

QUARTERLY ACTIVITIES REPORT

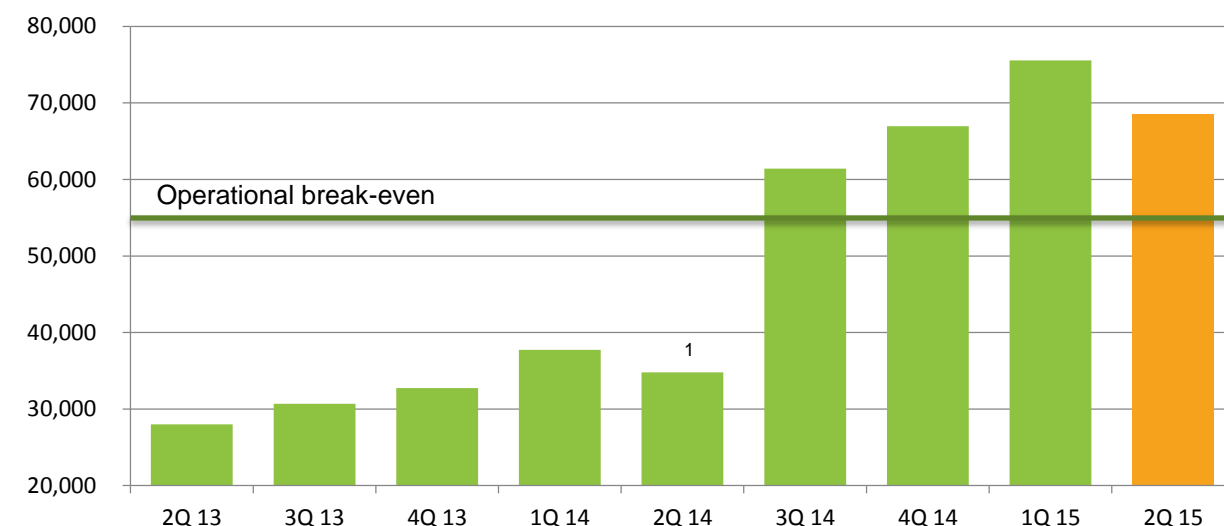
December 2014

- Sales increased by 102% on prior corresponding quarter to 68,205 tonnes, YTD 137,840t
- Production increased 60% on prior corresponding quarter to 72,332 tonnes to satisfy increasing demand
- Capital raised in Private Placement and Share Purchase Plan deployed on Tancoal haul road feasibility, spares programme and improving operational efficiency
- Operational efficiencies and administrative cost controls continued to be implemented during the quarter

Intra Energy Corporation's ("IEC") focus is to be the dominant coal supplier for industrial energy users and to sponsor coal-fired power generation in the Eastern African region.

IEC sales were lower as expected in the second quarter, impacted by Christmas shutdowns and wet weather. Through improving operational efficiencies and administrative cost controls, negative impact on cash flow was minimised.

Quarterly Sales Tonnages



Note 1: Impacted by protracted wet season and strike by haulage operators in Tanzania

- Operational break-even for the Tancoal mine was achieved in 2014.
 - Cost controls and operational improvements in efficiencies continue to reduce the tonnage of coal needed to achieve break-even production levels.
 - Lower oil prices have commenced having an effect on lowering operating costs.
- Corporate costs have been significantly reduced following a Board restructure and administrative changes.

MINING OPERATIONS

Tancoal (Tanzania)

Production and Sales

	Quarter Ended			12 months Ended		
	Dec 14	Dec 13	Var (%)	Dec 14	Dec 13	Var (%)
Overburden Stripped (BCM)	313,258	19,356	nmf ¹	829,121	207,810	nmf ¹
Coal mined (tonnes)	62,268	38,910	60%	267,693	125,686	113%
Sold (tonnes)	63,233	31,347	102%	259,102	133,272	94%

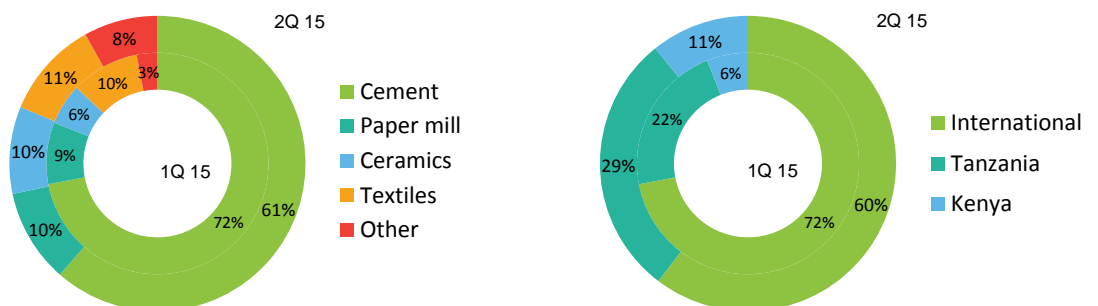
Note 1: percentage impact not meaningful

- Tancoal sales reduced in the December quarter due to anticipated customer shutdowns over the festive season (December/January).
- Year to date, total sales are in line with IEC expectations.
- Significant pre-stripping and overburden removal was completed in the quarter. Demand expected to increase in 3Q 15 as clients restart operations and discussions with a new major cement client approach conclusion.



Coal loading at Tancoal mine

Quarterly sales by industry and geography



* Tanzanian subsidiaries of international companies

- Tancoal continues to diversify its industrial and geographic profile.
 - Non-cement revenue accounted for 39% of deliveries in 2Q 15 vs 28% in 1Q 15.
 - Kenyan revenue accounted for 11% of deliveries in 2Q 15 vs 6% in 1Q 15.
- Negotiations continue with new substantial customers. However low Richard Bay coal prices are putting downward pressure on pricing.
- Strategy in place to provide combustion engineering advice to assist in conversion from other fuel sources such as timber.
- Surveys for two potential haul road routes nearing completion. Feasibility and engineering will commence following completion of these surveys.
- Preliminary report on mine site efficiency received and planning and implementation underway to improve productivity.

Malcoal (Malawi)

- Sales of 4,043 tonnes and production of 10,064 tonnes.
- Significant improvement in production efficiency however client offtake has been slower than expected.

Tanzacoal (Tanzania)

- IEC's subsidiary company, Tanzacoal East Africa Mining Limited's ("Tanzacoal"), commenced legal proceedings in respect to the cancellation of its Special Mining Licence (SML) No. 235/2005 by the Minister for Energy and Minerals of the Government of Tanzania.
- Tanzacoal instituted an Appeal which was lodged alongside an Application for the following matters to be heard:
 - An Injunction against the cancellation Order of the Minister;
 - A Stay of the Order of the Minister cancelling the SML; and
 - The Ministry to forward the File in relation to the SML to examine if all the required processes were followed during the cancellation of the SML.
- A Ruling/decision on the Application was delivered in November 2014 and all points were ruled in favour of Tanzacoal.
- The Appeal is now at a Hearing stage and the Hearing is being conducted through Written Submission. The Appeal is now scheduled for Judgment on the 27th March 2015.
- In January, the Minister and Principal Secretary for Mines and Energy of Tanzania resigned which allows for settlement of the outstanding issue.

ENERGY

- New PPA term sheet for Project Pamodzi Power Station in Malawi to ensure favourable terms for financiers and sponsors was agreed and initialled in the December quarter and expected to be ratified by the incoming Electricity Supply Company of Malawi in 2015.
- The Government of Malawi continues to be supportive of the project and is engaged in the negotiations for the Implementation Agreement.
- Discussions with several potential Joint Venture partners are ongoing.

EXPLORATION

- Drilling programmes completed at Tancoal and Malcoal to support mine site operations and maintain tenement commitments.
- Detailed planning for 2H 15 commenced.

AAA DRILLING

- AAA Drilling has been successfully transitioned to a Joint Venture project with General Petroleum Oils and Tools ("GPOT"). GPOT has assumed operational and sales responsibilities while Tancoal continues to provide technical support.

CORPORATE

Cashflow	3 months A\$ '000
Cash at beginning of the Quarter	(384)
Operating	(90)
Investing	(251)
Financing	(351)
Exchange rate adjustments	(5)
Cash at end of Quarter	(991)

- Cash flow was adversely affected by forced tax payment deducted from receipt of sales.
- Tancoal inspection by the Tanzanian Revenue Authority was completed in the December Quarter. Associated documentation has also been submitted. IEC is waiting for approval by the Tanzanian Minister for Finance for a rebate of c.US\$500k.
- IEC received a research and development refundable tax offset of A\$160,699 for the financial year ended 30 June 2014 from the Australian Government. IEC continues to innovate and improve on current production and transport efficiencies, delivering cost savings to the Group.

Capital Raising

- IEC completed its Share Purchase Plan ("SPP") announced on 29 September 2014 consisting of:
 - 2,240,695 new ordinary shares at A\$0.027 raising A\$60,500 as subscriptions under the SPP
 - 5,555,555 new ordinary shares at A\$0.027 raising A\$150,000 as part of the underwriting agreement.
- 3,118,482 unlisted IEC options with exercise price of A\$0.05 and expiry date of 31 August 2015 were also issued as part of the SPP.
- Capital deployed for pre-feasibility of the Tancoal haul project, spares programme and improving operational efficiency.

Bank Facilities

- KCB Bank Tanzania Limited has completed the refinancing of the debt facilities of Tancoal from National Bank of Commerce Limited.

Terms of existing NBC Debt Facility		Terms of KCB Bank Debt Facility	
Debt covenants	<ul style="list-style-type: none"> EBITDA interest coverage of 2x EBITDA debt servicing of 1.5x 	Debt covenants	No debt covenants.
Security	Non-recourse to the mining equipment	Fixed and Floating charge	
Interest rate	8%	Interest rate	8%

- Principal repayments have been extended from one to three years, providing a material impact to cash flows in the first year.
- The release of the restrictive debt covenants shows the confidence a major lender in the region has in Tancoal and its future development.

Community

- IEC continued its support of various community programmes including regional primary and secondary schools and the Mbalawala Women's Organisation.
- Application for Australian Government Grants were submitted this quarter
- Planning for 2H 15 was completed including plans for recruitment of a full time Corporate Social Responsibility Officer.



Local farm operated by the Mbalawala Women's Organisation

For further information please contact:

Shareholder Enquiries

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Competent Person's Statement - JORC Resources Contained in the March 2014 Quarterly Activities Report

Coal resources have been determined in a manner consistent with the *"Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ~ The JORC Code ~ 2012 Edition"* (The JORC Code) and the associated 2003 edition of *"Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves"* (the Guidelines).

The information in this report that relates to the Nkhachira and Kopakopa coal resources is based on a report compiled by Mr David Mason. The reporting is in compliance with the 2012 JORC Code. Mr Mason is a qualified coal geologist, a Fellow of the Australasian Institute of Mining and Metallurgy (No 100405) and a Non-Executive Director employed by Intra Energy Corporation Limited. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the Australasian Code for Reporting of Mineral Resources and Ore Reserves published by the Joint Ore Reserves Committee (The JORC Code – 2012 Edition). Mr Mason has given his consent for the inclusion of this information in the report and has reviewed all statements pertaining to the information in the form and context in which it appears.

Continuous Disclosure

It is the policy of the Company to meet its continuous disclosure obligations in the normal course of business. Outside of this requirement, the Quarterly Report will be the basis for information on the progress and plans of IEC.