INTRA ENERGY
ABN 65 124 408 751

For personal use only

QUARTERLY ACTIVITIES REPORT
September 2020

- Mozambique Gold Update
- Mozambique Gold Presentation Summary
- Mozambique Gold Strategy
- Tancoal Sales and Production Lower
- Decision to transition from Coal production to Gold Development

MOZAMBIQUE GOLD

Intrafrican Resources Limited ("Intrafrican"), a fully owned subsidiary of Intra Energy Corporation Limited ("IEC" or "the Company") registered in Mauritius has invested in Intra Minerals Limited ("IML"), a company registered in Mauritius. Intrafrican currently owns 15% of IML which is the 95% owner of the Lurio Gold Project in Mozambique. Intrafrican will raise capital by private placement to continue with the exploration program in the Minas Do Lurio Gold Project with a drilling campaign as well as increase its equity substantially in IML.

IEC has entered into an Investment Agreement with Intra Minerals Ltd (IML) to buy an additional 30% of shares in the company for the investment of US$1.3m with the option to purchase to purchase up to 15% additional shares. IML has also engaged an operations consultant with "hands-on" experience in establishing gold mining operations in Southern Africa in conditions similar to the Minas Do Lurio project. IEC has mandated Bellhouse Capital PLC, an UK-based Financial Advisor to prepare a Presentation and advise on the capital raising route for IRL.

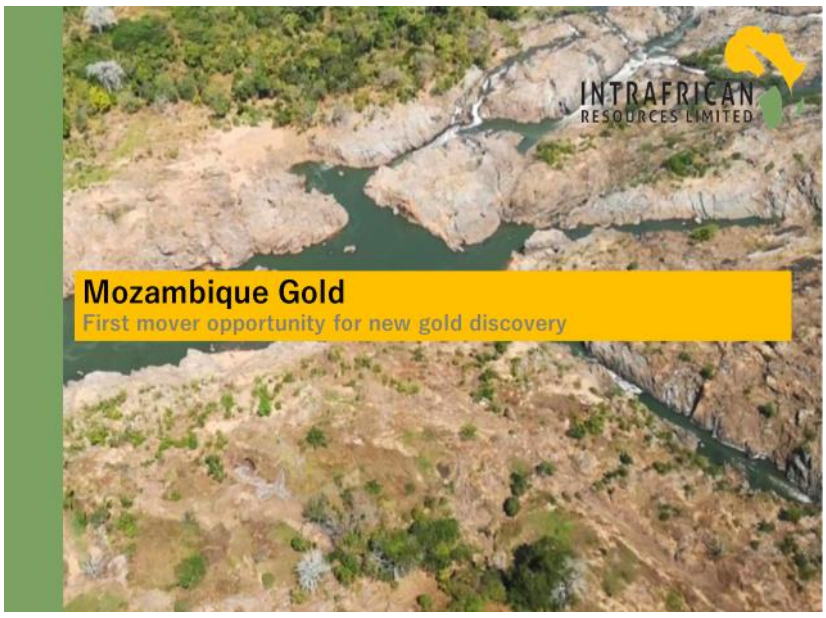


Photo of the potential 'Muteger' gold trap in the Lurio River subject to exploration and dredging development

For personal use only

The exploration project currently comprises a 168.56 km2 prospecting license (8416L) in the historically underexplored Lúrio Belt, an initial trenching and sampling program has been completed at Savane, a prospective area within the prospecting license. A new gold bearing area has been located approximately 2 kilometres from the original Savanne Area.

An independent expert, Benedikt Steiner (CGeol EurGeol) retained by IML to advise on the project has completed a non-JORC technical report summarising and evaluating the exploration activities on the project and has reviewed the three composite samples from the Savanne deposit analysed by SGS South Africa.

Mr Steiner comments that the project represents a significant first-mover opportunity into a previously unrecognised gold mineralisation trend along the Neoproterozoic Lúrio Belt. Prospecting and early stage exploration campaigns during 2017-2020 have confirmed a shallow exploration target at the Savane locality. Multiple alluvial and eluvial occurrences of free and refractory gold, as well as structurally-controlled bedrock mineralisation are hosted in quartz veins and occur in deformed granulites and granulitic gneisses. The stacked, 2-7 cm wide quartz veins are generally shallowly (10-20°) dipping and predominantly occur along open East-West trending structural corridors, defined by the intersection of regional shear and thrust faults.

Summary

High Conviction, De-Risked Gold Investment Opportunity in Mozambique



Significant first mover opportunity in Mozambique into a previously unrecognised gold mineralisation trend along the Neoproterozoic Lúrio Belt



Prospecting and exploration activities confirmed the presence of significant gold occurrences in at least 6 alluvial and hard rock target areas, with additional targets defined by airborne geophysics and artisanal activity



Shallowly dipping quartz-gold veins represent a possible low cost, low stripping ratio, open pit mining target in addition to an alluvial operation



Existing mobile mineral processing plant and equipment support the sampling, crushing and screening of gold bearing materials for early exploration results



Solid project fundamentals, including geology, grades, infrastructure and committed management team support a consequent progression of the project through the mining development curve

MINAS DO LÚRIO

INTRAFRICAN RESOURCES LIMITED

For personal use only

2021 exploration and development programme

In order to test and evaluate the currently known exploration targets, and to move towards a first resource estimate in Q4 2021, while at the same time identifying early production targets, IML will require US$1.3M in funding. A further funding of approximately US$800K will be required for production site work. The exploration and development campaign in 2021 will have the principal objectives of:

1. *Drill-testing known bedrock gold occurrences at Savane and Chapala:*

This will comprise up to 36 RC and 4 DD shallow drillholes, analysis of samples and production of a geological and grade 3D model. Geometallurgical and process mineralogical test work will be undertaken in order to define processing parameters and to enhance the understanding of gold grade recovery.

2. *JORC compliant technical reporting*:

A JORC compliant technical report of exploration results to date will be compiled and updated with drilling results of the 2021 campaign. A focus will be placed on the implementation of reproducible on-site sample processing workflows and best practice quality control (QC) procedures in order to ensure optimum sampling and commercial laboratory performance.

3. *Improving the license-wide geological setting and target generation strategy:*

A license-wide airborne magnetic and radiometric survey is planned to maintain a healthy exploration pipeline, to refine the existing geological map, and to crucially improve the accuracy of mineralisation host structure mapping in known and recently identified target areas. Additional reconnaissance soil sampling will be undertaken to rapidly delineate gold mineralisation potential across prospective structural corridors with an aim to identify dredging targets for early cash generation.

IEC has engaged Mr Kim Stanton-Cook, an exploration/development geologist with 45 years' experience in mineral exploration industry to act as its consultant in the development of the Lurio Gold Project. Mr Stanton-Cook has reviewed work done to date and has advised that the Project has merit and should move into the drilling stage as soon as possible as a highly prospective project.

4. *Preparing for Trial Production:*

The exploration programme will identify potential targets and on ground work by contract mining advisors will determine the location of early stage production. The focus will be on the Muteger Site where a number of gold shedding creeks in the river join and drop into a deeper site providing a potential gold trap for development of a dredging operation.

For personal use only

Strategy

Big Picture Five-Pronged Strategy with Mauritius at its core

#1 Development and Production of Gold "dore" from Minas do Lurio, Mozambique, and other mining projects conforming to ESG requirements and low production costs

#2 Set up Refining plant to process gold "dore" from Minas do Lurio and other ESG compliant and licensed producers into refined gold

#3 Use existing and expanded storage facilities for legitimate gold bullion in Mauritius

#4 Complete feasibility study for development of a Mint in Mauritius to buy and mint refined gold into tradeable ingots and currency

#5 International trading in certified gold, storage and potential backing of Mauritius cryptocurrency

MINAS DO LÚRIO

INTRAFRICAN RESOURCES LIMITED

TANCOAL ENERGY

Intra Energy Corporation (**IEC**) is the dominant coal supplier to industrial energy users in the Eastern African region. 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		
	Sep-20	**Sep-19**	**Var (%)**
Overburden Stripped (bcm)	169,883	929,166	-81.72%
Coal mined (tonnes)	70,824	164,126	-56.85%
Sold (tonnes)	66,600	169,407	-60.69%

Production and sales have been solely from the Tancoal Mine.

For personal use only

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

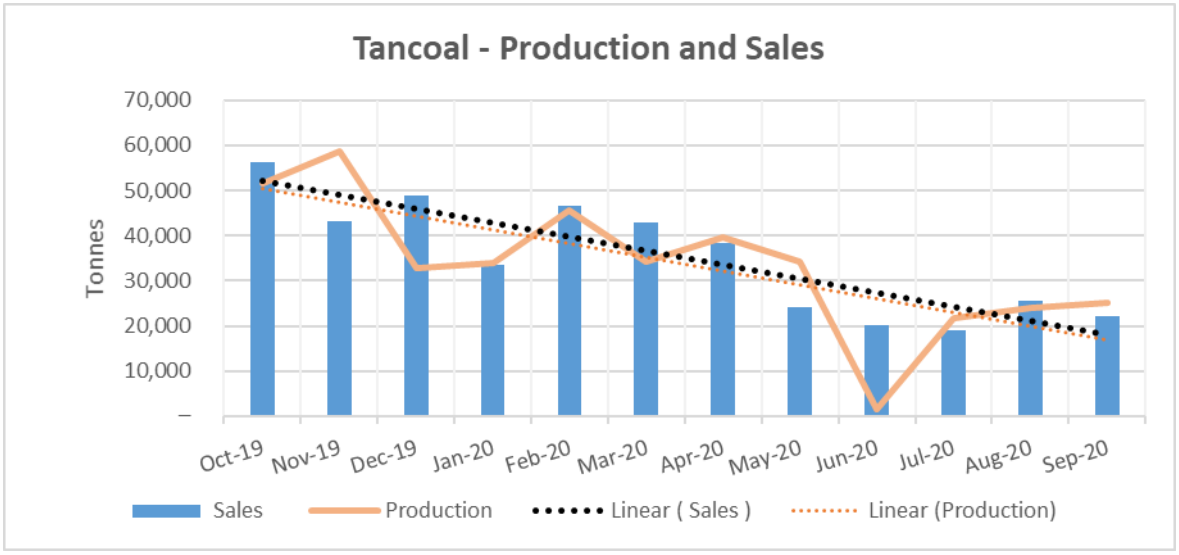
	Quarter Ended	
	Sep-20	Sep-19
Tanzania	69.94%	66.13%
Kenya	18.40%	23.05%
Rwanda	8.87%	3.24%
Uganda	2.79%	7.58%

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

	Quarter Ended	
	Sep-20	Sep-19
Cement	60.80%	45.98%
Ceramics	11.19%	36.73%
Textiles	16.35%	5.97%
Other	11.66%	11.32%

The cement industry remained the main customer during the quarter. The marketing objective continues to be the lessening dependence on the cement industry and broadening the supply of coal into regional and seaborne industrial and power station markets.

Tancoal (Tanzania)



Tancoal's sales for the quarter continued to reduce. This has been due to a variety of factors - the Covid-19 shutting regional borders and preventing exports as well as declining industrial production domestically. Several new short term coal mines have emerged and are buying market share at lower prices than Tancoal and the royalty on road transport which has eroded margins from trade and placed pressure on coal prices.

For personal use only

Discussions continue with the Ministry of Minerals for a moratorium on the assessment for past charges for royalty on transport to customers' business premises and discussions are also continuing with the former contractor, Caspian, to extend the payment plan for the three final payments due to tight cash flow from lower sales.

Tanzania has no cases of Covid-19 declared but people are advised to continue taking precautions. Schools and colleges have re-opened and there is no quarantine for international travellers that bring a clear Covid-19 test. Tancoal has implemented company policies to educate and protect its staff and contractors.

MALAWI

Operations and expenditure have ceased except for finalisation of rehabilitation on the site. The mining licence has been relinquished.

EXPLORATION

Coal exploration is concentrated on tenements being maintained in good standing and supporting mine development work. Gold exploration continues through an associated company, Intra Minerals Limited (Mauritius) in the Cabo Delgado and Nampula Provinces of Mozambique. The initial gold exploration programme ended with the advent of the wet season in December/January. Gold and other minerals are being explored by Intrafrican Resources Limited (Mauritius) which will host the diversification of IEC into mineral exploration and services. It is expected to restart prospecting operations when funds have been raised.

CORPORATE

Cashflow	**Current Quarter A$ '000**	**Year to Date (3 months) A$ '000**
Cash at beginning of the Quarter	**(965)**	**(965)**
Operating	648	648
Investing	(27)	(27)
Financing	(406)	(406)
Exchange Rate Adjustments	12	12
Cash at end of Quarter	**(738)**	**(738)**

- The bank overdraft limit with KCB Bank Tanzania Limited ("KCB") was US$0.9 million, (A$1.266 million) at 30 June 2020.
- Bank Facilities with KCB Bank of Tanzania were renewed in September 2019 on the same terms and conditions, the renewal process for September 2020 is in the final stages.
- The appeal of the TRA assessment of VAT to Tancoal, from the commencement of mining to June 2015 of approx. 3 million US dollars of which approx. 50% is interest and penalties, is ongoing.

For personal use only

- The tax investigation unit of the TRA has commenced an audit from the incorporation of the company to the current period, the investigation is ongoing.
- In January 2020, the Prevention and Combating of Corruption Bureau ("PCCB") commenced an investigation into Tancoal covering the period from the start of the company. Tancoal has not been advised of the reason for the investigation and has provided all documents as requested, the investigation is ongoing.
- The High Court of Tanzania (Commercial Division) in the NBC Bank case ruled in favour of Tancoal (refer ASX announcement 8 April 2019). NBC referred an appeal to the Court of Appeal of Tanzania and all the preliminary steps and processes have been done. The case now awaits a Summons for the date the hearing of the appeal will commence.

Community

- The Mbalawala Women's Organisation ("MWO") in Tanzania that has been supported by the company for many years continues to go from strength to strength as their operations expand with the growth of the mine.
- Tancoal's Corporate Social Responsibility ("CSR") plan for 2021 has been submitted.

OUTLOOK

Decision to transition from Coal production into Gold Development

Intrafrican Resources Ltd (IRL), a wholly-owned subsidiary of IEC, is focussed on the development of the Minas Do Lurio gold resource by Intra Minerals Ltd (IML) in Mozambique. IML has a strong exploration and development team in Mozambique led by Mr Winston Theler, the Chief Operating Officer and Mrs Benedicta Gräfin Von Schall-Riaucour, the Chief Administrative Officer. It is planned that Mr Jim Shedd, the Managing Director of IEC will also relocate to Mozambique in due course. IRL is intending to raise US$2.5 Million representing 25% of its share capital by way of private placement. The capital raising will commence in November 2020.

IRL has entered into an Investment Agreement with IML to purchase 30% of its equity for US$1.3 Million with a first right of refusal to inject US$875,000 for a further 15% equity. IRL currently has 15% equity in IML. The US$2.175 Million will be injected into exploration and development by IML to identify early dredging and mining targets for production and cashflow generation while working towards a JORC resource in the Minas Do Lurio concession. IML is in contact with other gold concession holders in Mozambique, one of the less explored countries in Africa with huge potential and a Government keen on mining development. Mauritius is an ideal base for African activities as the most business friendly country in Africa and has a double tax and investment protection treaties with Mozambique. There is also strong potential for a gold refinery and possibly a mint in Mauritius to service legitimate gold producers in Africa.

The performance of Tancoal Energy Limited (Tancoal) has disappointed due to loss of market, unfair imposts and border restrictions although its potential in the longer term as a significant producer for Tanzania cannot be doubted. As the gold development now has assumed greater importance to IEC, the Board has decided to position IEC as a gold developer, producer, refiner and trader and move away from coal altogether. While acknowledging the importance of coal to developing economies, it has become a difficult business to raise funds and support because of its environmental handicaps. IEC will therefore look at alternatives including partnerships and equity reduction in coal as it transitions as an experienced mining group into gold development.

For personal use only

For further information please contact:

Shareholder Enquiries
Jim Shedd
Chief Operating Officer
Intra Energy Corporation Limited
info@intraenergycorp.com.au
www.intraenergycorp.com.au

IEC - SCHEDULE OF MINING AND PROSPECTING TENEMENTS						
Tenement ID	**Country**	**Company**	**% Ownership**	**Locality**	**Minerals**	**Status**
PL 7620/2012	Tanzania	Tancoal	100	Mbuyura/Mkapa	coal	2nd Renewal pending
PL 7713/2012	Tanzania	Tancoal	100	Mhukuru	coal	active
PL 8999/2013	Tanzania	Tancoal	100	Mbalawala East	coal	active
ML 439/2011	Tanzania	Tancoal	100	Tancoal	coal	Active
PL 7391/2011	Tanzania	Tancoal	100	Mbalawala	coal	active
ML/608/2019	Tanzania	Tancoal	100	Mbuyura/Mkapa	coal	ML Application recommended
ML/609/2019	Tanzania	Tancoal	100	Mbuyura	coal	ML Application recommended
ML610/2019	Tanzania	Tancoal	100	Mbalawala	coal	Active
PL 11156/2017	Tanzania	Tancoal	100	Mbinga/Ruvuma	coal	Active
PL 11086/2016	Tanzania	Tancoal	100	Mbinga/Ruvuma	coal	Active
PL 13996/2019	Tanzania	Tancoal	100	Mbinga/Ruvuma	coal	Active
PL 10116/14	Tanzania	Tanzacoal	100	Songwe/Kiwira	coal	Active
PL10975/2016	Tanzania	Intra Energy (Tanzania)	100	Dodoma	lithium	Active
PL/10979/2016	Tanzania	Intra Energy (Tanzania)	100	Morogoro	graphite	Active

Tancoal is owned 70% by IEC