

ASX Release

12 October 2020

IEC SEPTEMBER 2020 UPDATE

-) **Minas do Lurio Gold Project – Mozambique Gold**
-) **Tancoal Energy Update - Tanzania**

MOZAMBIQUE GOLD

Intrafrican Resources Limited (“Intrafrican”), a fully owned subsidiary of Intra Energy Corporation Limited (“IEC” or “the Company”) registered in Mauritius has invested in Intra Minerals Limited (“IML”), a company registered in Mauritius. Intrafrican currently owns 15% of IML which is the 95% owner of the Lurio Gold Project in Mozambique. Intrafrican is investigating options to raise capital to continue with the exploration program in the Minas Do Lurio Gold Project with a drilling campaign as well as increase its equity substantially in IML.

IEC has entered into an Investment Agreement with Intra Minerals Ltd (IML) to buy an additional 30% of shares in the company for the investment of US\$1.3m with the option to purchase additional shares. IML has also engaged an operations consultant with “hands-on” experience in establishing gold mining operations in Southern Africa in conditions similar to the Minas Do Lurio project. IEC has mandated Bellhouse Capital PLC, an UK-based Financial Advisor to prepare a Presentation and advise on the capital raising route for IRL.

The exploration project currently comprises a 168.56 km² prospecting license (8416L) in the historically underexplored Lúrio Belt, an initial trenching and sampling program has been completed at Savane, a prospective area within the prospecting license. A new gold bearing area has been located approximately 2 kilometres from the original Savanne Area.

An independent expert, Benedikt Steiner (CGeol EurGeol) retained by IML to advise on the project has completed a non-JORC technical report summarising and evaluating the exploration activities on the project and has reviewed the three composite samples from the Savanne deposit analysed by SGS South Africa.

Mr Steiner comments that the project represents a significant first-mover opportunity into a previously unrecognised gold mineralisation trend along the Neoproterozoic Lúrio Belt. Prospecting and early stage exploration campaigns during 2017-2020 have confirmed a shallow exploration target at the Savane locality. Multiple alluvial and eluvial occurrences of free and refractory gold, as well as structurally-controlled bedrock mineralisation are hosted in quartz veins and occur in deformed granulites and granulitic gneisses. The stacked, 2-7 cm wide quartz veins are generally shallowly (10-20°) dipping and predominantly occur along open East-West trending structural corridors, defined by the intersection of regional shear and thrust faults.

2021 exploration and development programme

In order to test and evaluate the currently known exploration targets, and to move towards a first resource estimate in Q4 2021, while at the same time identifying early production targets, IML will require US\$1.3M in funding. A further funding of approximately US\$800K will be required for production site work. The exploration and development campaign in 2021 will have the principal objectives of:

1. Drill-testing known bedrock gold occurrences at Savane and Chapala:

This will comprise up to 36 RC and 4 DD shallow drillholes, analysis of samples and production of a geological and grade 3D model. Geometallurgical and process mineralogical test work will be undertaken in order to define processing parameters and to enhance the understanding of gold grade recovery.

2. JORC compliant technical reporting:

A JORC compliant technical report of exploration results to date will be compiled and updated with drilling results of the 2021 campaign. A focus will be placed on the implementation of reproducible on-site sample processing workflows and best practice quality control (QC) procedures in order to ensure optimum sampling and commercial laboratory performance.

3. Improving the license-wide geological setting and target generation strategy:

A license-wide airborne magnetic and radiometric survey is planned to maintain a healthy exploration pipeline, to refine the existing geological map, and to crucially improve the accuracy of mineralisation host structure mapping in known and recently identified target areas. Additional reconnaissance soil sampling will be undertaken to rapidly delineate gold mineralisation potential across prospective structural corridors.

IEC has engaged Mr Kim Stanton-Cook, an exploration/development geologist with 45 years' experience in mineral exploration industry to act as its consultant in the development of the Lurio Gold Project. Mr Stanton-Cook has reviewed work done to date and has advised that the Project has merit and should move into the drilling stage as soon as possible as a highly prospective project.

4. Preparing for Trial Production:

The exploration programme will identify potential targets and on ground work by contract mining advisors will determine the location of early stage production. The focus will be on the Muteger Site where a number of gold shedding creeks in the river join and drop into a deeper site providing a potential gold trap for development of a dredging operation.

MOZAMBIQUE GOLD





Trenching and Sampling at Savane

TANCOAL ENERGY

Tancoal Energy Limited (IEC 70% and National Development Corporation (“NDC”) of Tanzania 30%) sold 22,205 tonnes of coal in September 2020 compared to 50,724 tonnes sold in September 2019. Sales continued to be lower due to the effect of Covid-19 on the business of both domestic and export customers and competition from small miners. Production was 25,041 tonnes, compared to 50,177 tonnes in September 2019. Stocks are sufficient to meet increasing demands.

Discussions continue with the Ministry of Minerals for a moratorium on the assessment for past charges for royalty on transport to customers' business premises and discussions are also continuing with the former contractor, Caspian, to extend the payment plan for the three final payments due to tight cash flow from lower sales.

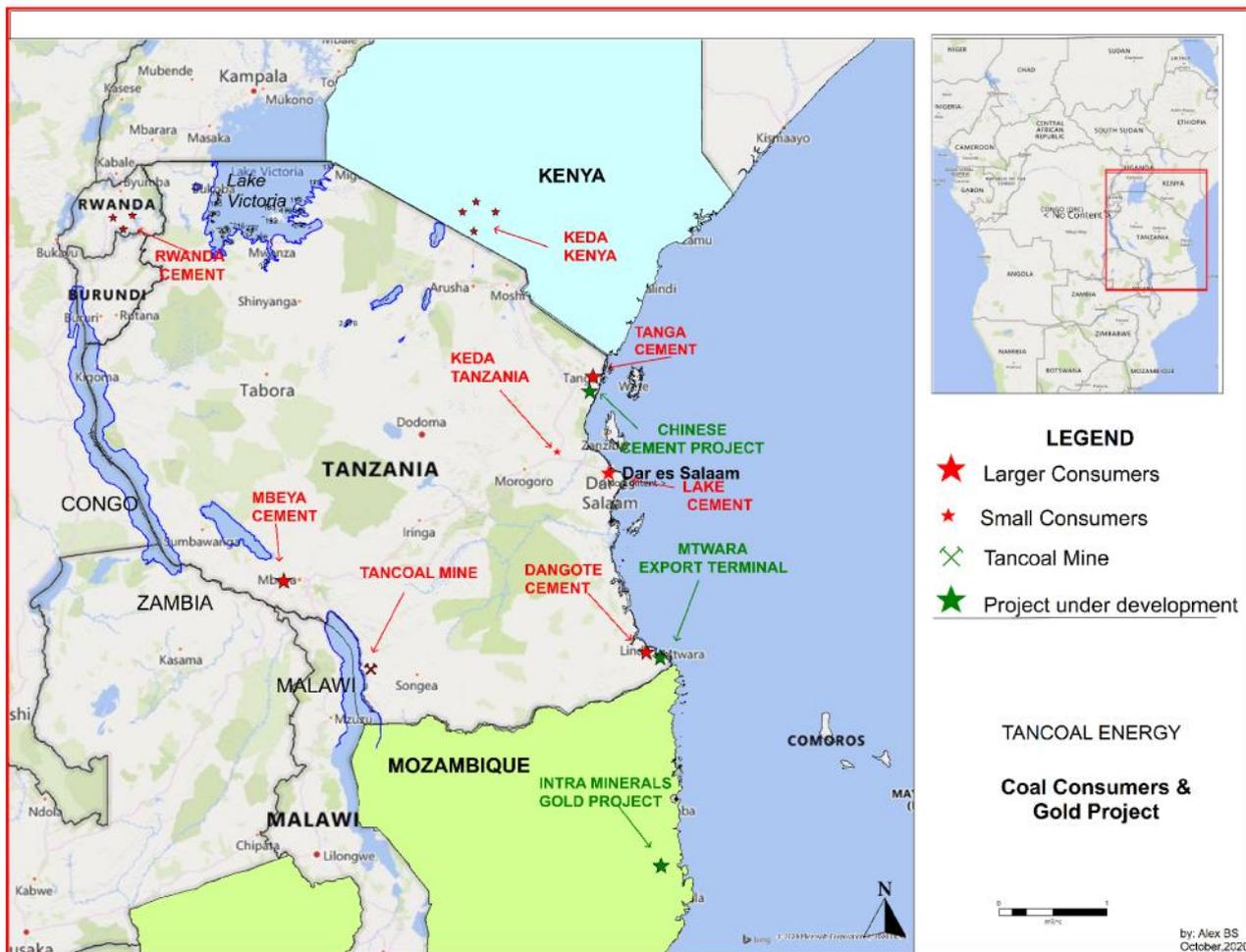
Discussions are continuing with the Ministry of Mineral's Mining Commission (MC) on the threatened cancellation of Tancoal's pending application for two mining licences for coal at North Mburya, approximately eight kilometres north of the current Mbalawala mine. The lower quality coal from this area was planned to be blended with high quality coal from the Mbalawala operation, it had previously been reserved for power station feed. Further to these discussions the MC has threatened to cancel Tancoal licenses if royalty payments are not made, which is contrary to discussions with the Ministry to extend royalty terms. This matter is under discussion with higher authorities as the cancellation of mining licenses in such a manner is dubious in law.

COMMENTARY

The Chairman of IEC, Graeme Robertson, commented "I am pleased to advise shareholders that Intrafrican Resources Ltd (IRL), IEC's wholly-owned subsidiary, is completing presentation documents to raise funds through private placements for investment in Intra Mineral's (IML) Minas Do Lurio gold project in Mozambique. The initial capital raising of US\$2.5M will enable IRL to own a majority of shares in IML with the aim of funding IML to its initial production stage. Early production is expected to originate from dredging within the Muteger site, a confluence of Lurio River streams thought to host a potential gold trap as gold is evident in river streams. This will be explored as the plan is to generate early cashflow to support the delineation of resources to support an adjacent shallow openpit gold mining operation.

Sales in Tancoal remain low from the effects of CoVid19 and increased competition from local short-term mines selling at unsustainably low prices and with scarce regard for environment and proper mining practices. In keeping with world ESG trends, IEC is undertaking the transition from coal mining into mineral development in Mozambique under the Double Tax and Investment Protection Agreements of Mauritius which substantially de-risks investment in most African countries.

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About Intra Energy

Intra Energy is an environmentally responsible, diversified mining and energy group, focused on South Eastern Africa, and is listed on the Australian Stock Exchange (ASX:IEC). IEC has made significant progress with its regional diversification strategy into new gold exploration in Mozambique.

IEC is a developer and producer of thermal coal in Eastern Africa operating under the motto of “African coal for African growth” and is the largest operating thermal coal miner in Eastern Africa. Its flagship coal project is the Tancoala mine in the Ngaka coalfield of Tanzania, operated by Tancoala Energy Limited, a joint venture with the National Development Corporation of Tanzania..