

QUARTERLY ACTIVITIES REPORT

March 2021

- **Mozambique Gold Update**
- **Quarterly Tancoal Sales and Production Lower**
- **Coal stocks available to meet demand**
- **Move from Fossil Fuel into Minerals**
- **New Director Appointment**

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 has begun fundraising to raise capital by private placement ("Placement") to increase its equity in IML and to enable IML to continue the exploration program in the Minas Do Lurio Gold Project in Mozambique, predominantly with a drilling campaign.

IEC's investment agreement with IML expires 30 June 2021.

Intrafrican's Project Summary and Presentation documents to be shown to potential investors as part of the fundraising are available on IEC and Intrafrican's websites.



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

An independent expert, Benedikt Steiner (CGeol EurGeol) retained by IML to advise on the project has completed a non-JORC technical report. 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 Lurio 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



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 including the dredging of gold bearing Lurio River streams. 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.

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 Mutege 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.

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



TANCOAL ENERGY

Intra Energy (Tanzania) Limited (IETL), a wholly owned subsidiary of 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		
	Mar-21	Mar-20	Var (%)
Overburden Stripped (bcm)	105,883	378,443	-72.02%
Coal mined (tonnes)	43,261	113,873	-62.01%
Sold (tonnes)	54,075	122,941	-56.02%

Production and sales have been solely from the Tancoal Mine.

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

	Quarter Ended	
	Mar-21	Mar-20
Tanzania	69.50%	64.45%
Kenya	0.06%	19.76%
Rwanda	16.65%	6.48%
Uganda	13.79%	9.31%

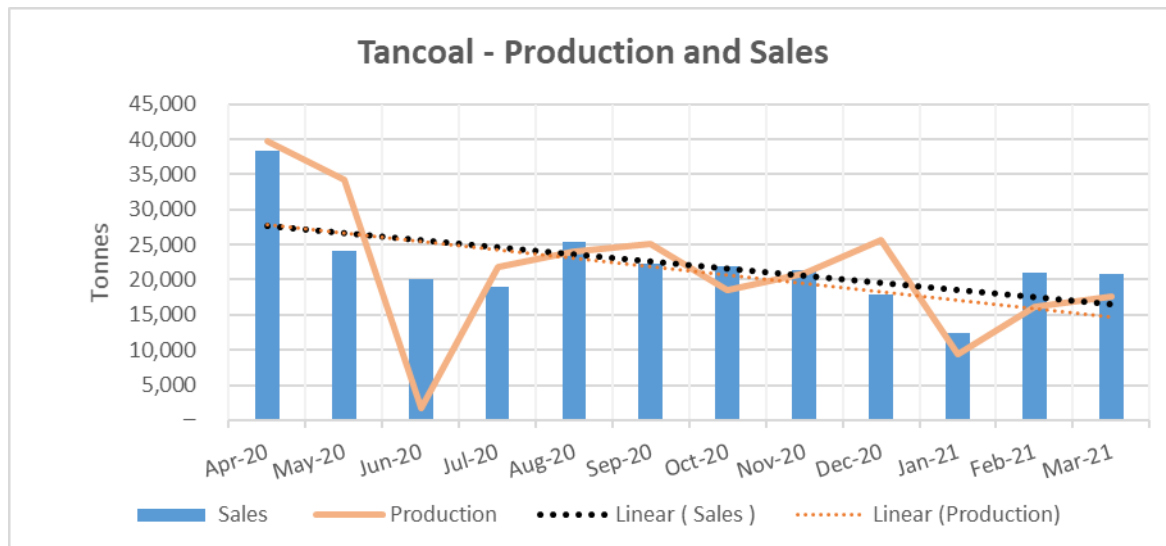
Covid-19 has restricted supplies into Kenya.

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

	Quarter Ended	
	Mar-21	Mar-20
Cement	84.89%	53.79%
Ceramics	-	38.21%
Textiles	4.29%	2.41%
Other	10.82%	5.59%

The cement industry remained the main customer during the quarter, the ceramics customer did not purchase any coal 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 were lower with January being a very poor month, but sales did improve in February and March. 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.

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.

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 Nampula Provinces of Mozambique. The initial gold exploration programme ended with the advent of the the wet season in December/April not January as normally Mozambique is hit by cyclonic activity between January/April. Gold and other minerals are being explored by Intrafrican Resources Limited (Mauritius) which will formalise the diversification of IEC into mineral exploration and services. It is expected to restart prospecting operations when funds have been raised and Covid-19 restrictions are reversed.

CORPORATE

During April Mr Benjamin Dunn acquired 10,000,000 shares from a private placement in IEC and has joined the Board of Directors (refer ASX Announcement on 22 April, 2021). Mr Dunn has a legal background and has extensive experience in fund raising. He is primarily interested in developing Australian activities for IEC in the exploration and development of mineral resources.

During April IEC granted an exclusive right to a credible firm interested in doing due diligence on IETL to determine areas of interest. USD100,000 was paid to secure the provision of the exclusive right.

Cashflow	Current Quarter A\$ '000	Year to Date (9 months) A\$ '000
Cash at beginning of the Quarter	(622)	(965)
Operating	701	1,851
Investing	-	(51)
Financing	(450)	(1,286)
Exchange Rate Adjustments	(6)	74
Cash at end of Quarter	(377)	(377)

During the quarter KCB Bank approved the bank facilities. All facilities were reduced to the amount outstanding on the loans, the bank interest rate was increased from 8% to 9%, the overdraft was reduced to US\$600,000 with the balance of US\$300,000 converted to a loan over 24 months at 9% with a 1% facility fee and the unused portion of the Bank Guarantee facility was not renewed, all other conditions remained the same.

- The bank overdraft limit with KCB Bank Tanzania Limited ("KCB") was US\$0.6 million, (A\$0.788 million) at 31 March 2021.
- 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.
- 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

In the Quarter under review, IEC has undertaken a number of structural changes as a result of its transition from a producer of fossil fuel to a mineral developer. Discussions are being held with potential partners interested in the coal business and potentially able to increase sales of coal to assist the industrialisation of Tanzania. In Mozambique IEC is a shareholder in Intra Minerals Limited (IML) and has a strong exploration team led by Mr Winston Theler, assisted by Mr Jim Shedd, the CEO of IEC. It has been determined that the Company will commence serious investigation for mineral assets in Australia, with an emphasis on copper/gold and has added a new Director, Mr Benjamin Dunn, to the Board with the target to identify and transact opportunities in Australia. IEC has evaluated several opportunities over the last year, but none as yet to the standard of the IML project.

Mozambique is one of the less explored countries in Africa with huge potential. Mauritius is an ideal base for African activities as the most business friendly country in Africa and has double tax and investment protection treaties with Mozambique. There is also potential for a gold refinery and possibly a mint in Mauritius to service legitimate ESG certified gold producers in Africa. The opportunities for operations in Australia has not been overlooked as this would give IEC the ability and expertise to develop its minerals ambition.

IEC is saddened by the demise of President Magufuli of Tanzania, but very much heartened by the pro-business attitude of the new President Samia Suluhu Hassan who is expected to open Tanzania to increased foreign investment. As previously stated, IEC has made the decision to transition from coal production in Tanzania into mineral opportunities and continues to evaluate its options in this regard.

For further information please contact:

Shareholder Enquiries

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IEC - SCHEDULE OF MINING AND PROSPECTING TENEMENTS

Tenement ID	Country	Company	% Ownership	Locality	Minerals	Status
PL 7620/2012	Tanzania	Tancoal	100	Mbuyura/Mkapa	coal	2 nd 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