

QUARTERLY ACTIVITIES REPORT

September 2015

- Q1 FY16 sales of 63,947 tonnes, in line with prior quarter
- Dangote Cement signs major coal supply contract
- Total Q1 FY16 coal production of 65,153 tonnes
- Third consecutive quarter of positive operating cash flow, however cash remains tight
- Preliminary quarter results show positive earnings before interest and tax

Intra Energy Corporation's ("IEC") is the dominant coal supplier to industrial energy users in the Eastern African region and is the sponsor of the Pamodzi coal-fired power project in Malawi and the Ngaka coal-fired power project in Tanzania. Its 70% owned Tancoal mine in Tanzania (30% owned by the National Development Corporation) is the only fully operational coal mine in Tanzania.

A contract with Dangote Cement was signed in October 2015 and coal demand in Tanzania continues to increase.

MINING OPERATIONS

IEC Group Production and Sales

	Quarter Ended			12 months Ended		
	Sep 15	Sep 14	Var (%)	Sep 15	Sep 14	Var (%)
Overburden Stripped (bcm)	347,939	183,357	+89.8%	1,298,792	532,219	+144.0%
Coal mined (tonnes)	65,153	90,374	-27.9%	266,389	249,290	+6.8%
Sold (tonnes)	63,947	75,572	-15.4%	259,653	231,259	+12.3%

- Sales were steady during the quarter. Sales pricing was impacted by the further decrease in the coal prices ex Richards Bay providing the opportunity for customers in Tanzania to substitute coal from South Africa, and customers in Malawi to substitute from Mozambique.
- The regulatory authorities in Tanzania have indicated action will be taken to support the sale of Tanzanian coal domestically.
- The Government of Malawi is yet to take similar action and consequently a decision has been taken to reduce production at the Malcoal mine, and redirecting resources to increase productivity and margins at the Tancoal mine.

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

	Quarter Ended	
	Sep 15	Sep 14
Tanzania	89.8%	88.8%
Kenya	6.4%	57%
Malawi	3.5%	5.5%
Rwanda	0.3%	-

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

	Quarter Ended	
	Sep 15	Sep 14
Cement	62.4%	66.3%
Paper	4.1%	8.2%
Textiles	7.6%	4.5%
Other	25.9%	21.0%

Tancoal (Tanzania)

- Coal production and sales were consistent with the prior quarter.
- A major contract was executed with Dangote Cement for 13,500 tonnes per month in early October 2015. This represents approximately 50% of Dangote's coal requirement for its new cement kiln located in Southeast Tanzania, due to commence commissioning this month. Dangote is constructing a 75MW power plant at the site, which will be operational in 2016. This power plant is expected to consume a further 17,000 tonnes per month of coal. The opportunity exists for Tancoal to expand its supply to Dangote.
- Dangote is the largest company on the Nigerian stock exchange and is a fully integrated quarry-to-customer producer. Its Obajana plant in Nigeria is the largest in Africa. It has built or is building plants across Africa, including Senegal, South Africa, Cameroon, Ghana, Ethiopia, Zambia, Rep. Congo and Kenya. Dangote is also planning facilities in Sierra Leone, Liberia and Ghana.
- Cement demand in Tanzania continues to strengthen. Existing customers are increasing their monthly volume orders. The addition of Dangote to its customer base highlights the quality of Tancoal's customers, which also includes major international cement producers LafargeHolcim (Mbeya Cement) and Afrisam (Tanga Cement).
- A coal trial has also been agreed with a major cement producer located in Rwanda.
- To meet current coal orders, Tancoal's focus is for production and sales above 40,000 tonnes per month. Achieving these targets would make a substantial contribution to the underlying profit of the mining operations, as breakeven is 20,000 tonnes per month.
- The Tanzanian national election was held on the 25th of October, with the ruling party returned albeit by a reduced majority. No impact is expected to the continuity of the mining operations.



The Official Opening of Dangote's Tanzania Cement Factory

Malcoal (Malawi)

- Sales in Malawi declined through the quarter as imports from Mozambique entered the market.
- Operations in Malawi are to be wound down in response to the decline in demand. The heavy equipment is to be transferred to Tancoal. IEC's focus is to secure a strategic power partner.

Tanzacoal (Tanzania)

- In May 2014, IEC's subsidiary company, Tanzacoal East Africa Mining Limited ("Tanzacoal"), commenced legal proceedings in respect to the cancellation of its Special Mining Licence (SML) No. 235/2005 by the former 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 was scheduled for judgment on 27 March 2015, however it has been deferred and a new date is still yet to be set. It is likely that the judgment will be released shortly.

ENERGY

- Discussions with potential Joint Venture partners for Project Pamodzi and Project Ngaka in Tanzania are progressing. It is expected that a Memorandum of Understanding for one of the projects will be executed with a prospective partner in the second quarter of FY16.
- Execution of the PPA term sheet for Project Pamodzi Power Station in Malawi is still pending. IEC has written to the Chief Executive Officer of the Electricity Supply Company of Malawi requesting an update.

EXPLORATION

- A drilling and exploration programme was devised during the quarter for tenements to be maintained in good standing.

AAA DRILLING

- JV partner GPOT has responsibility for operations and sales while IEC continues to provide technical support. There has been limited activity by AAA Drilling as market conditions for drilling services in East Africa continue to be depressed, consistent with the decline in drilling services for exploration globally.

CORPORATE

Cashflow	3 months A\$ '000
Cash at beginning of the Quarter	(604)
Operating	371
Investing	(262)
Financing	(277)
Exchange Rate Adjustments	(59)
Cash at end of Quarter	(831)

- Positive operating cash flow was achieved for the third quarter in a row.
- The majority of IEC's corporate functions has been centralised in Dar es Salaam, Tanzania in support of Tancoal's operations.

Community

- Community programs were minimised during the quarter to preserve cash. However, support to the flagship Mbalawala Women's Organisation in Tanzania is ongoing.



Mbalawala Women's Organisation Farming Activities

For further information please contact:

Shareholder Enquiries

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Competent Person's Statement - JORC Resources Contained in the September 2015 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 of 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.