

## QUARTERLY ACTIVITIES REPORT

### June 2018

#### INTRA ENERGY REPORTS RECORD QUARTER SALES

- Record Sales in Q4 - 155,587 tonnes
- Coal stocks available to meet demand
- Ngaka Power Project - MOU with Sinohydro reconfirmed
- Community – progress on village water project
- Participation in industry exhibitions
- Bank Facilities extended with some amendments

Intra Energy Corporation (“IEC”) is the dominant coal supplier to industrial energy users in the Eastern African region and is the promoter of the Ngaka coal-fired power project in Tanzania. 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		
	Jun-18	Jun-17	Var (%)
Overburden Stripped (bcm)	759,545	903,249	(15.91%)
Coal mined (tonnes)	144,346	134,101	7.64%
Sold (tonnes)	155,587	125,342	24.13%

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

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

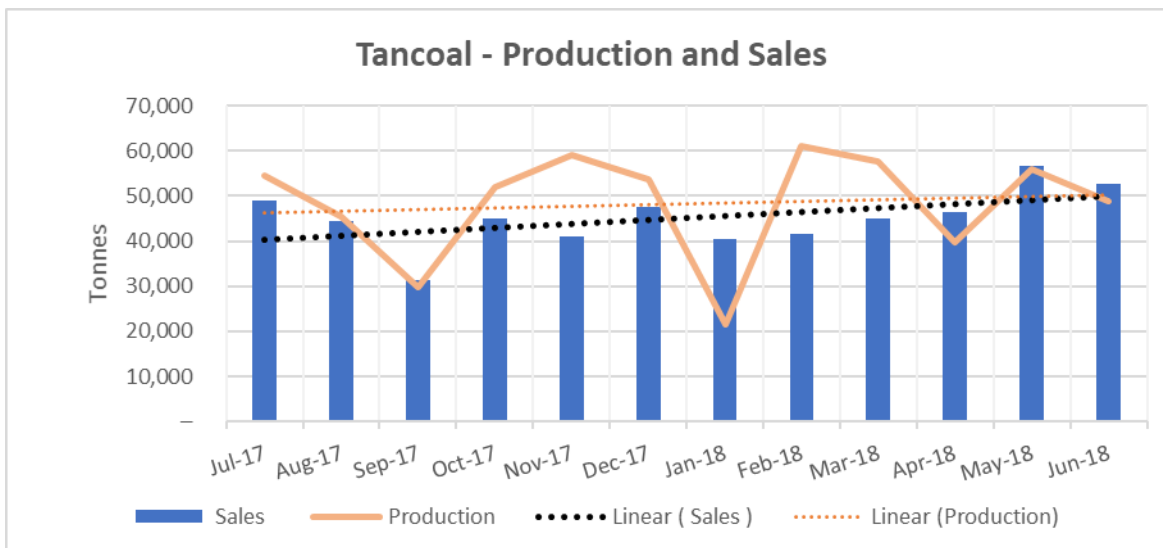
	Quarter Ended	
	Jun-18	Jun-17
Tanzania	67.71%	86.30%
Kenya	14.74%	12.62%
Rwanda	9.46%	1.08%
Uganda	8.09%	-
Other	-	-

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

	Quarter Ended	
	Jun-18	Jun-17
Cement	52.07%	76.19%
Ceramics	30.31%	11.97%
Textiles	6.92%	7.63%
Other	10.70%	4.21%

The charts above illustrate the 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 a record for Tancoal and an increase of 24.13% on the same quarter in 2017. Total sales FY 2018 were 540,937 tonnes compared to 422,569 for FY 2017.

Production tonnes remained steady during the quarter with sufficient stocks available to meet customer demand.

During the quarter Tancoal participated in an industry exhibition as a guest of the Ministry of Minerals in the capital city of Dodoma and also at the Dar es Salaam International Trade Fair known as Sabasaba along with the Mbalawala Women’s Organisation that Tancoal sponsors.



**Minister of Minerals, Hon. Angellah Kairuki (MP) attending the Mineral Exhibition in Dodoma**

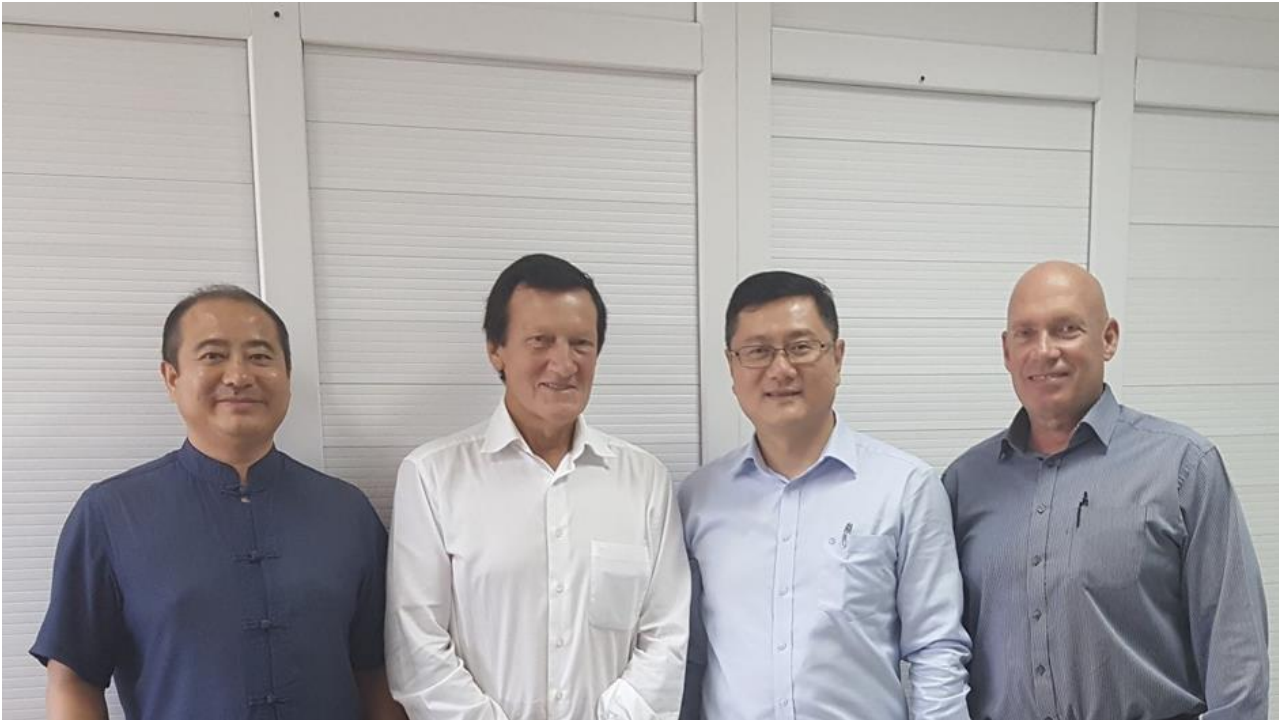
From left to right, Hon. Stanslaus Nyongo 2<sup>nd</sup> Deputy Minister of Minerals, Mr. Alex Sostenes Tancoal Senior Geologist, Hon. Angellah Kairuki (MP) Minister of Minerals, Tancoal Mine Manager Mr. David Kamenya, Hon. Doto Biteko 1<sup>st</sup> Deputy of Minerals and Mr. Jim Shedd CEO

## ENERGY

In November 2015, IEC entered into a Memorandum of Understanding (MOU) with SINOHYDRO Corporation Limited 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. In May 2017 a letter was received from the Ministry of Energy and Minerals requesting commencement of negotiations for the Ngaka Power Station project. Despite contact and approaches to the national generating authority, IEC, NDC and Sinohydro are awaiting advice from the Government to proceed with discussions.

During the Quarter the MOU with Sinohydro Corporation Limited was reconfirmed on the basis that Sinohydro approach Government to undertake the development and funding of the construction of the power station through the Chinese financial system and that Tancoal would supply the coal but operations and maintenance of the station would be a separate issue. A response is expected from the Government.

In April 2016, the Government of Malawi signed a term sheet for the PPA implementation of Project Pamodzi, a 120 MW coal-fired power station for Malawi. IEC is currently discussing the potential for this project to proceed.



**SINOHYDRO and IEC reconfirm MOU to develop Ngaka Power Project**

SINOHYDRO Representative Peng You Cai, IEC Chairman Graeme Robertson, SINOHYDRO CEO Shi Yong, IEC CEO Jim Shedd

## Malawi

No production was undertaken for the quarter and 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.

The company's lithium and graphite prospecting licenses in Tanzania were reviewed and it was decided to seek technical support for the exploration.

## 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 (12 months) A\$ '000
<b>Cash at beginning of the Quarter</b>	<b>(2,068)</b>	<b>(2,279)</b>
Operating	250	1,399
Investing	(18)	(1,553)
Financing	71	661
Exchange Rate Adjustments	(92)	(85)
<b>Cash at end of Quarter</b>	<b>(1,857)</b>	<b>(1,857)</b>

- The bank overdraft limit with KCB Bank Tanzania Limited (“KCB”) was US\$1.8 million, A\$2.437 million at 30 June 2018
- The operating cash flow for the year to date is a positive A\$1.4 million.
- 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.

### Bank Facilities from July 2018

Terms of KCB Bank Debt Facility	Debt covenants	Fixed and Floating charge	Interest rate	Other terms
<b>Term Loan (Crushing and Screening Plant) US\$829,765</b>	None	Yes	8% - USD Base Rate minus 1%	Repaid by November 2022
<b>Term Loan (New) US\$900,000</b>	None	Yes	8% - USD Base Rate minus 1%	Repaid by July 2021
<b>Bank Guarantee (existing US\$625,000)</b>	None	Yes	Bank fees apply	
<b>Overdraft (adjusted US\$900,000)</b>	None	Yes	8% - USD Base Rate minus 1%	

### **Community**

- Support to the flagship Mbalawala Women’s Organisation in Tanzania is ongoing.
- The Mbalawala organisation provides the mine catering requirements by growing produce in rehabilitated mining areas and cooking for the mine operators in a sustainable business operation.
- Tancoal also donates funds to Mbalawala and local village organisations to support their non-income producing activities within the community
- 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 has reached the stage of installing the piping system, submersible pump and commissioning.

### **OUTLOOK**

As demonstrated during the Quarter, sales have risen above 50,000 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. Current production potential is in excess of 60,000 tonnes per month which allows the placement of some 160,000 tonnes of additional coal supply without additional capital costs.

For further information please contact:

#### **Shareholder Enquiries**

Jim Shedd  
Chief Operating Officer  
Intra Energy Corporation Limited  
[info@intraenergycorp.com.au](mailto:info@intraenergycorp.com.au)  
[www.intraenergycorp.com.au](http://www.intraenergycorp.com.au)