demonstrates the potential investors will have an option to fund a drilling program for equity to target early production. This is a fast track project not dependent on JORC and is designed to produce early cash flow for the investors.

The closed Malawi operations continued to be held for sale, there have been no serious buyers at this stage. The coal-fired power station project in Malawi is still on hold until a suitable power station developer is found.

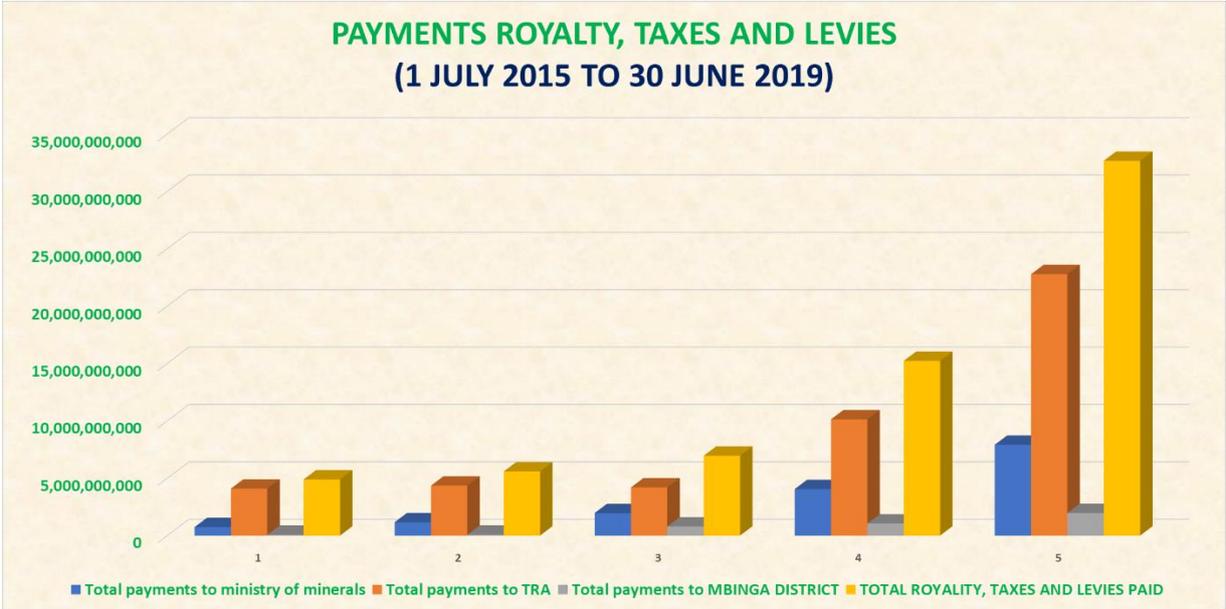
Operating cash flow improved during the year but then tightened after the settlement with the contractor Caspian and the payment to the tax office to object to an assessment for the years from the start of the mine in 2015, the cashflow is expected to improve after the payment plan with Caspian is completed in December 2019.

There has been no response from the Tanzanian Electricity Company "TANESCO" to the proposed 270MW "Ngaka" minemouth coal-fired power station project. IEC is continuing to promote partnership arrangements with other parties but without success as yet.

IEC continued to maintain its active presence in community development through the Government approved Local Content Plan and Tancoal's partnership with the local Women's Group and various other projects and support given to the local communities.

Tancoal's motto has always been "Tanzanian Coal for Tanzanian Development" and is proud to be supporting the Government's industrialisation agenda both through domestic supply and also the creation of export markets to benefit Tanzania with foreign sourced revenue. However, with new royalty on road transport, Tanzania is likely to lose its export revenue. A substantial stockpile of coal has been stored to cater for any demand spikes. IEC is both pleased to see the development of the Tancoal Mine to be entirely managed by Tanzanians, one of very few mining operations in Tanzania to be run by Tanzanians for Tanzania.

IEC has been a substantial contributor to sustainable development of the Tanzanian economy and the following chart shows. The taxes, royalties and imposts paid in Tanzania for FY 2019 total A\$9.3 million, which was 58% of Tancoal's gross profit.



The conditions being imposed on Tancoal have dampened a hitherto successful year and management is adjusting accordingly.

Sincerely



Graeme Robertson  
Chairman – Intra Energy Corporation Limited