INTRA ENERGY CORPORATION LIMITED

ABN 65 124 408 751

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2018

Contents

Directors' Report

The Directors submit their report for the half year ended 31 December 2018.

Directors

The names of the Company's Directors in office during the half year and until the date of the report are as follows:

Mr Graeme Robertson
Mr Troy Wilson
Mr Alan Fraser (appointed 24 August 2018)
Mr James Shedd (appointed Managing Director 7 November 2018)
Mr David Nolan (resigned 24 August 2018)

Company Secretary

Ms. Rozanna Lee

Principal activities

The principal activity of the Consolidated Entity during the period was coal exploration, production and power generation in Eastern Africa.

Operating results

The consolidated profit of the Consolidated Entity for the half year ended 31 December 2018 was $2,534,000 (31 December 2017: loss ($1,388,000)).

Review of operations

The 'Consolidated Entity' referred to in the financial statements refers to the Intra Energy Corporation Limited combined Group comprising Intra Energy Corporation Limited (referred to either as "Intra Energy", "IEC" or "the Company"), Intra Energy (Tanzania) Limited ("IETL"), Tancoal Energy Limited ("Tancoal"), Tanzacoal East Africa Mining Limited ("Tanzacoal"), Malcoal Mining Limited ("Malcoal"), Intra Energy Trading Limited, East Africa Mining Limited, Intra Energy Limited and Pamodzi Power Limited.

Mining Operations:

Tancoal (Tanzania)

Intra Energy's 100% owned Tanzanian subsidiary, IETL owns a 70% interest in Tancoal, a joint venture with the National Development Corporation of Tanzania ("NDC"), holding the remaining 30% interest. Tancoal was granted a Mining Licence by the Tanzanian Government on 18 August 2011 and commenced mining and supply of thermal coal to domestic and regional industrial customers mainly in Tanzania, Kenya, Uganda and Rwanda. The mine is manned exclusively by Tanzanians.

IEC's flagship project, the Tancoal Mine, is a project of Tanzanian national significance and remains the major operating coal mine in Tanzania.

SALES	**Dec 18 HY**	**Dec 17 HY**
Coal Sold (tonnes)	408,595	258,253
PRODUCTION	**Dec 18 HY**	**Dec 17 HY**
Overburden Stripped (BCM)	1,565,572	1,473,377
Coal Mined (tonnes)	364,519	294,524

Directors' Report – (Cont'd)

The half-year results show a positive improvement in the operations of the Tancoal Mine in Tanzania. The improvement in profit performance is mainly due to the increase in sales and production for the half year which have continued on from the second half of FY2018. There have been complementary improvements in efficiency at the mine site as well as strong control and management of costs.

Production capacity at the mine is now being increased to manage the increase in sales and to maintain an adequate stockpile. The improvement in cashflow has enabled the Group to reduce debt, to acquire additional coal production equipment and meet statutory requirements of the Tanzanian Government.

Several challenges remain which could hinder the orderly delivery of coal, the Caspian Contractor matter which needs resolution (refer ASX announcements on 11 September 2018) and the potential road tax on coal which would cripple the trucking and consumer industry (refer ASX announcement on 21 August 2018). With the satisfactory conclusion of these matters, production and sales are expected to increase going forward. The focus remains on meeting the requirements of local customers in Tanzania and then the marketing of coal into regional economies while working on the development of export facilities through the Port of Mtwara to allow barge and/or Handymax deliveries to overseas consumers.

Tancoal has complied in full with the new local content regulations of the Tanzanian government.

Malcoal (Malawi)

Malcoal Mining Limited ("Malcoal") is a joint venture between IEC (90%) and its local partner, Consolidated Mining Industries Limited ("CMI", 10%). Malcoal was an important part of IEC's Eastern African strategy to be the dominant coal supplier in the region. However, Malcoal suffered from intense competition from cheap imported coal and the decision was made in December 2016 to scale right back to the minimum number of employees to maintain the assets. The assets of the Malawi Group were fully impaired at 30 June 2016. The loss from discontinued operations in the period to 31 December was ($50,000) (31 December 2017: $69,000). The Company continues working to progress a sale of the Malawi assets.

Projects:

Project Ngaka (Tanzania)
In November 2015 IEC entered into a Memorandum of Understanding (MOU) with SINOHYDRO Corporation Limited (a subsidiary of Power China) to jointly develop the feasibility for the 270MW Ngaka coal-fired minemouth power station project in the Tancoal mine area. The Feasibility Study was delivered to the Tanzanian Government in October 2016. The MOU with Sinohydro was extended in June 2018 for a further six months. In September 2018 Sinohydro received a request for qualification (RFQ) from Tanesco for coal fired power generation projects under tender no. PA/001/2018-19/HQ/N/033. Power China is the party responding to the RFQ and will advise Tancoal if the tender is to move forward. There have been no further developments but the MOU with Sinohydro has now lapsed allowing IEC to enter into other partnerships.

Drilling:

The sale or lease of AAA Drilling Limited equipment is ongoing. Any proceeds of sales will be applied to the liabilities of the Company.

Directors' Report – (Cont'd)

Exploration:

Limited exploration was undertaken during the period, with expenditure continuing to be controlled so as to preserve cash whilst still maintaining the Company's portfolio of tenements in good standing.

IEC's total resources no longer include the resource for Malawi.

Table 1 - Intra Energy JORC resources

Project	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
Tanzania				
Tancoal – North	51.00	73.70	71.73	196.43
Tancoal – South	25.53	71.80	63.00	160.33
Total JORC resources	**76.53**	**145.50**	**134.73**	**356.76**

COMPETENT PERSON STATEMENT

MBALAWALA/MBUYURA-MKAPA

The information in this report relates to Exploration Results, Mineral Resources or Ore Reserves based on the Mbalawala Mine Bankable Feasibility Study with related infrastructure feasibility options as at 31 August 2010, the Mbalawala Coal Mine Bankable Feasibility Study as at 13 August 2010, the Resource Model Assessment and Review, Ngaka Project Area as at 20 July 2010 an the Updated Raw Coal Resource Estimate provided by JB Mining Services Pty Ltd dated 30 September 2017 and 30 November 2017 and have been reviewed by Mr Phillip Sides. Mr Sides is a Member of the Australian Institute of Geoscientists and as such qualifies as a Competent Person as defined by the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ~ The JORC Code ~ 2012 Edition". Mr Sides is a consultant to JB Mining Services Pty Ltd and has sufficient experience to qualify as a Competent Person as defined in The JORC Code. Mr Sides consents to the inclusion of the matters based on his information in the form and context in which it appears.

Financial:

KCB Bank Tanzania Limited (KCB) has provided the following facilities. All facilities are in place with a review due in April 2019. The main terms of the facilities are summarised below:

- US$900,000 overdraft facility, 8%
- US$900,000 term loan at 8%, converted from overdraft in July 2018
- Term Loan US$936,000 for Crusher and Screening Plant, 8%
- Bank Guarantee US$625,000, US$194,000 of the facility remains unused;
- Spot rate at 31 December 2018 was 0.70322

Corporate Social Responsibility:

The Mbalawala Women's Organisation ("MWO") in Tanzania has been supported by the company for many years. MWO has worked very hard and with the increased production and sales at the mine their catering and accommodation service business has achieved financial independence, the company will continue to support them with technical and other ongoing support that they need. MWO has received a Tested Product Certificate from the Tanzania Bureau of Standards which is a licence for them to manufacture coal briquettes. These briquettes from coal fines mixed with clay, have the potential to reduce the use of charcoal in cooking fires and hence reduce the environmental devastation caused by the charcoal industry.

Directors' Report – (Cont'd)

Tancoal donates funds to local village organisations to support their activities within the community and has donated funds for new school classrooms and a project to construct a well capable of delivering 10,000 litres per hour of potable water at the Ntunduwaro village close to the mine site is close to completion.

Tancoal has submitted its Corporate Social Responsibility ("CSR") plan for 2019 to the Government as required under the new rules.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Consolidated Entity under ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191. The Consolidated Entity is an entity to which the Class Order applies.

Auditor's independence declaration

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 21.

Signed in accordance with a resolution of the Directors.

Graeme Robertson
Non-Executive Chairman
Dated at Sydney this 13th of March 2019

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2018

	31-Dec 2018 $'000	31-Dec 2017 $'000
Sales income	26,484	15,088
Cost of production	(20,185)	(13,334)
GROSS PROFIT	6,299	1,754
Foreign exchange loss	(42)	(44)
Compliance and regulatory expenses	(118)	(162)
Legal and professional expenses	(196)	(206)
Depreciation and amortisation	(480)	(381)
Remuneration and employee expenses	(1,382)	(1,021)
Exploration expenditure	(7)	(9)
Other expenses	(1,292)	(963)
Finance costs	(155)	(220)
PROFIT/(LOSS) BEFORE INCOME TAX	**2,627**	**(1,319)**
Income tax benefit/(expense)	-	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**2,627**	**(1,319)**
Loss from discontinued operations	(50)	(69)
Loss from discontinued operations – share of equity-accounted investees	(75)	(67)
Reversal of impairment of assets from discontinued operations	32	-
PROFIT/(LOSS) FOR THE PERIOD	**2,534**	**(1,388)**
OTHER COMPREHENSIVE INCOME		
Foreign currency translation (loss)/gain	(17)	(273)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**2,517**	**(1,661)**
NET PROFIT/(LOSS) FOR THE PERIOD		
Attributed to:		
Shareholders of Intra Energy Corporation Limited	1,837	(1,037)
Non-controlling interest	697	(351)
	2,534	**(1,388)**
TOTAL COMPREHENSIVE GAIN/(LOSS) FOR THE PERIOD		
Attributed to:		
Shareholders of Intra Energy Corporation Limited	1,825	(1,410)
Non-controlling interest	692	(251)
	2,517	**(1,661)**
PROFIT/(LOSS) PER SHARE (cents per share, basic and diluted)		
- Profit/(loss) per share on continuing and discontinued operations	0.65	(0.36)
- Profit/(loss) per share on continuing operations	0.67	(0.34)
- Profit/(loss) per share on discontinued operations	(0.02)	(0.02)

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the Financial Statements.

Financial Statements

Consolidated Statement of Financial Position
as at 31 December 2018

	Notes	31-Dec 2018 $'000	30-Jun 2018 $'000
Current Assets			
Cash and cash equivalents		3,513	411
Inventories		1,367	2,935
Trade and other receivables		3,745	2,332
Total Current Assets		**8,625**	**5,678**
Non-Current Assets			
Property, plant and equipment		6,832	6,640
Mine development costs		5,222	4,823
Exploration expenditure		696	636
Total Non-Current Assets		**12,750**	**12,099**
TOTAL ASSETS		**21,375**	**17,777**
Current Liabilities			
Bank overdraft		189	2,268
Trade and other payables		17,857	15,963
Employee benefits		75	60
Interest bearing liabilities	2	2,543	1,539
Liabilities held for sale	3	1,144	1,155
Total Current Liabilities		**21,808**	**20,985**
Non-Current Liabilities			
Provisions		920	662
Total Non-Current Liabilities		**920**	**662**
TOTAL LIABILITIES		**22,728**	**21,647**
NET LIABILITIES		**(1,353)**	**(3,870)**
EQUITY			
Issued capital	4	69,590	69,590
Reserves		1,415	1,427
Accumulated losses		(66,356)	(68,193)
Total equity attributed to equity holders of the Company		**4,649**	**2,824**
Non-controlling interest		(6,002)	(6,694)
TOTAL EQUITY		**(1,353)**	**(3,870)**

The Statement of Financial Position should be read in conjunction with the accompanying notes to the Financial Statements.

Financial Statements

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2018

	Issued Capital	Accumulated Losses	Performance Rights	Option Reserve	Foreign Currency Translation Reserve	Total	Non-Controlling Interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2018	**69,590**	**(68,193)**	**795**	**2,216**	**(1,584)**	**2,824**	**(6,694)**	**(3,870)**
Net profit/(loss) for the period	-	1,837	-	-	-	1,837	697	2,534
Foreign currency translation differences	-	-	-	-	(12)	(12)	(5)	(17)
Total comprehensive income / (loss)	-	1,837	-	-	(12)	1,825	692	2,517
Transactions with owners recorded directly into equity								
Shares issued during the period	-	-	-	-	-	-	-	-
Balance at 31 December 2018	**69,590**	**(66,356)**	**795**	**2,216**	**(1,596)**	**4,649**	**(6,002)**	**(1,353)**
At 1 July 2017	**69,590**	**(66,709)**	**795**	**2,216**	**(1,238)**	**4,654**	**(5,963)**	**(1,309)**
Net profit/(loss) for the period	-	(1,037)	-	-	-	(1,037)	(351)	(1,388)
Foreign currency translation differences	-	-	-	-	(373)	(373)	100	(273)
Total comprehensive income / (loss)	-	(1,037)	-	-	(373)	(1,410)	(251)	(1,661)
Transactions with owners recorded directly into equity								
Shares issued during the period	-	-	-	-	-	-	-	-
Balance at 31 December 2017	**69,590**	**(67,746)**	**795**	**2,216**	**(1,611)**	**3,244**	**(6,214)**	**(2,970)**

The Statement of Changes in Equity should be read in conjunction with the accompanying notes to the Financial Statements.

Financial Statements

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2018

	31-Dec 2018 $'000	31-Dec 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	25,616	16,652
Payments to suppliers and employees	(20,627)	(14,283)
Interest paid	(155)	(220)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**4,834**	**2,149**
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral exploration and development expenditure	(34)	(114)
Purchase of property, plant and equipment	(376)	(1,506)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	**(410)**	**(1,620)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	1,793
Repayment of borrowings	(336)	(1,130)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	**(336)**	**663**
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	4,088	1,192
Effect of exchange rate changes on cash and cash equivalents	(94)	43
Cash and cash equivalents at beginning of period	(1,857)	(2,279)
Transfer from bank overdraft to term loan	1,187	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,324**	**(1,044)**

Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Group's cash management. The Statement of Cash Flows should be read in conjunction with the accompanying notes to the Financial Statements.

1. Summary of Significant Accounting Policies

a) Basis of Preparation

This general purpose half-year financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year financial report does not include all notes of the type normally included in an annual financial report. It is recommended that this half-year financial report should be read in conjunction with the annual report for the period ended 30 June 2018 and any public announcements made by Intra Energy Corporation Limited during the half-year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report has been prepared on a historical cost basis.

The interim financial statements have been approved and authorised for issue by the board of directors on 13 March 2019.

b) Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue trading, realise its assets and discharge its liabilities in the ordinary course of business for a period of at least 12 months from the date that these financial statements are approved.

The Directors note that:

- The Group generated a profit after tax for the half-year of $2.534m (2017: loss ($1.388m)) primarily as a result of improved market conditions; and
- There has been identifiable improvement in the Group's profits and its net current liabilities from $15.3m to $13.18m, however, current liabilities still exceed current assets by $13.18m. The deficit in net current liabilities includes an overdraft and loan facilities of $2.331m payable to KCB Bank of Tanzania ("KCB") under loan facilities which can be called at any time.

In assessing the appropriateness of using the going concern assumption, the Directors have:

- Noted the profit made during the half-year.
- The continued support from KCB bank.
- Considered the improved market conditions for coal supply and coal sales have continued to increase as the Group responds to growing demand in the East African cement and industrial markets segment. The ban on the importation of coal has resulted in increased sales orders and this trend is expected to continue. As Tancoal continues to implement productivity improvements, the working capital position of the Company is expected to improve in the longer term.
- Continued to implement a number of cost saving initiatives and improvements to the mine infrastructure.
- Noted that Tancoal is paying most creditors regularly with the main exception being the outstanding amount under dispute with the contractor Caspian (refer ASX announcement on 11 September 2018).
- Retained their confidence in the strategic value of the Group as it develops its coal projects across East Africa. IEC is the dominant and growing coal miner and supplier to industrial energy users in the Eastern African region. Eastern Africa is one of the fastest growing regions in the world with national growth rates between 5% and 8%.
- Continues to seek buyers for the sale of assets in the Malawi business that has a JORC compliant resource of 63 million tonnes and the AAA Drilling joint venture.
- Recognised that the interest-bearing liabilities relating to the loans from KCB are secured against the Group's mining equipment.
- Noted JORC compliant resources of 357 million tonnes at the Tancoal mine in Tanzania.

- After considering the above factors, the Directors have concluded that the use of the going concern assumption is appropriate. However, if improved coal sales, cost saving initiatives or working capital improvements are not achieved or if KCB Bank of Tanzania demands repayment of their debt facility, the Group will be required to raise further debt or equity or divest assets to continue as a going concern.

1. Summary of Significant Accounting Policies – (Cont'd)

Whilst the Directors remain confident in the Group's ability to access further working capital through debt, equity or asset sales if required, there remains material uncertainty as to whether the Group will continue as a going concern.

Had the going concern basis not been used, adjustments would need to be made relating to the recoverability and classification of certain assets, and the classification and measurement of certain liabilities to reflect the fact that the Group may be required to realise its assets and settle its liabilities other than in the ordinary course of business, and at amounts different from those stated in the consolidated financial statements.

c) Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2018. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of these amendments has not resulted in any changes to the Consolidated Entity's accounting policies and has no material effect on the amounts reported for the current or prior periods.

d) Significant accounting judgements, estimates and assumptions

In the application of the Consolidated Entity's accounting policies management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Rehabilitation expenditure

The mining, extraction and processing activities of the Company give rise to obligations for site rehabilitation. Rehabilitation obligations can include facility decommissioning and dismantling, removal of treatment of waste materials, land rehabilitation and site restoration. The extent of work required and the associated costs are estimated based on feasibility and engineering studies using current restoration standards and techniques. Provisions for the cost of each rehabilitation programme are recognised at the time the environmental disturbance occurs.

Rehabilitation provisions are initially measured at the expected value of future cash flows required to rehabilitate the relevant site, discounted to their present value. The value of the provision is progressively increased over time as the effect of discounting unwinds. When provisions for rehabilitation are initially recognized, the corresponding cost is capitalized as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of rehabilitation activities is recognised in 'Mine Development Costs' as rehabilitation assets and amortised accordingly.

Where rehabilitation is expected to be conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the present obligation or estimated outstanding continuous rehabilitation work at each Consolidated Statement of Financial Position date and the costs charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in line with remaining future cash flows.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on average costs over the relevant period of production and includes expenditure in accumulating the inventories, production costs and other costs incurred in bringing them to their existing location and condition. Stockpile tonnages are verified by periodic surveys.

1. Summary of Significant Accounting Policies – (Cont'd)

Recoverability of exploration and evaluation expenditure

The recoverability of the capitalised acquisition expenditure recognised as a non-current asset is dependent upon the successful development, or alternatively sale, of the respective tenements which comprise the assets.

2. Interest bearing liabilities

	31-Dec 2018 $'000	30-Jun 2018 $'000
Current		
Secured loan facility – overdraft transferred to term loan	1,122	-
Secured loan facility – crushing and screening plant	1,020	1,086
Insurance premium funding	68	129
Hire purchase	333	324
	2,543	**1,539**

Secured loan facility

The secured loans are with KCB Bank Tanzania Limited ("KCB"). The main terms of the facilities (current liabilities) are summarised below:

- Term Loan (at call) for US$936,000 at an 8% interest rate for the purchase of the crushing and screening plant;
- Term Loan (at call) for US$900,000 for half the overdraft transferred to a term loan in July 2018.

The loan is classified as current debt as KCB retains the right to demand immediate repayment of the facility.

The Insurance premium funding terms are;

- Commercial Bank of Africa Ltd TZS 109,381,330 that was paid by 31 January 2019

3. Disposal group held for sale

The Malawi Group is presented as a disposal group held for sale. The carrying value of the assets was fully impaired as at 30 June 2016. The Company continues to work to progress a sale with potential purchasers. As at 31 December 2018, the disposal group was stated at fair value and comprised the following assets and liabilities:

	31-Dec 2018 $'000s	30-Jun 2018 $'000s
Property, plant and equipment	237	245
Mine development and exploration costs	1,247	1,270
Inventories	1	1
Trade and other receivables	8	9
Less: Provision for impairment	(1,493)	(1,525)
Assets held for sale	**-**	**-**
Trade and other payables	1,144	1,155
Provisions	-	-
Liabilities held for sale	**1,144**	**1,155**

4. Issued capital

	31-Dec 2018 $'000	30-Jun 2018 $'000
Fully Paid Ordinary Shares		
387,724,030 shares (30 June 2018: 387,724,030 ordinary shares)	69,590	69,590

During the period to 31 December 2018 there were no shares issued in the Company.

5. Post Balance Date Events

There has not arisen in the interval between 31 December 2018 and the date of this report, any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, in future financial years.

6. Contingent liabilities and Contingent Assets

The supplier of the hire purchase contracts in Malawi has brought a legal claim for penalties as part of the cancellation of the arrangement against the subsidiary company Malcoal Mining Limited. The company is defending the claim but the potential liability may be up to $500,000 in addition to costs accounted for in the accounts. The claim was still pending at 30 June 2018.

Tancoal Energy Limited in Tanzania received a favourable judgement on 4 March 2019 in its defence of a legal claim brought by NBC bank for recovery of money paid under a letter of credit arrangement in 2013. The company was defending the claim that had a potential liability up to US$470,000. Tancoal also received a favourable judgement for its counterclaim against NBC for withdrawing without authority US$230,000 from a Tancoal bank account during the 2017 year to apply against the contingent liability.

The Ministry of Energy and Minerals has made a claim to Tancoal for US$1.13 million (including the US$160,000 declared as a contingent liability in FY 2017) for a royalty that it has deemed payable on the transport portion of sales to customers for sales between August 2011 and June 2014. The company does not charge customers for transport and continues to work with the Ministry to resolve the matter.

On 7 September 2018, Tancoal received a Chamber Summons and a Petition for Administration Order from Caspian Limited, Tancoal's largest creditor. Tancoal is in dispute with Caspian over their rates and poor quality of equipment. Tancoal has filed a counter claim, the next court date is set for 8 April 2019.

Other than the above, the Directors are not aware of any contingent liabilities or contingent assets at 31 December 2018.

7. Segment Information

The Consolidated Entity operates in two geographical segments being Australia and Africa.

Segment information

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Consolidated Entity's business is coal exploration, production and the provision of drilling services in Eastern Africa.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Consolidated Entity.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs.

7. Segment Information (cont)

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Consolidated Entity as a whole and are not allocated. Segment liabilities include trade and other payables.

7. Segment Information – (Cont'd)

Geographical Segment	Australia Period Ended 31-Dec-18 $'000	Australia Period Ended 31-Dec-17 $'000	Africa Period Ended 31-Dec-18 $'000	Africa Period Ended 31-Dec-17 $'000	Eliminations Period Ended 31-Dec-18 $'000	Eliminations Period Ended 31-Dec-17 $'000	Consolidated Period Ended 31-Dec-18 $'000	Consolidated Period Ended 31-Dec-17 $'000
Revenue								
Sales revenue	-	-	26,484	15,088	-	-	26,484	15,088
Inter segment revenue	1,071	538	-	-	(1,071)	(538)	-	-
Total revenue	1,071	538	26,484	15,088	(1,071)	(538)	26,484	15,088
Cost of production	-	-	(20,185)	(13,334)	-	-	(20,185)	(13,334)
Gross Profit	**1,071**	**538**	**6,299**	**1,754**	**(1,071)**	**(538)**	**6,299**	**1,754**
Other income	-	-	-	-	-	-	-	-
Other operating expenses	(813)	(659)	(2,224)	(1,813)	-	-	(3,037)	(2,472)
Profit/(loss) before impairment, depreciation, amortisation, net finance costs	**258**	**(121)**	**4,075**	**(59)**	**(1,071)**	**(538)**	**3,262**	**(718)**
Impairment								
Depreciation							(442)	(381)
Amortisation							(38)	-
Results from operating activities							2,782	(1,099)
Finance income								
Finance expenses							(155)	(220)
Profit/(loss) Before Tax							2,627	(1,319)
Income tax benefit/(expense)							-	-
Profit from continuing operations							2,627	(1,319)
Loss from discontinued operations							(93)	(69)
Profit/(loss) for the period							2,534	(1,388)

7. Segment Information – (Cont'd)

Geographical Segment	Australia Period Ended 31-Dec-18 $'000	Australia Period Ended 30-Jun-18 $'000	Africa Period Ended 31-Dec-18 $'000	Africa Period Ended 30-Jun-18 $'000	Eliminations Period Ended 31-Dec-18 $'000	Eliminations Period Ended 30-Jun-18 $'000	Consolidated Period Ended 31-Dec-18 $'000	Consolidated Period Ended 30-Jun-18 $'000
Balance per statutory accounts								
Total assets	5,020	4,153	22,401	17,627	(6,046)	(4,003)	21,375	17,777
Total liabilities	(894)	(1,097)	(62,459)	(58,545)	40,625	37,995	(22,728)	(21,647)

Directors' Declaration

In accordance with a resolution of the Directors of Intra Energy Corporation Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Consolidated Entity, as set out on pages 7 to 17:

- (i) give a true and fair view of the financial position as at 31 December 2018 and the performance for the half-year ended on that date of the Consolidated Entity; and
- (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Graeme Robertson
Executive Chairman
Dated at Sydney this 13th day of March 2019

INTRA ENERGY CORPORATION LIMITED
ABN 65 124 408 751
AND ITS CONTROLLED ENTITIES

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INTRA ENERGY CORPORATION LIMITED

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Intra Energy Corporation Limited and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Intra Energy Corporation Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Intra Energy Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

INTRA ENERGY CORPORATION LIMITED
ABN 65 124 408 751
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INTRA ENERGY CORPORATION LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Intra Energy Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that the Group's current liabilities exceeded its current assets by $13,183,000. As stated in Note 1(b), this event or condition, notwithstanding an improvement in the Group's profits and its net current liabilities from $15,307,000 to $13,183,000, along with other matters as set forth in Note 1(b), indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 13 March 2019

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INTRA ENERGY CORPORATION LIMITED
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AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
INTRA ENERGY CORPORATION LIMITED AND ITS CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 13 March 2019