

QUARTERLY ACTIVITIES REPORT

June 2016

- Sales continued to be adversely affected by the importation of coal into Tanzania from South Africa in January, which reduced budgeted sales for the quarter by 45,000 tonnes
- The government of Tanzania has restricted the importation of coal and an increase in sales is slowly being achieved
- Sales are down 15.9% to 54,869 tonnes (compared to Q4FY15)
- Coal production is down 25% to 50,035 tonnes (compared to Q4FY15)

Intra Energy Corporation (“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, and is manned exclusively by Tanzanians.

IEC has commenced its energy diversification program to expand its energy interests with a focus on battery development materials such as lithium and graphite, and renewable power.

MINING OPERATIONS

IEC Group Production and Sales

| | Quarter Ended | | |
|---------------------------|---------------|---------|---------|
| | Jun 16 | Jun 15 | Var (%) |
| Overburden Stripped (bcm) | 206,491 | 395,626 | -47.8% |
| Coal mined (tonnes) | 50,035 | 66,743 | -25.0% |
| Sold (tonnes) | 54,869 | 65,286 | -15.9% |

- 100% of production and the majority of sales in the table above again were from Tanzania as mining operations in Malawi have ceased. The completion of the sale of the Malawi operations is pending tax clearance which is expected in the September quarter. Completion of the sale is expected to relieve tight cash conditions.

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

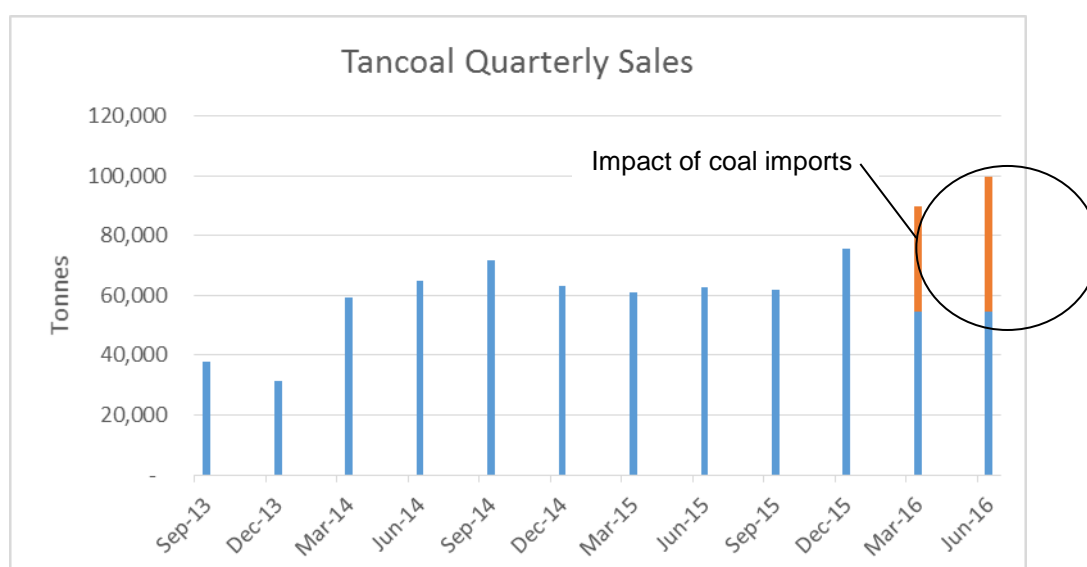
| | Quarter Ended | |
|----------|---------------|--------|
| | Jun-16 | Jun-15 |
| Tanzania | 97.25% | 88.87% |
| Kenya | 0.55% | 6.54% |
| Malawi | 0.52% | 4.59% |
| Rwanda | 1.69% | - |

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

| | Quarter Ended | |
|----------|---------------|--------|
| | Jun-16 | Jun-15 |
| Cement | 56.33% | 60.20% |
| Paper | 23.35% | 7.47% |
| Textiles | 7.84% | 6.90% |
| Other | 12.47% | 25.42% |

Tancoal (Tanzania)

- Coal sales did not increase as expected the coal stocks of South African imported coal continued to be depleted by customers. June has however, seen an increase which is expected to grow in the next quarter.
- Dangote Cement prepaid for part of their next consignment of coal however deliveries are not expected to commence until July/August after finalisation of transportation arrangements.
- Deliveries to Cimerwa Cement located in Rwanda were affected by scheduled maintenance undertaken by that company however sales recommenced in July.
- Discussions were ongoing with the Government to emphasise that the importation of coal from South Africa would dramatically harm continued employment of Tanzanians in Tancoal and associated businesses. The Government is implementing a “buy local” policy which should assist Tancoal.
- Tancoal’s operating profit at the end of the December quarter was US\$734,000, and has been reduced to a loss at the end of the June quarter as a result of the lower sales.



Malcoal (Malawi)

- No production was undertaken for the quarter and operations have ceased.
- The sale of the Malawi operations is pending tax clearance, expected in the September quarter.

ENERGY

- On 25 November 2015 IEC executed a Memorandum of Understanding with SINOHYDRO Corporation Limited ("SINOHYDRO") as a joint development to assess the feasibility for the 270 megawatt Ngaka coal-fired mine mouth project, located at the Tancoal mine area.
- SINOHYDRO was established in China as a state-owned hydropower project contractor during the 1950s and has since expanded globally to 130,000 employees providing services for financing, engineering, purchasing, implementation and operations of projects for power, water conservation, transport infrastructure and civil works. They are experienced in the development of power stations.
- SINOHYDRO completed a draft technical proposal for the Ngaka power station project in July and should complete the commercial proposal in the September quarter. Thereafter negotiations with the relevant Government authorities will commence with respect to the power purchase agreement.
- Execution of the PPA term sheet for Project Pamodzi Power Station in Malawi was completed in April 2016 after long deliberation by the Government of Malawi. This term sheet will form part of the sale of the Malawian entities, and in return Tancoal will gain an option to supply coal to the power station in Malawi, which will be located across Lake Nyasa from Tancoal.

EXPLORATION

- Coal exploration is focussed towards tenements being maintained in good standing and supporting mine development works.
- In July IEC was granted three lithium exploration licenses in central Tanzania near the capital Dodoma. Refer to the recent ASX release
- The lithium licenses are located within the Dodoman System in an elongated belt trending west-north-west. The area is characterised by felsic intrusive rocks such as granite and pegmatite.

AAA DRILLING

- IEC and JV partner GPOT elected to wind up AAA Drilling as market conditions for drilling services in East Africa continue to be depressed.

CORPORATE

| Cashflow | 3 months A\$ '000 |
|----------------------------------|-------------------|
| Cash at beginning of the Quarter | (1,253) |
| Operating | (294) |
| Investing | - |
| Financing | 274 |
| Exchange Rate Adjustments | (17) |
| Cash at end of Quarter | (1,290) |

Community

- Support to the flagship Mbalawala Women's Organisation in Tanzania is ongoing.

For further information, please contact:

Shareholder Enquiries

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Competent Person's Statement - JORC Resources Contained in the June 2016 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.