

QUARTERLY ACTIVITIES REPORT

June 2015

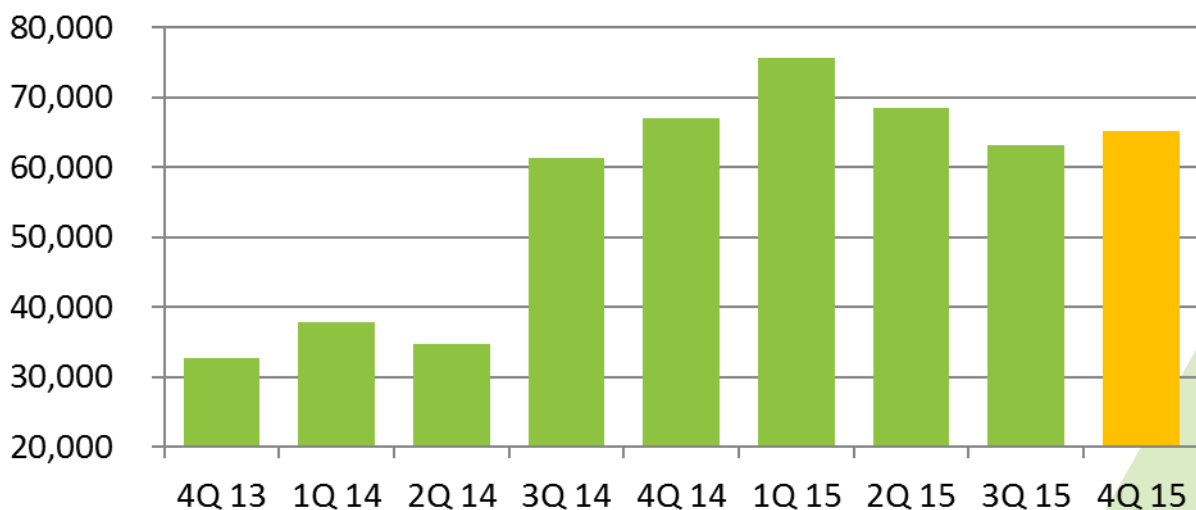
- Record full year sales and production achieved (271,893 tonnes and 301,525 tonnes respectively)
- Q4 FY15 sales of 65,286 tonnes, down 2.5% compared to the corresponding FY14 quarter
- Total Q4 FY15 coal production down 6.5% on corresponding FY14 quarter to 66,743 tonnes
- Positive operating and overall cash flow for the quarter, however cash remains tight

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 during the latter part of the quarter were impacted by the end of the financial year with customers depleting inventories during that period. The wet season during the quarter caused only minor disruption to operations. The main contributing factor in the downturn in sales during the quarter was the importation of coal from South Africa, which is being monitored by regulatory authorities.

With ongoing mining and corporate efficiencies, operational cash flow continued to improve.

Quarterly Sales Tonnages



MINING OPERATIONS

IEC Group Production and Sales

	Quarter Ended			12 months Ended		
	Jun 15	Jun 14	Var (%)	Jun 15	Jun 14	Var (%)
Overburden Stripped (bcm)	395,626	161,757	+144.6%	1,202,386	432,291	+178.1%
Coal mined (tonnes)	66,743	71,373	-6.5%	301,525	201,054	+50.0%
Sold (tonnes)	65,286	66,969	-2.5%	271,893	200,377	+35.7%

- Whilst sales were steady during the quarter, they were impacted by a slowdown in June due to customers running down inventories as the end of the financial year approached. Annual maintenance at one major cement customer also affected sales.
- Low Richards Bay coal prices continue to put downward pressure on pricing. In particular this has led to customers in Tanzania to import coal from South Africa, which IEC is discussing with regulatory authorities and monitoring closely.
- FY15 sales and production are records for the IEC Group.

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

	Quarter Ended	
	Jun 15	Jun 14
Tanzania	88.8%	88.6%
Kenya	6.6%	7.2%
Malawi	4.6%	4.2%

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

	Quarter Ended	
	Jun 15	Jun 14
Cement	60.8%	61.8%
Paper	7.4%	9.5%
Textiles	6.7%	5.8%
Other	25.1%	22.9%

Tancoal (Tanzania)

- An additional crusher was acquired during the quarter, providing for equipment redundancy as well as increased capacity as the need arises.
- Work on increased fuel storage at the mine site was also completed during the quarter, mitigating the potential for fuel shortages to impact operations.
- Following initial feasibility studies, capital was allocated for detailed design work on a dedicated haul road linking the mine and main roads. Survey work was completed in Q3FY15 and this new road will have a greater capacity than the road currently in use, providing logistics efficiencies. The detailed design capital is minimal and will be funded from cash flow, with construction funding options considered following completion of this work together with accurate cost estimates.



Tancoal's New Crusher in Operation

- An initial fuel tax rebate of approximately US\$400,000 was approved by the Tanzanian tax authorities. In lieu of a direct cash refund, Tancoal is seeking to have this credit applied to other statutory taxes. The rebate applies on an ongoing basis and will be submitted quarterly.
- Positive discussions continue with two new major cement plants with regard to long term supply contracts. The first is ARM Cement is located in the north-east whilst the other is the Dangote Cement plant in the south-east of Tanzania, which is nearing its commissioning phase.
- Relocation to new office premises in Dar es Salaam was completed in the quarter, with significant costs savings to be realised.

Malcoal (Malawi)

- Sales in Malawi picked up through the quarter with seasonal agricultural processing commencing.
- A new mine plan has been developed in conjunction with an external mine planning group, which will be implemented in the September quarter. This should result in additional operating efficiencies.
- A workforce restructure has been devised and approved. This will also be implemented in September 2015, resulting in additional annual cost savings.



Mine Operator

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. The Presiding Judge’s clerk has indicated that the judgment is currently being drafted and could be released in the September quarter.

ENERGY

- The PPA term sheet for Project Pamodzi Power Station in Malawi, agreed and initialled in the December quarter, was ratified by the Malawi Attorney General and returned to the Electricity Supply Company of Malawi. It is now expected to be executed in the September quarter.
- Intra Energy entered into a mandate with Standard Bank South Africa in respect of securing a Joint Venture partner for the Pamodzi Power Station in Malawi. To date Standard Bank have sourced two substantial potential partners, and both will commence due diligence in the September quarter.
- Discussions with other potential Joint Venture partners for Project Ngaka in Tanzania are ongoing.

EXPLORATION

- Exploration activities during the quarter were kept to a minimum to preserve cash, ensuring however that tenements are maintained in good standing.
- During FY16, exploration is scheduled to maintain tenements in good standing only.

AAA DRILLING

- AAA Drilling has been successfully transitioned to a Joint Venture project with General Petroleum Oils and Tools (“GPOT”). GPOT has the responsibility for operations and sales while IEC continues to provide technical support.

CORPORATE

Cashflow	3 months A\$ '000
Cash at beginning of the Quarter	(848)
Operating	706
Investing	(83)
Financing	(378)
Cash at end of Quarter	(603)

- Positive operating cash flow was achieved for the second quarter in a row.
- There was also an improvement in the overall cash position, although it still remains in deficit. Maintaining positive cash flow for the Group continues to be a priority for management.
- IEC continues to focus on improving available liquidity and credit terms with major suppliers.

Bank Facilities

- During the quarter an application was made to KCB Bank Tanzania Limited to increase the limit on the overdraft facility provided to Tancoal to US\$1,000,000, providing further liquidity to manage working capital needs, to improve operations and to back potential production increases as a result of potential supply to new major customers. Tancoal also requested an adjustment of the terms of the existing US\$625,000 bank guarantee facility to allow the remaining guarantees of US\$255,000 to be issued to any party at the request of Tancoal.

Community

- Community programs were minimised during the quarter to preserve cash.
- FY16 programs have been determined and are being specifically targeted in conjunction with the local district authorities to ensure community priorities are met, as well as providing value for money.



School located near the Tancoal Mine

For further information please contact:

Shareholder Enquiries

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