

16 September 2014

INTRA ENERGY CORPORATION LIMITED
30 JUNE 2014 ANNUAL REPORT

The Board of Directors of Intra Energy Corporation Limited (ASX: IEC) are pleased to release the Company's Annual Report with audited financial statements for the year ended 30 June 2014.

The Company will shortly announce details of a Share Placement Plan to Shareholders.

For further information please contact:

Shareholder Enquiries

Jonathan Warrand

Executive Director & CFO

Intra Energy Corporation Limited

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The cover features a large photograph of a yellow Liebherr wheel loader dumping material into an orange truck at a coal processing site. The background is a blue sky with white clouds. A large green triangle on the left contains a repeating pattern of small white triangles. A white triangle at the top right contains the text 'ANNUAL REPORT / 2014'.

ANNUAL
REPORT /

20/14



INTRA ENERGY
www.intraenergycorp.com.au

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DIRECTORS

Graeme Robertson (Chairman)

David Mason

Jonathan Warrant

William Paterson

Gideon Nasari (Resigned 31 July 2014)

Simon Harvey (Alternate Director for Jonathan Warrant appointed 10 December 2013)

COMPANY SECRETARY

Rozanna Lee

CHIEF OPERATING OFFICER

Tarn Brereton (Appointed 1 July 2013)

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ASX CODE (IEC)

On behalf of the Board of Intra Energy Corporation Limited ("IEC" or "the Company"), it is my pleasure to present the Annual Financial Report for 2014.

Intra Energy is the major producer of coal in the Eastern Africa region and is developing quality regional thermal coal supply to industries as well as developing coal-fired power station projects to increase its coal supply. The Eastern Africa region is one of the most rapidly growing areas in the world today and is undergoing an industrial transformation which is being constrained by lack of reliable electricity. There is little competition to IEC's coal supply and the reliability of production and supply has been instrumental in increasing its market share. Production costs are in the lowest quartile with the coal not requiring beneficiation and low overburden to coal ratios. IEC is therefore not directly affected by world coal prices nor negative international trading parameters. Despite a declining share price reflective of coal stocks internationally, IEC is not comparable to Australian circumstances as it operates only in dynamic Eastern Africa, with increasing efficiency and expanding market share.

Over the last year, the mining operations increased sales by 57%, from 121,026 tonnes in 2013 to 189,597 tonnes in 2014. The current order book continues to strengthen and diversify, geographically supplying 30% of coal outside of Tanzania (25% to Kenya) and broadening further the customer base to cement, textiles, paper, ceramic, lime and steel industries. Sales to international and regional cement producers alone account for 62% of current sales.

IEC's mining operations, Tancoal in Tanzania and Malcoal in Malawi are in remote locations, hence every effort has been made to improve efficiencies and reduce costs. Emphasis has been placed on procurement of spare parts by the mining company, increasing operating efficiencies and control of maintenance functions to enhance performance.

While the prospects for IEC are improving, the 2014 financial year showed a very disappointing loss of \$20.8 million, deteriorating the financial position of the Group. A significant contributor to this loss was the Board taking the prudent decision to impair the Special Mining Licence of IEC's subsidiary, Tanzacoal East Africa Mining Limited ("Tanzacoal") by \$13.4 million due to the revocation of its Mining Licence 235/2005 via cancellation by the Minister of Energy and Minerals in April 2014. Tanzacoal had developed a trial mining operation and produced samples of the coal for testing and had determined that the coal was only suitable for power generation. IEC has commenced legal proceedings and will explore all options to protect its interests and reach a suitable settlement to this issue.

The trading loss of \$7.4 million for FY14 was influenced by transport workers strikes and a wet season impacting transport of coal in Tanzania. The Presidential Election in May in Malawi disrupted sales in that country, with minimal sales during and shortly after the election period. The Malawi election proceeded peacefully and is a credit to the democratisation of the nation.

The Company continued to expand its resource base, announcing a maiden JORC compliant resource of 62 million tonnes in Malawi, which adds to the 423 million tonne resource at the Tancoal Mining area in Tanzania. Both resources comprise good quality thermal coal, which is sufficiently low in ash content to not require beneficiation.

IEC continues to sponsor the development of the 120MW "Pamodzi" coal-fired power station in Malawi and entered into a Memorandum of Understanding in April 2014 to progress a joint venture agreement with Endeavor Energy Power Holdings Limited, a USA based independent power project development company focused on Pan African energy generation projects and who are supported by leading global energy private equity firm, Denham Capital.

Whilst IEC experienced a delay caused by the Malawi election, the new Government continues to strongly support the project as it seeks to diversify its energy sources and also satisfy its growing demand for energy. The Company is working in partnership with Endeavor to progress Project Pamodzi to financial close and to complete the negotiations with the Electricity Supply Corporation of Malawi (ESCOM) to conclude terms for a Power Purchase Agreement.

The 200MW mine mouth coal-fired power station originally proposed to the Tanzania Electric Supply Company Limited ("TANESCO") and the Government of Tanzania is currently on hold as IEC and the Government review options to reduce the gap in the proposed tariff.

With assistance from the Australian Government's Direct Grants and funding from Tancoal, the Company in Tanzania continued the development of the local Women's Group aiming to establish various activities for women to manage their own businesses in a sustainable manner. Additional assistance was provided for refurbishing a primary school and transport provisions to regional security forces and police are ongoing projects. In Malawi, Malcoal is training employees from the local community and employing a large proportion of females as operators - unique in the African mining industry. Despite a difficult year, IEC has made significant progress in developing its market and has substantially increased both contracted sales and production over the past year. The target next year is to increase production and sales while improving mining efficiency and operating profitability to support mine expansion and the power generation initiatives.

Sincerely



Graeme Robertson
Executive Chairman – Intra Energy Corporation Limited

MINING OPERATIONS

TANCOAL (TANZANIA)

IEC's 100% owned subsidiary, Intra Energy Tanzania Limited ("IETL"), owns a 70% interest in Tancoal Energy Limited ("Tancoal"), a joint venture with the National Development Corporation of Tanzania ("NDC"), which holds the remaining 30% interest. Tancoal was granted a Mining Licence ("ML") by the Tanzanian Government on 18 August 2011 and commenced mining and supply of coal to domestic and regional industrial customers in Tanzania, Kenya, Uganda, Zambia and Malawi. Sales increased across the Eastern African region, including trials to Zambia and new customers in Kenya. Marketing is underway to secure new markets in Rwanda.

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

SALES	FY14	FY13
Coal Sold (tonnes)	189,597	121,026
PRODUCTION	FY14	FY13
Overburden Stripped (BCM)	461,043	260,161
Coal mined (tonnes)	203,264	105,484

Mining operations continue to focus on efficiency, reducing wastage, improving machinery performance, labour productivity and matching production to contracted sales.

Current production capacity is circa 450,000 tonnes per annum. Upgrades in equipment and processes target 720,000 tonnes per annum to support the anticipated increase in sales volumes in FY15. As at 30 June 2014, approximately 34,000 tonnes was held in stockpiles.

A mining and operations efficiency study was undertaken during the year resulting in a wide range of recommendations in the areas of mine planning, scheduling and processing, which continue to be implemented, lowering costs of production.

Coal quality has consistently met with client specifications, and resulted in Tancoal being the preferred supplier over coal imported from South Africa.

A two phase logistics plan is being developed at the Tancoal operations. Product coal is distributed from a stockpile at Kitai, some 50 kilometres from the mine pit. It is trucked to this location.

The first part of the plan is an expansion of the Kitai stockyard, which commenced in the last quarter of FY14, and will be completed early in FY15. It will increase the storage and loading capacity of the yard, loading efficiencies and improve safety and environmental standards.

The second phase of the plan is to assess the benefits of a new haul road, which will connect the Tancoal Mine to the major roads in the region and allow the direct loading of customer trucks nearer to the Tancoal Mine, resulting in transport cost savings.

MALCOAL (MALAWI)

Malcoal Mining Limited ("Malcoal") is a joint venture between IEC and its local partner, Consolidated Mining Industries Limited ("CMI"). Malcoal is an important part of IEC's Eastern African strategy to be the dominant coal supplier in the region.

SALES SUMMARY	FY14
Coal Sold (tonnes)	10,780

Malcoal moved from a contract mining arrangement to using equipment under its own control during the year. Operations utilising this equipment commenced in the second quarter of FY14 though was delayed by the delivery of all equipment. The equipment includes a dozer, excavator, wheel loader, trucks, crushing and screening plant and a weighbridge.

PRODUCTION SUMMARY	FY14
Overburden Stripped (BCM)	67,529
Coal mined (tonnes)	27,539

Significant coal quality assurance work has been conducted at the mine, improving acceptance of the product in the Malawian market.

Some infrastructure was upgraded during the year, allowing for year round access. Additional works will be undertaken in FY15 to improve hauling efficiencies.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT (“OHSE”)

OHSE is an important priority for IEC, and is planned at a policy level in Dar es Salaam and managed and implemented at the mine sites.

Unfortunately a fatality occurred at the Tancoal mine site during the financial year, involving a vehicle accident. Two lost time injuries also occurred. Thorough investigations were undertaken and recommended actions put in place. IEC is ensuring that on-going improvements to safety are being made, and during the year employee alcohol testing and medical examinations were two of the initiatives implemented.

Each mine operation is subject to an Environmental Impact Assessment Plan and the operations are regularly audited by the relevant regulatory authorities. No major issues were identified for the financial year. As well, the Tancoal operation was subjected to an independent third party audit as per legal requirements. Initiatives undertaken included improvement of storm water management infrastructure and acid neutralization, establishment of a tree nursery project as part of progressive rehabilitation, and improvements in solid waste management and hydrocarbons control. The Kiwira Port stockpile was also rehabilitated.

PROJECTS

POWER STATION DEVELOPMENT

IEC continues to sponsor two major coal-fired energy projects, Project Pamodzi and Project Ngaka. Its role is to be the originator of the projects, providing the initial equity. IEC will be the exclusive coal supplier to the proposed power stations.

During FY14, IEC has been identifying potential joint venture partners for both projects who can add expertise and resources to the projects during development, construction and operations.

For the Pamodzi Project in Malawi, IEC has identified a US Independent Power Producer (“IPP”) investor, Endeavor Energy Power Holdings Limited (“Endeavor Energy”), which is an investee of US private equity infrastructure fund Denham Capital. IEC has signed an exclusive Memorandum of Understanding (“MOU”) with Endeavor Energy to assess the viability of joint collaboration and is in the process of negotiating a Joint Development Agreement.

IEC has commissioned Parsons Brinckerhoff consulting engineers to assist with pre-feasibility studies and bankable feasibility studies for both projects.

PROJECT NGAKA (TANZANIA) – 200 MW (NET)

The MOU with TANESCO regarding the proposed mine mouth coal-fired power station at the Tancoal Mine in the Ngaka coalfields in the Ruvuma Region of Tanzania lapsed in March 2014 and has not been extended.

PROJECT PAMODZI (MALAWI) – 120MW (NET)

Under the MOU with the Government of Malawi (signed in March 2013) IEC has continued the development of the 120MW coal-fired power station. Through its wholly owned subsidiary in Malawi, Pamodzi Power Limited, IEC is advancing the proposal for the power generation facility at Chipoka, approximately 130km from Salima and the capital city, Lilongwe (“Project Pamodzi”). The electricity generated from Project Pamodzi will be sold to the Electricity Supply Corporation of Malawi (“ESCOM”) under a 20-year Power Purchasing Agreement (PPA). Project Pamodzi will be operating as the first independent power producer in Malawi.

Subsequent to the signing of the MOU, the Government of Malawi established an Advisory Committee to engage with IEC on commercial issues. The Government and the Advisory Committee have committed to engage with multilateral agencies, including the World Bank and African Development Bank to secure commercial guarantees, risk insurance and USD payments required for the project. Technical pre-feasibility studies showed that the project is technically feasible.

Good progress has been made in developing Project Pamodzi during the year. PPA term sheet negotiations with ESCOM have been finalised awaiting confirmation on final capacity offtake from ESCOM. When final capacity is confirmed IEC expects the PPA term sheet to be approved by ESCOM's Board and Malawi Government as ESCOM's sole shareholder and subsequently signed. Discussions with African Development Bank ("AfDB") for a Partial Risk Guarantee have progressed well and IEC expects the formal application to be lodged by the Malawi Government soon. The environmental project brief was approved by the Environmental Affairs Department of the Malawi Government ("EAD"). Environmental Impact Assessment is needed and IEC will commence the work when the PPA term sheet has been executed. IEC continues its negotiations for investment and tax incentives for the project with the Ministry of Finance. Negotiations on the planned Implementation Agreement and its negotiations for investment and tax incentives have also progressed.

In June 2014 Malawi had a change of Government appointing a new President, Cabinet and Ministers. Consequently, some of the milestones for Project Pamodzi, in particular the completion of the PPA Term Sheet and the negotiation of the Implementation Agreement have been delayed by a few months. The newly elected Government of Malawi however has affirmed the importance of Project Pamodzi.

DRILLING

IEC has recently completed the transaction of the joint venture with General Petroleum Oils and Tools Pty Limited ("GPOT"), a leading Queensland based provider of drilling supplies and consulting services to the oil and gas industry. GPOT has acquired a 50% interest in AAA Drilling Limited ("AAA Mauritius"), a wholly owned Mauritian subsidiary of IEC.

The Mauritian subsidiary has itself a subsidiary, AAA Drilling Limited ("AAA Tanzania"), an operating drilling company in Tanzania that was established to undertake drilling and logging for IEC entities and third party customers in Eastern Africa. GPOT is seeking to expand AAA Tanzania's operations in Eastern Africa and will apply its capabilities to offer the equipment of AAA to new contracts in the region after satisfying the exploration and development program of IEC.

As part of the joint venture, GPOT is lending A\$700,000 to AAA Tanzania to be paid in three cash instalments, A\$400,000 on completion, A\$150,000 on or before 30 November 2014 and A\$150,000 on or before 31 March 2015 for working capital.

IEC and GPOT will each provide an additional A\$125,000 working capital and provide significant technical and operational capabilities to AAA Tanzania. Both joint venture partners will have equal representation on the board and appoint a Joint Operating Officer to the company.

EXPLORATION

TANCOAL (TANZANIA)

IEC has carried out exploration and evaluation of the coal resources throughout its suite of leases in the southwest region of Tanzania, and in particular at Ngaka and Mhukuru. Substantial drilling had been completed in the previous year, and in the current period, work focused on follow up geological mapping and resource evaluation and mine planning.

TANZACOAL (TANZANIA)

Following trial mining and the excavation of a 5,650 tonne bulk sample within SML235 Kabulo, which was completed in early in 2013, a Kabulo Mine Development Plan Report was completed in December 2013 to support the mining operations.

This report presents the Development Plan for the Tanzacoal Kabulo Mine Project and describes the exploration, geology, coal resources, mine design and planning, infrastructure design and mine development, industrial and power station markets. Mine design and planning has been undertaken as a part of this

Development Plan and includes a study of pit design optimization, mining reserves formulation, equipment selection and scheduling.

On 4 April 2014 Intra Energy's subsidiary company, Tanzacoal East Africa Mining Limited received notice from the Tanzanian Minister for Energy that Special Mining Licence SML235/2005 had been cancelled without consultation. Tanzacoal has commenced legal action against the cancellation notice seeking the licence to be restored or pursuing a claim for damages.

MALCOAL (MALAWI)

IEC has carried out substantial exploration within its suite of tenements in Malawi during the period, culminating in the reporting of JORC Resources for Kopakopa and Nkhachira (refer ASX announcement 11 November 2013 and 24 February 2014).

Exploration and resource definition drilling has been carried out in EPL376 (North Rukuru) and ML143 and EPL174 (Nkhachira), and geological mapping was undertaken in EPL377 and EPL392 (Ngana) and EPL209 (Mlimbo).

Kopakopa

Drilling has defined the Kopakopa Deposit within the central part of the North Rukuru lease (EPL376). Seventeen holes were drilled for a total of 720.6m core within the North Rukuru lease and thirteen of these at Kopakopa for a total of 614.5m core. Drilling was carried out by AAA Drilling. 195 core samples were collected from these holes and analyzed. All holes at Kopakopa were downhole geophysically logged using a combined gamma, density (short and long spaced) and caliper tool. Topographic surveying was carried out over the Kopakopa deposit area and DTM topographic maps were subsequently produced.

The Kopakopa Deposit is comprised of sediments belonging to the Karoo Super Group, which is the largest sedimentary stratigraphic unit in southern Africa. The coal bearing sediments occur in the K2-K3 Formation and unconformably overlie Precambrian basement rocks within a half-graben.

Strata dip in an easterly direction at between 15 and 20 degrees. Five coal horizons have been identified at Kopakopa and named, in top down stratigraphic order, K500, K400, K300, K200 and K100.

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 Code) and the associated 2003 edition of "Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves" (the Guidelines).

Total coal resources are now reported at 23.8 million tonnes comprising 3.4 million tonnes Measured, 5.0 million tonnes Indicated and 15.4 million tonnes Inferred category coal as per Table 1.

Table 1 – Intra Energy JORC resources

Project	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
<i>Tanzania</i>				
Tancoal – North	16.4	49.1	142.0	207.5
Tancoal – South	38.9	63.0	114.0	215.9
Tanzania Total	55.3	112.1	256.0	423.4
<i>Malawi</i>				
Kopakopa	3.4	5.0	15.4	23.8
Nkhachira	10.1	13.8	14.4	38.3
Malawi Total	13.5	18.8	29.8	62.1
Total Reserves in JORC	68.8	130.9	285.8	485.5

Nkhachira

IEC drilled sixty four (64) fully cored holes for a total of 2,437.2m core within the Nkhachira leases (EPL174 and ML143). Drilling was carried out by AAA Drilling. 523 core samples consisting of coal and non-coal material were collected from these holes and analysed. A detailed topographic survey was carried out over the Nkhachira Deposit and a DTM compiled. Topographic maps were subsequently produced from this DTM.

The Nkhachira Deposit is comprised of sediments belonging to the Karoo Super Group. Three coal horizons have been identified and named, in top down stratigraphic order, K300, K200 and K100. The Company operates the Malcoal Mine within ML143.

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).

Total coal resources are now reported at 38.3 million tonnes comprising 10.1 million tonnes Measured, 13.8 million tonnes Indicated and 14.4 million tonnes Inferred category coal as per Table 1.

UAROO (AUSTRALIA)

IEC has two exploration licences (E08/1494 and E08/1495) at Uaroo in Western Australia. IEC entered into a relationship with Cauldron Energy Limited (ASX:CXU) for the exploration of Uranium within the leases. Cauldron is currently managing the exploration and is administering the tenements.

COMPETENT PERSON STATEMENT

MBALAWALA

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 and the Resource Model Assessment and Review, Ngaka Project Area as at 20 July 2010, the Memorandum Summary provided by JB Mining Services Pty Ltd dated 18 October 2012 and have been reviewed by Mr David Mason MBA, BSc (Hons). Mr Mason is a Fellow of the Australasian Institute of Mining and Metallurgy, has Chartered Professional (Management) status, 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 Mason is an Executive Director of Intra Energy Corporation Limited and has sufficient experience to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for Reporting of Mineral Resources and Ore reserves". Mr Mason consents to the inclusion of the matters based on his information in the form and context in which it appears.

SONGWE-KIWIRA (SONGWE KABULO)

The Resource Statement in relation to Songwe-Kiwira and the Memorandum Summary relating to the Ngaka coal leases were compiled by Phillip Sides, a qualified senior geologist employed by JB Mining Services Pty Ltd (JBMS), who has over 25 years' experience in the exploration and evaluation of coal resources. 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". The report has been prepared using the guidelines for the estimation of black coal resources and reserves as contained in The JORC Code.

Neither Mr Sides nor JBMS has any material interest or entitlement, direct or indirect, in the securities of Intra Energy Corporation Limited. JBMS has been providing geological services to Intra Energy Corporation on the Kabulo Project since early 2011.

Mr David Mason, Executive Director – Exploration and Business Development of Intra Energy Corporation Limited, originally requested this resource evaluation. All fees for the preparation of this report are charged on a time and materials basis.

Initial evaluation, computer modelling of seam structure and coal quality and initial coal tonnage estimates were undertaken by Greg Jones, Senior Consultant/Director of JBMS prior to handing over responsibility of the resource evaluation to Phillip Sides.

NKHACHIRA AND KOPAKOPA

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 an 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.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

Community

At IEC our approach to corporate social responsibility (“CSR”) is about partnership with local communities to develop initiatives to provide social and economic development as well as environmental protection and conservation in the areas IEC operate.

By developing partnerships with the communities, IEC is helping to foster sustainable development, share the socio-economic benefits from its operations and alleviate poverty.

IEC’s focus is helping communities by developing infrastructure, education and health opportunities by employment of local personnel. It relies on the local community for operational support rather than external contractors in order to boost the local economy where it operates. IEC makes direct contributions to the community through building infrastructure and donations of equipment and supplies, and transfers capabilities and skills to enhance work abilities.

IEC is a member of the Australian African Mining Industry Group (“AAMIG”) – an industry body that promotes best practice in corporate social responsibility among Australian mining companies active in Africa.

Some of the key challenges associated with investing in Africa relate to governance, capacity building, human rights, environment and social issues. The mining industry in both Tanzania and Malawi represents a large potential source of income for the long-term development of these economies. IEC is therefore committed to continue to work in conjunction with the government and local communities to put in place programs and develop projects that have a tangible outcome, and priority is given to projects that alleviate poverty, contribute to building skills and support women’s and youth economic empowerment, especially through education and business ownership.

IEC currently has many projects in the early stage of development, however it remains committed to working with the local community by supporting the following projects:

TANZANIA

Mbalawala Women’s Group (“The Women’s Group”)

The Women’s Group was established in late 2011 after consultation with local women and in partnership with community leaders. The Women’s Group provides local goods and camp services to the mine employees and is funded by Tancoal with assistance from a successful grant application from the Australian Government’s Direct Aid Programme.

The Women’s Group aims to establish a number of activities for the local women to learn new skills and have the opportunity to run each activity as a business. It also enables IEC to work with local women to improve their education, health, independence and social equality.

Education

Education for the local communities is very important. Tancoal has refurbished three local schools, constructed toilets for students, donated equipment for the students’ canteen, donated sports material and is working with the schools to identify local students who are selected to attend training in environmental, medical and mechanical skills. Tancoal also employs workers from the local community and has implemented training schemes to develop technical skills for employment.

Community and Health

Tancoal has facilitated the supply of clean water to the nearest schools, health centre and residential points, which has reduced travelling time for villagers to secure clean water for domestic consumption. Plans are underway to improve the nearest health facility to be able to offer outpatient services to the village near the campsite, including donating medicines and equipment for the clinic.

MALAWI

Intra Energy is in the process of establishing a group of local women to start providing catering services for Malcoal mine workers in conjunction with the setup of an agricultural program.

The Directors submit their report for Intra Energy Corporation Limited (“IEC” or “the Company”) and its controlled entities for the year ended 30 June 2014 (together referred to as “the Group” or “the Consolidated Entity”).

DIRECTORS

The names and details of the Company’s Directors in office during the financial year and until the date of this report are as follows. The Directors were in office for the entire period unless otherwise stated.

Name	Position	Description
Graeme Robertson BA, FAICD, MAIE	<i>Executive Chairman</i>	<p>Graeme joined the Board in November 2010 as Non-Executive Chairman and was appointed Executive Chairman in January 2011. He has over thirty years’ experience in the coal, infrastructure and power development industries.</p> <p>From 1983 to 2005 Graeme was CEO and Managing Director of New Hope Corporation Limited (ASX:NHC). During this period he pioneered the development of major international companies including as President Director of Adaro Indonesia, the largest single open cut coal mine in the Southern Hemisphere, President Director of Indonesia Bulk Terminal, a 12 mtpa capacity bulk coal port and as an advisor to the development of the 1,230MW Paiton Power station, the first IPP in Indonesia.</p> <p>His career has spanned both public and private energy related developments including directorships with the Port of Brisbane Authority and Washington H. Soul Pattinson & Co Ltd, one of Australia’s oldest listed companies.</p> <p>Graeme was the recipient of the Asia 500 Award in 2000 and the Coaltrans Lifetime Achievement Award in 2010 for his contribution to the coal industry. He is a Fellow of the Australian Institute of Company Directors and a Member of the Australian Institute of Energy.</p> <p>Graeme currently holds the position of Non-Executive Chairman of both NuEnergy Gas Limited (formerly NuEnergy Capital Limited) (ASX:NGY) and Indopac Holdings Limited (ASX:IDP).</p>
David Mason BSc (Hons), MBA	<p><i>Executive Director – Geology and Business Development</i></p> <p><i>Non-Executive Director from 31 July 2014</i></p>	<p>David joined the Board in January 2011. He has over thirty years’ exploration, drilling and mining experience throughout Australasia.</p> <p>David was formerly a Director of Overseas & General Limited (ASX:OGL), a coal producer in Indonesia. Prior to this, David was Operations Director of Haddington Resources (now Altura Mining, ASX:AJM) a diversified resource company which acquired the resource investment and mining service companies of Minvest International, a group he managed.</p> <p>In his prior role as General Manager of Minvest, David assisted in the development of the Adaro Indonesia coal mine, the MHU coal mine, a suite of exploration assets and mining service companies.</p>
Jonathan Warrant MBA (Exec), CA, FINSIA, IPAA, BCom (Accounting)	<i>Executive Director and Chief Financial Officer</i>	<p>Jonathan joined the Board in January 2011. Jonathan has over twenty five years’ of corporate advisory experience across various sectors including resources, financial services and real estate and has experience in equity and debt capital markets, strategic planning, capital management and corporate advisory.</p> <p>Jonathan holds a Masters of Business Administration (AGSM,</p>

		<p>University of Sydney and University of New South Wales), is a Chartered Accountant, Fellow of Finsia, Associate of the Insolvency Practitioners' Association of Australia and holds a Bachelor of Commerce (Accounting) from the University of Wollongong.</p> <p>Jonathan currently holds the position of Non-Executive Director of NuEnergy Gas Limited (formerly NuEnergy Capital Limited) (ASX:NGY) and Indopac Holdings Limited (ASX:IDP).</p>
<p>William Paterson BE (Civil) Hons</p>	<p><i>(Non-Executive Director)</i></p>	<p>Bill was appointed as a non-Executive Director of IEC in March 2012 and is the Chairman of the Remuneration Committee. Bill graduated in 1964 from Auckland University with an honours degree in civil engineering. From 1973, for 27 years, he made major contributions as a director to the growth and success of one of Australia's premier engineering consultancies. In 2002, that business became a listed engineering services provider, now known as Worley Parsons Ltd.</p> <p>Bill has extensive experience and continuing involvement in the planning, design and implementation of a wide range of civil, infrastructure and building projects in the commercial, industrial and energy related sectors.</p>
<p>Gideon Nasari MSc, MBA</p>	<p><i>(Non-Executive Director)</i></p> <p><i>Resigned 31 July 2014</i></p>	<p>Gideon was Managing Director and Chief Executive Officer of the National Development Corporation (NDC) from 2007 to 2014. NDC is a statutory organisation wholly owned by the Government of the United Republic of Tanzania with the mandate to implement strategic industrial development projects in partnership with the private sector.</p> <p>Gideon has more than 30 years' experience in mining, manufacturing and leadership. He has served as Manager, Deputy General Manager of Tanzania Portland Cement Co. Ltd and later as Executive Director, Corporate Affairs in 1998, having risen through the ranks from a Mining Geologist in 1978.</p>
<p>Simon Harvey CA BCom</p>	<p><i>(Non-Executive Alternate Director for Jonathan Warrant)</i></p> <p><i>Appointed 10 December 2013</i></p>	<p>Simon is currently the CFO of an ASX listed company, NuEnergy Gas Limited. (ASX: NGY) He previously worked for many years in Europe, and prior to his return to Australia was a director at Pinnacle Real Estate Innovation, a real estate development and asset management company in Prague, Czech Republic. Simon also has extensive experience with development and asset management and was country manager of Pinnacle's Bulgarian operations in 2009.</p>

COMPANY SECRETARY

<p>Rozanna Lee B. Com (Hons), LLB</p>	<p><i>Company Secretary</i></p>	<p>Rozanna was appointed Company Secretary in October 2011. Rozanna has experience in a range of industries including international trust company services in the Netherlands and has degrees in Law and Commerce from the University of Queensland.</p>
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CORPORATE STRUCTURE

IEC is a public company domiciled in Australia and listed on the Australian Stock Exchange (ASX:IEC). The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in Note 19 of the financial statements.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the Directors in the shares of the Company were:

	Special Responsibilities	Ordinary Shares	Options Over Ordinary Shares	Performance rights
G Robertson	Executive Chairman	70,345,741	–	2,832,240
D Mason	Executive Director	6,421,923	–	2,004,922
J Warrand	Executive Director, Chief Financial Officer	2,835,930	–	1,889,784
W Paterson	Non-Executive Director, Chair of Remuneration Committee	29,000,000	–	–
G Nasari	Non-Executive Director (Resigned 31 July 2014)	–	–	–
S Harvey	Alternate Director to J Warrand (Appointed 10 December 2013)	59,000	–	–

Subsequent to 30 June 2014 a private placement was announced issuing 51,851,852 ordinary shares in IEC at \$0.027 per share raising \$1.4m before transaction costs. Each shareholder participating in the placement will receive two unlisted options for nil consideration for every five ordinary shares. The options will be exercisable at any time prior to 31 August 2015 at an exercise price of \$0.05. Directors who participated in the placement will require shareholder approval at the next meeting of IEC shareholders. The 24,074,074 shares and 9,629,628 options to be issued to Directors under this placement are not included in the above table.

Loss Per Share	2014	2013
Basic loss per share (cents)	(6.68)	(2.96)

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the entities within the Consolidated Entity during the year were coal exploration, production and power generation in Eastern Africa.

OPERATING REVIEW

The Consolidated Entity's operations are discussed in detail in the Review of Operations which can be found on pages 6 to 12 of this Annual Financial Report.

REVIEW OF FINANCIAL CONDITION

The Consolidated Entity recorded an operating loss after income tax and non-controlling interests of \$20,777,000 (2013 Loss: \$8,611,000), including an impairment charge of \$13,413,000 relating to the cancelled Tanzacoal Mining Licence. Income tax benefit for the year is \$107,000 (2013: \$117,000).

CAPITAL STRUCTURE

As at the date of signing this report, the Company had 318,102,703 fully paid ordinary shares and 11,111,107 options over ordinary shares on issue (excluding 24,074,074 shares and 9,629,628 options to be issued to Directors and approved by shareholders at the AGM).

DIVIDENDS

No dividend was paid or declared during the year ended 30 June 2014.

CASH FROM OPERATIONS

The net cash outflow from operations of \$3.39m was lower than the cash outflow in the previous year of \$5.22m due to improved operating activities arising from an increase in coal tonnes sold.

The net cash outflow from operations was funded by carried forward cash reserves of \$4.44m, a US\$0.5m working capital facility combined with proceeds from a Share Purchase Plan concluded in January 2014 raising \$1.53m. The Company had a net overdraft of \$0.43m at year end with \$0.09m cash at bank and a bank overdraft facility of \$0.52m.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 4 April 2014 the Company received notice from the Tanzanian Minister of Energy and Minerals that licence SML 235/2005, held by IEC subsidiary company Tanzacoal East Africa Mining Limited, had been cancelled. An impairment charge of \$13,413,000 was recorded in the period. The Company has sought legal recourse to have the licence re-instated.

There are no further significant changes to the state of affairs of the Company.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 31 July 2014, Mr Gideon Nasari resigned as a Non-Executive Director of the Company. On the same date David Mason transitioned to a Non-Executive Director.

On 14 August 2014 the Company announced completion of a private placement to sophisticated investors of 51,852,851 shares in IEC at a share price of \$0.027 per share, raising \$1.4 million before transaction costs. Each shareholder participating in the private placement will receive two unlisted options for nil consideration for every five ordinary shares. The options will be exercisable at any time prior to 31 August 2015 at an exercise price of \$0.05. 27,777,778 ordinary shares and 11,111,107 options were issued on 15 August 2014 with the remainder being 24,074,074 shares and 9,629,628 options to be issued to IEC Directors, subject to shareholder approval at the Company's AGM.

AAA Drilling has recently completed the transaction to enter into a joint venture agreement with General Petroleum Oils and Tools Pty Limited ("GPOT"), a Queensland based provider of drilling supplies and consulting services to the oil and gas industry. GPOT has acquired a 50% interest in AAA Drilling Limited ("AAA Mauritius"), a wholly owned Mauritian subsidiary of IEC.

The Mauritian subsidiary has itself a subsidiary, AAA Drilling Limited ("AAA Tanzania"), an operating drilling company in Tanzania. GPOT is seeking to expand AAA Tanzania's operations in Eastern Africa and will apply its capabilities to offer the equipment of AAA to new contracts in the region after satisfying the exploration and development program of IEC.

As part of the joint venture, GPOT is lending A\$700,000 to AAA Tanzania to be paid in three cash instalments, A\$400,000 on completion, A\$150,000 on or before 30 November 2014 and A\$150,000 on or before 31 March 2015 for working capital.

IEC and GPOT will each provide an additional A\$125,000 working capital and provide significant technical and operational capabilities to AAA Tanzania. Both joint venture partners will have equal representation on the board and appoint a Joint Operating Officer to the company.

Subsequent to balance date, the Group received from the National Bank of Commerce in Tanzania ("NBC"), formal acknowledgment of the pre-notification of the expected covenant breaches in Tancoal and AAA Drilling. The NBC has provided a waiver against immediately recalling the loans based on the expected breaches subject to the companies meeting their on-going compliance obligations under the original payment schedule as

specified in the facility agreements. The NBC has reserved its right to perform its annual review following receipt of the audited accounts of the companies, in which the bank will perform a holistic assessment of the financial health of the companies and, despite the current waiver, reserves its right to further action. The loan amount is secured against the Company's mining assets and drilling rigs.

Other than those events outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is subject to environmental regulations and is compliant with all aspects of environmental regulation in its exploration and mining activities, including provision for environmental rehabilitation costs. The Directors are not aware of any environmental law that is not being complied with.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of the Company, in connection with the management of the affairs of the entity and its subsidiaries, during the year to 30 June 2014.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity, including Directors of the Company and other executives. Key management personnel comprise the Directors of the Company and executives of the Company and the Consolidated Entity.

A. REMUNERATION POLICY

Remuneration Committee

During the year ended 30 June 2014, the Remuneration Committee (“the Committee”) comprised of three members, two Non-Executive Directors and the Executive Chairman, the Committee is chaired by a Non-Executive Director.

The function of the Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on:

- (a) Remuneration packages of Executive Directors, Non-Executive Directors and Senior Management;
- (b) Employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Remuneration Policy

The Committee adopts the following policies on executive compensation and will bear these policies in mind during remuneration reviews:

All key executives should be paid fair market Total Fixed Remuneration (“TFR”) for their employment, taking into account their responsibilities and performance expectations.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed. Prior to the 2014 year the Company had a practice of granting shares and/or options to the Executives (being Executive Directors and Senior Management). The shares granted were valued at the difference between the market price of those shares and the amount paid by the Executives. Options were valued using the Black-Scholes methodology.

- In 2012 the Remuneration Committee initially adopted Performance Rights as the incentive scheme for the Executive Directors and Senior Management.
- The Committee’s policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when needed. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. The Directors are not required to hold any shares in the Company under the Company’s Constitution. However, to align Directors’ interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

Executive Directors’ Remuneration

In considering the Company’s Remuneration Policy and levels of remuneration for Executives, the Committee makes recommendations that seek to:

- Motivate Executive Directors and Senior Management to pursue long term growth and success of the Company within an appropriate control framework;
- Demonstrate a clear correlation between Executives’ performance and remuneration; and
- Align the interests of Executives with the long-term interests of the Company’s shareholders.

To the extent that the Company adopts a different remuneration structure for its Executive Directors, the Committee shall document its reasons for the purpose of disclosure to stakeholders.

On August 2013 the Board of Intra Energy Corporation resolved that the employee incentive scheme would be suspended for the financial year ended 30 June 2014.

On 22 January 2014 Shareholders approved the issue of performance rights to the Executive Directors and Senior Management of IEC in exchange for a voluntarily reduction in their cash remuneration for the six month period from 1 January to 30 June 2014. Executive Directors voluntarily elected a 20% reduction in base remuneration (excluding superannuation) and the Senior Management elected a 10% reduction in exchange for performance rights as a short term cash saving measure. The Executive Directors and Senior Management were granted a fixed number of IEC performance rights based on their remuneration deferral. The performance rights will only vest after 12 months providing the employee remains in service with the Company. On 22 January 2014, 1,381,025 performance rights were issued as a result. An expense of \$29,217 was recorded relating to Executive Directors.

Non-Executive Director Remuneration

In considering the Company's Remuneration Policy and levels of remuneration for Non-Executive Directors, the Committee is to ensure that:

- Fees paid to Non-Executive Directors are within the aggregate amount approved by shareholders and recommendations are made to the Board with respect to the need for increases to this aggregate amount at the Company's Annual General Meeting;
- Non-Executive Directors are remunerated by way of fees (in the form of cash);
- Non-Executive Directors are not provided with retirement benefits; and
- Non-Executive Directors are not entitled to participate in equity-based remuneration schemes designed for Executives without due consideration and appropriate disclosure to the Company's shareholders.

To the extent that the Company adopts a different remuneration structure for its Non-Executive Directors, the Committee shall document its reasons for the purpose of disclosure to stakeholders.

Incentive Scheme

To qualify for the Scheme a person must be an employee and have worked with the Company for a minimum of 6 months (the only exception is to attract Senior Management or a Head of Business and is subject to the approval of the Remuneration Committee).

The incentive scheme has two components, namely, the Short Term Incentive ("STI") and Long Term Incentive ("LTI") respectively. This is to ensure that the key Executives have short and long term interests of the Company in mind in their decision making.

Executive Management

For the Executive Directors the performance conditions are 50% external, 50% internal.

Payout of LTI incentive is dependent on the combined score of both the external and internal measures.

STI: 40% of TFR, payable in lump sum annually when an Executive has satisfactorily achieved his or her performance targets set by the Company.

LTI: 60% of TFR, This is in a form of an equity incentive using Performance Rights as an instrument. Payout will be based on the performance of the entire management team in achieving exceptional performance for the Company and its shareholders.

Management

The Management team performance conditions are 1/3 satisfaction of individual performance (agreed Key Performance Indicators), 1/3 external measure and 1/3 internal measure. The annual individual performance targets are agreed at the June board meeting.

During the period, certain members of the IEC Senior Management team were issued performance rights in exchange for a 10% voluntarily reduction in their cash remuneration for the six month period from 1 January to 30 June 2014 as a short term cash saving measure. Senior Management who participated were granted a fixed number of IEC performance rights based on their remuneration deferral. The performance rights were issued in two tranches. Tranche 1 will only vest after 12 months providing the employee remains in service with the Company. Tranche 2 will vest if one of the following occurs:

Remuneration Report



- An increase of at least 50% between the closing IEC share price on the date of the 2013 AGM Notice of Meeting and the 30 day VWAP calculated on the date of the release of the audited Financial Statements for the year ended 30 June 2014; or
- The audited Financial Statements for the year ending 30 June 2014 show the Company has made a profit.

An expense of \$45,595 was recorded relating to Senior Management.

External Measure

The vesting of Performance Rights is subject to the Company's Total Shareholder Return ("TSR") outperforming the S&P/ASX300 Energy Index (ASX: XEK) over the vesting period.

Percentile Ranking	Percentage of Tranche 1 (T1) Performance Rights to Vest (50% component)
50 th	Nil
> 51 st but < 60 th	30%
> 60 th but < 68 th	60%
> 68 th but < 76 th	90%
> 76 th	100%

IEC's TSR over the vesting period is ranked against the constituent companies of the S&P/ASX300 Energy Index. T1 Performance Rights will vest based on the IEC TSR Percentile Ranking achieved in this table. The Peer Group is established on the Grant Date as all companies within the S&P/ASX300 Energy Index.

Any companies within the Peer Group which are delisted as at the vesting date are removed from the final analysis.

The Company reserves the right to amend the Peer Group at any time prior to the vesting date.

Internal Measure

The internal measure uses earnings per share ("EPS") as the indicator.

The annual EPS target is set by the Board and agreed by the Committee after approval of the following year's Group budget. The vesting of these Rights is subject to achieving the budgeted earnings per share ("Budget EPS") as determined by the Board over the vesting period. That is, the sum of three years' EPS ending 30 June.

The Budget EPS is determined by the Board and takes into account market expectations, economic and industry conditions, meeting financial objectives and the past performance of the Company. EPS is as defined under AIFRS for the relevant period.

Performance against budget EPS	Percentage of Tranche 2 (T2) Performance Rights to Vest (50% component)
< 100%	Nil
> 100% but < 107%	25%
> 107% but < 114%	50%
> 114% but < 120%	75%
> 120%	100%

B. KEY MANAGEMENT PERSONNEL

During the year ended 30 June 2014 the Key Management Personnel (“KMP”) of IEC were:

Name	Position Held
Mr Graeme Robertson	Executive Chairman
Mr Jonathan Warrand	Executive Director and Chief Financial Officer
Mr David Mason [^]	Executive Director – Exploration and Business Development
Mr William Paterson	Non-Executive Director and Chair of Remuneration Committee
Mr Gideon Nasari	Non-Executive Director (Resigned 31 July 2014)
Mr Tarn Brereton	Chief Operating Officer (Appointed 1 July 2013)
Mr Simon Harvey [*]	Alternate Director to J Warrand (Appointed 10 December 2013)

^{*} Mr Simon Harvey was appointed as an Alternate Director for Mr Jonathan Warrand on 10 December 2013. Mr Harvey does not receive any remuneration for acting in his capacity as Alternate Director.

[^] Mr David Mason resigned as an Executive Director on 31 July 2014. Mr Mason continues as a Non-Executive Director.

C. CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH

In considering the Group’s performance and benefits for shareholder wealth, the Committee has regard to the following indices in respect of the current financial year and the previous three financial years.

	2014	2013	2012	2011
Loss attributable to shareholders	(18,845,000)	(7,296,000)	(6,954,000)	(6,357,000)
Dividends paid	–	–	–	–
Net operating result	(20,777,000)	(8,611,000)	(7,751,000)	(7,860,000)
Change in share price	(69%)	(62%)	(23%)	88%
Return on capital employed	(144%)	(26%)	(24%)	(28%)

Profit is one of the financial performance targets considered in setting the STI. Profit amounts have been calculated in accordance with Australian Accounting Standards (AASBs). Net operating result is Net Loss for the period reported in the Statement of Comprehensive Income.

The overall level of compensation takes into account the performance of the Group over a number of years.

Over the past four years the Group’s loss from ordinary activity after income tax has increased. During the same period the average total senior executive compensation has decreased from A\$2,392,433 in 2011 to A\$1,284,628 in 2014, an average decrease over the period of 15% per annum.

Remuneration Report



D. DETAILS OF REMUNERATION

2014	Short-term			Post-Employment		Long-term	Share-based Payment			TOTAL	% of Remuneration granted as options
	Salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Retirement Benefits	Long service leave	Shares	Options	Incentive plans ¹		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
NON-EXECUTIVE DIRECTORS											
Mr G Nasari	45,680	–	4,621	–	–	–	–	–	–	50,301	–
Mr W Paterson	50,000	–	4,621	–	–	–	–	–	–	54,621	–
EXECUTIVE DIRECTORS											
Mr G Robertson	186,500	–	4,621	–	–	–	–	–	84,913	276,034	–
Mr D Mason	226,555	–	4,621	23,284	–	–	–	–	62,697	317,157	–
Mr J Warrand	226,555	–	4,621	23,284	–	–	–	–	59,133	313,593	–
Mr S Harvey	–	–	–	–	–	–	–	–	–	–	–
KEY MANAGEMENT PERSONNEL											
Mr T Brereton	258,316	–	–	–	–	–	–	–	14,606	272,922	–
Total	993,606	–	23,105	46,568	–	–	–	–	221,349	1,284,628	–

¹ Incentive plan amounts relate to FY12 and FY13 LTI/STI schemes and FY14 incentives granted in lieu of pay reductions.

2013	Short-term			Post-Employment		Long-term	Share-based Payment			TOTAL	% of Remuneration granted as options
	Salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Retirement Benefits	Long service leave	Shares	Options	Incentive plans		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
NON-EXECUTIVE DIRECTORS											
Mr W Paterson	49,167	–	3,886	–	–	–	–	–	–	53,053	–
Mr G Nasari	70,604	–	3,258	–	–	–	–	–	–	73,862	–
Mr C Hartz	9,167	–	542	–	–	–	–	–	–	9,709	–
Mr F Lung	12,500	–	926	–	–	–	–	–	–	13,426	–
EXECUTIVE DIRECTORS											
Mr G Robertson	200,000	–	3,886	–	–	–	–	–	61,883	265,769	–
Mr D Mason	284,098	–	3,886	24,235	–	–	–	–	40,224	352,443	–
Mr J Warrand	252,293	–	3,886	22,706	–	–	–	–	38,345	317,230	–
Total	877,829	–	20,270	46,941	–	–	–	–	140,452	1,085,492	–

E. CASH BONUSES

There were no cash bonuses paid during the year.

F. SHARE BASED PAYMENT BONUSES

There were no share-based payment bonuses paid during the year.

G. OPTIONS ISSUED AS PART OF REMUNERATION

No options were issued as remuneration during the 2014 year. In 2012 the Committee adopted Performance Rights as the incentive scheme for the Executive Directors and Senior Management.

H. EMPLOYMENT CONTRACTS OF DIRECTORS AND EXECUTIVES

Mr Graeme Robertson is employed by the Company as Executive Chairman for an indefinite period until terminated by either party by giving not less than three months' notice. His rate of remuneration is \$135,000 per annum which is reviewed annually. In the event of termination by either party the Company may choose to make a payment in lieu of notice, or any unexpired period of notice, at a sum equivalent to the current rate of remuneration. Mr Robertson also receives Chairman's fees of \$65,000 per annum.

Mr Robertson voluntarily accepted a 20% reduction in base salary for the period 1 January 2014 to 30 June 2014 in exchange for performance rights.

Mr Jonathan Warrand is employed by the Company as Executive Director and Chief Financial Officer for an indefinite period until terminated by either party by giving not less than three months' notice. Mr Warrand receives a salary of \$275,000 including superannuation from the Company.

Mr Warrand voluntarily accepted a 20% reduction in base salary for the period 1 January 2014 to 30 June 2014 in exchange for performance rights.

Intrasia Capital Pty Ltd, a related entity of Mr Warrand and Mr Robertson, receives management services fees (representing administration, investor relations, accounting and general office support) of \$40,000 per month from IEC. The fees are reviewed annually and approved by Directors of IEC not related to Mr Warrand and Mr Robertson.

Mr David Mason is employed as Executive Director – Exploration and Business Development for an indefinite period until terminated by either party by giving not less than three months' notice. During the year, Mr Mason was paid \$275,000 as an employee including superannuation.

Mr Mason voluntarily accepted a 20% reduction in base salary for the period 1 January 2014 to 30 June 2014 in exchange for performance rights.

Mr Tarn Brereton is employed as Chief Operating Officer for an indefinite period until terminated by either party by giving not less than three months' notice. During the year, Mr Brereton was paid US\$250,000 as an employee including local superannuation.

Mr Brereton voluntarily accepted a 10% reduction in base salary for the period 1 January 2014 to 30 June 2014 in exchange for performance rights as a short term cash saving measure. The performance rights were issued in two tranches. Tranche 1 will only vest after 12 months providing Mr Brereton remains in service with the Company. Tranche 2 will vest if one of the following occurs:

An increase of at least 50% between the closing IEC share price on the date of the 2013 AGM Notice of Meeting and the 30 day VWAP calculated on the date of the release of the audited Financial Statements for the year ended 30 June 2014; or

The audited Financial Statements for the year ending 30 June 2014 show the Company has made a profit.

Each employment contract of Directors and Executives includes:

Three months' notice to be given by the Director;

Termination payments equivalent to six months' salary package;

Base total fixed remuneration (including superannuation) to be reviewed annually;

Provision of annual leave, accrued balance payable upon termination;

- Provision made for the awarding of bonuses at the recommendation of the Committee ("STI"); and

Remuneration Report



- Provision made for the award of performance share rights (“LTI”), subject to shareholder approval.

No payments were made under an LTI or STI scheme for the year ended 30 June 2014.

I. KEY MANAGEMENT PERSONNEL COMPENSATION - OPTIONS

2014	Balance at beginning of year	Granted during the year as compensation	Exercised during the year	Lapsed / cancelled during the year	Balance at the end of the year	Vested and exercisable
Mr G Robertson	3,000,000	–	–	(3,000,000)	–	–
Mr J Warrand	1,000,000	–	–	(1,000,000)	–	–
Mr D Mason	1,500,000	–	–	(1,500,000)	–	–
Mr G Nasari	800,000	–	–	(800,000)	–	–
Mr W Paterson	–	–	–	–	–	–
Mr T Brereton	–	–	–	–	–	–
Mr S Harvey	–	–	–	–	–	–
Total	6,300,000	–	–	(6,300,000)	–	–

2013	Balance at beginning of year	Granted during the year as compensation	Exercised during the year	Lapsed / cancelled during the year	Balance at the end of the year	Vested and exercisable
Mr G Robertson	3,000,000	–	–	–	3,000,000	3,000,000
Mr J Warrand	1,000,000	–	–	–	1,000,000	1,000,000
Mr D Mason	1,500,000	–	–	–	1,500,000	1,500,000
Mr G Nasari	800,000	–	–	–	800,000	800,000
Mr W Paterson	–	–	–	–	–	–
Mr C Hartz	–	–	–	–	–	–
Mr F Lung	–	–	–	–	–	–
Total	6,300,000	–	–	–	6,300,000	6,300,000

J. KEY MANAGEMENT PERSONNEL COMPENSATION – FULLY PAID SHARES

The numbers of shares in the Company held during the financial year or at time of resignation by each Director or KMP of IEC, including their personally related parties, are set out below:

2014	Balance at beginning of year	Granted during the year as compensation	Received during the year on exercise of options	Changes during the year*	Balance at the end of the year
Mr G Robertson	61,278,109	–	–	9,067,632	70,345,741
Mr J Warrand	2,224,179	–	–	611,751	2,835,930
Mr D Mason	5,488,074	–	–	933,849	6,421,923
Mr W Paterson	24,467,248	–	–	4,532,752	29,000,000
Mr G Nasari	–	–	–	–	–
Mr T Brereton	–	–	–	–	–
Mr S Harvey [^]	59,000	–	–	–	59,000
Total	93,516,610	–	–	15,145,984	108,662,594

* Changes during the year represent shares acquired or sold by Directors or their associates

[^] At time of appointment as Alternate Director

Remuneration Report



2013	Balance at beginning of year	Granted during the year as compensation	Received during the year on exercise of options	Changes during the year *	Balance at the end of the year
Mr G Robertson	42,994,417	–	–	18,283,692	61,278,109
Mr J Warrand	1,211,539	–	–	1,012,640	2,224,179
Mr D Mason	2,222,835	–	–	3,265,239	5,488,074
Mr C Hartz [^]	20,547,418	–	–	–	20,547,418
Mr W Paterson	17,208,739	–	–	7,258,509	24,467,248
Mr G Nasari	–	–	–	–	–
Mr F Lung [^]	–	–	–	–	–
Total	84,184,948	–	–	29,820,080	114,005,028

* Changes during the year represent shares acquired or sold by Directors or their associates

[^] At time of resignation

K. KEY MANAGEMENT PERSONNEL COMPENSATION – PERFORMANCE RIGHTS

The numbers of performance rights in the Company held during the financial year or at time of resignation by each Director or KMP of IEC, including their personally related parties, are set out below:

2014	Balance at beginning of year	Granted during the year as compensation	Vested during the year	Lapsed/cancelled during the year	Balance at the end of the year
Mr G Robertson	2,697,240	135,000	–	–	2,832,240
Mr J Warrand	1,638,068	251,716	–	–	1,889,784
Mr D Mason	1,753,206	251,716	–	–	2,004,922
Mr W Paterson	–	–	–	–	–
Mr G Nasari	–	–	–	–	–
Mr T Brereton	392,063*	140,242	–	–	532,305
Mr S Harvey	–	–	–	–	–
Total	6,480,577	778,674	–	–	7,259,251

* At time of appointment as Chief Operating Officer

2013	Balance at beginning of year	Granted during the year as compensation	Vested during the year	Lapsed/cancelled during the year	Balance at the end of the year
Mr G Robertson	–	2,697,240	–	–	2,697,240
Mr J Warrand	–	1,638,068	–	–	1,638,068
Mr D Mason	–	1,753,206	–	–	1,753,206
Mr C Hartz [^]	–	–	–	–	–
Mr W Paterson	–	–	–	–	–
Mr G Nasari	–	–	–	–	–
Mr F Lung [^]	–	–	–	–	–
Total	–	6,088,514	–	–	6,088,514

[^] At time of resignation

Meetings of Directors



Meetings of Directors	Attended	Available to attend
Mr G Robertson	11*	11
Mr J Warrand	11*	11
Mr D Mason	11*	11
Mr W Paterson	12	12
Mr G Nasari	10	12
Mr S Harvey (Alternate)	1	1

* Messrs Robertson, Warrand and Mason were excluded from a board meeting pertaining to a related party transaction.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Directors' Access Indemnity and Insurance Deeds ("D&O Deed") with each Director ("Officers"). Under the D&O Deed, the Company indemnifies the Officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the Officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the D&O Deed.

Also pursuant to the D&O Deed, the Company must insure the Officers against liability and provide access to all board papers relevant to defending any claim brought against the Officers in their capacity as officers of the Company. The Company has paid insurance premiums of \$23,105 (2013: \$20,270) in respect of liability for any current and future Directors, Company Secretary, executives and employees of the Company. This amount is payable in total and is included in the Directors' remuneration.

SHARES UNDER OPTION

As at 30 June 2014, there were 600,000 unissued ordinary shares under option, none were held by Directors and Executives. These options expired and were cancelled on 9 August 2014.

Expiry Date	Exercise Price of Options	Number Under Option
9 August 2014	\$0.39	600,000

As at the date of this report, there were 11,111,107 unissued ordinary shares under option. This excludes the 9,629,628 options to be issued to IEC Directors, subject to shareholder approval at the Company's AGM in October 2014.

Expiry Date	Exercise Price of Options	Number Under Option
31 August 2015	\$0.05	11,111,107

The holders of these options do not have any rights under the options to participate in any share issues of the Company.

LOANS TO DIRECTORS AND EXECUTIVES

No loans were made to any Directors or Executives during the financial year.

The Board of Directors of IEC is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of IEC on behalf of the shareholders by whom it is elected and to whom it is accountable. This statement reports on the Company's key governance principles and practices.

COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the *Corporations Act 2001* and the Australian Securities Exchange Limited ("ASX") Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASX:CGC). Where a recommendation has not been followed, that fact is disclosed together with the reasons for the departure.

The information below summarises the Company's compliance with the Corporate Governance Council's Recommendations.

STATEMENT ON CORPORATE GOVERNANCE

This statement reports on the key governance framework, principles and practices for IEC. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and best practice in corporate governance.

IEC's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has continued to adopt a range of modified systems, procedures and practices which it considers will enable it to meet the principles of good corporate governance.

The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it. At the end of this statement a table is included detailing the recommendations with which the Company does not strictly comply.

The following section addresses the Company's practices in complying with the principles.

PRINCIPLE 1: LAYING SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role and responsibilities of the Board

The Board of Directors of IEC is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of IEC on behalf of the shareholders, by whom the Directors are elected and to whom they are accountable.

After appropriate consultation with Executive Management, the Board:

- defines and sets its business objectives and subsequently monitors performance and achievements of those objectives;

- oversees the reporting on matters of compliance with corporate policies and laws, takes responsibility for risk management processes and continually reviews the executive management of the Company;
- monitors and approves financial performance and budgets; and
- reports to shareholders.

PRINCIPLE 2: STRUCTURING THE BOARD TO ADD VALUE

Composition of the Board

The names of the Directors of the Company and their qualifications are set out in the section headed Directors' Report in the Annual Report for the year ended 30 June 2014.

The composition of the Board is determined so as to provide the Company with a broad base of industry, business, technical, administrative, financial and corporate skills and experience considered necessary to represent shareholders and fulfil the business objectives of the Company.

Nomination of other Board Members

Membership of the Board of Directors is reviewed on an on-going basis by the Chairman of the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's businesses and its objectives.

Independent advice

Each of the Directors is entitled to seek independent advice at the Company's expense to assist them to carry out their responsibilities however prior approval of the Chairman is required which is not unreasonably withheld.

PRINCIPLE 3: PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING

Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Directors are required to make disclosure of any share trading in the Company's shares. The Company's policy in relation to share trading is that officers are prohibited to trade whilst in possession of unpublished price sensitive information concerning the Company. That is information which a reasonable person would expect to have a material effect on the price or value of the Company's shares. It is recommended that an officer discuss the proposal to acquire or sell shares with the Directors or the Company Secretary prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares must be notified to the ASX.

PRINCIPLE 4: SAFEGUARDING INTEGRITY IN FINANCIAL REPORTING

Each Board member has access to the external auditors and the auditor has access to each Board member.

A Director does make a statement to the shareholders that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

PRINCIPLE 5: MAKING TIMELY AND BALANCED DISCLOSURE

All Directors, Executives and employees are required to abide by all legal requirements, the Listing Rules of the ASX and the highest standards of ethical conduct. This includes compliance with the continuous disclosure requirements of the Listing Rules.

The Company Secretary is responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

PRINCIPLE 6: RESPECTING THE RIGHTS OF SHAREHOLDERS

The Board's fundamental responsibility to shareholders is to work towards meeting the Company's objectives so as to add value for them.

The Board seeks to inform shareholders of all major developments affecting the Company by:

- preparing half yearly and yearly financial reports;
- preparing quarterly cash flow reports and reports as to activities;
- making announcements in accordance with the listing rules and the continuous disclosure obligations;
- hosting all of the above on the Company's website;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the annual report together with notice of meeting and proxy form; and
- voluntarily releasing other information which it believes is in the interest of shareholders.

The Annual General Meeting enables shareholders to receive the reports and participate in the meeting by attendance or by written communication. The Board seeks to notify all shareholders so they can be fully informed annually for the voting on the appointment of directors and so as to enable them to have discussion at the Annual General Meeting with the directors and/or the auditor of the Company who is invited to attend the Annual General Meeting.

PRINCIPLE 7: RECOGNISING AND MANAGING RISK

The Board is conscious of the need to continually maintain systems of risk management and controls to manage all of the assets and affairs of the Company. The Company has in place a risk and management policy which sets out systems for risk oversight, management and internal controls.

This risk management policy was adopted in 29 April 2014. The Board approves risk management systems and will review them and their implementation annually. The Company's risk profile, assessed and determined on the basis of the Company's businesses in coal exploration and production, is reviewed annually. The Board regularly considers risk management at its meetings.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Company has established a Remuneration Committee.

Each member of the Board has committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

A maximum amount of remuneration for Non-Executive Directors is fixed by shareholders in a general meeting and can be varied in that same manner. In determining the allocation the Board takes account of the time demands made on the directors together with such factors as fees paid to other corporate directors and to the responsibilities undertaken by them.

TABLE OF DEPARTURES AND EXPLANATIONS

(FROM ASX GUIDANCE NOTE 9A – CORPORATE GOVERNANCE PRINCIPLES & RECOMMENDATIONS)

Guidance 9A reference no.	Departure	Explanation
2.1	During the Reporting Period, the Company did not have a majority of independent directors	Given the nature and size of the Company, its business interests and the stage of development, the Board considers that its composition is an appropriate blend of skills and expertise relevant to the Company's business. The Company deals with the lack of independent directors by ensuring that conflicts of interest are adequately disclosed in accordance with the Company's Code of Conduct. Directors abstain from voting on matters where they have, or it is perceived they have, a beneficial interest in the outcome of the matters.
2.2	The Chair of the Board is Mr Graeme Robertson who is an Executive (non-independent) Director)	Having considered Mr Robertson's experience within the industry, intimate knowledge of the operations of the Company and his longstanding commitment to the success of the Company the Board considers it to be in the best interests of the Company to maintain Mr Robertson as the Chair of the Company at this time. The Company has appropriate guidelines and checks in place to ensure that the Board makes decisions in the best interests of shareholders.
2.4	A separate Nomination Committee has not been formed.	At 30 June 2014, the Board comprised five members each of whom have valuable contributions to make in fulfilling the role of a nomination committee member. A Director will excuse himself where there is a personal interest or conflict.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and APES110 Code of Ethics for Professional Accountants.

The following fees for non-audit services were paid to an affiliated entity of the external auditors during the year ended 30 June 2014:

Taxation and other advisory services: \$53,000

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 32 and forms part of the Directors' Report for the financial year ended 30 June 2014.

ROUNDING OFF

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This Directors' Report, Remuneration Report and Corporate Governance Statement are made with a resolution of the Directors.



GRAEME ROBERTSON

Executive Chairman

Dated this 16 September 2014



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Intra Energy Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Anthony Jones
Partner

Sydney

16 September 2014

Directors' Declaration



1. In the opinion of the Directors:
 - (a) the accompanying financial statements, notes and additional disclosures are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Company and Group's financial position as at 30 June 2014 and its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards (includes the Australian Accounting Interpretations), the Corporations Regulations 2001 and any other mandatory professional reporting requirements.
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

The declaration is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read "Graeme Robertson".

GRAEME ROBERTSON
Executive Chairman

Dated this 16 September 2014



Independent auditor's report to the members of Intra Energy Corporation Limited

Report on the financial report

We have audited the accompanying financial report of Intra Energy Corporation Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 30 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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



Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Material uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to note 1(a), which indicates that the Group has a working capital deficiency of \$2,837,000 at 30 June 2014. As set out in note 1(a), the directors have indicated that they expect improving market conditions and cost saving initiatives to fund the working capital requirements of the Group. Should the Group not achieve its coal sales, cost saving initiatives and working capital improvement targets or the National Bank of Commerce recall the Tancoal Energy Limited and AAA Drilling Limited loans as part of its annual review, the Group will be required to raise further debt or equity or divest assets to continue as a going concern.

This indicates the existence of a material uncertainty as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of the business and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in pages 18 to 25 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Intra Energy Corporation Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Anthony Jones
Partner

Sydney

16 September 2014

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	CONSOLIDATED	
		2014 \$'000s	2013 \$'000s
Sales income	2	10,867	8,550
Net cost of production		(8,978)	(7,474)
Gross Profit		1,889	1,076
Other Income		50	250
Foreign exchange gain / (loss)		(56)	(705)
Compliance and regulatory expenses		(78)	(68)
Legal and professional expenses		(976)	(1,118)
Depreciation and amortisation	3	(1,392)	(785)
Remuneration and employee expenses		(2,039)	(2,080)
Exploration expenditure		(785)	(1,147)
Project expenditure		(1,295)	(1,307)
Impairment of fixed assets		(204)	–
Impairment of tenements		(13,413)	–
Share based payments		(322)	(189)
Other expenses		(1,775)	(2,635)
Finance income		15	116
Finance expenses		(503)	(136)
Loss Before Income Tax		(20,884)	(8,728)
Income tax benefit	4	107	117
Net Loss For The Period		(20,777)	(8,611)
Other Comprehensive Income			
Foreign currency translation (loss)/gain [^]		(2,005)	3,237
Total Comprehensive Loss for the Period		(22,782)	(5,374)
Net Loss for the Period Attributable to:			
Shareholders of IEC		(18,845)	(7,296)
Non-controlling interest		(1,932)	(1,315)
		(20,777)	(8,611)
Total Comprehensive Loss for the Period Attributable to:			
Shareholders of IEC		(20,686)	(4,537)
Non-controlling interest		(2,096)	(837)
		(22,782)	(5,374)
Loss per share			
Loss per share (cents per share, basic and diluted)	7	(6.68)	(2.96)

[^] Item that may be classified subsequently to Statement of Comprehensive Income

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

Consolidated Statement of Financial Position



AS AT 30 JUNE 2014

	NOTES	CONSOLIDATED	
		2014 \$'000s	2013 \$'000s
Assets			
Current Assets			
Cash and cash equivalents	8	88	4,437
Inventories	9	1,701	2,636
Trade and other receivables	10	2,518	3,354
Assets held for sale	11	2,458	–
Total Current Assets		6,765	10,427
Non-Current Assets			
Other receivables		160	164
Property, plant and equipment	12	9,871	10,513
Intangibles	12	188	252
Mine development costs	13	6,442	6,299
Exploration expenditure	14	375	14,668
Total Non-Current Assets		17,036	31,896
Total Assets		23,801	42,323
Liabilities			
Current Liabilities			
Bank overdraft		522	–
Trade and other payables	15a	5,386	4,851
Interest bearing liabilities	16	2,147	3,369
Provisions	15b	491	385
Liabilities held for sale	11	1,056	–
Total Current Liabilities		9,602	8,605
Non-Current Liabilities			
Other payables		193	205
Interest bearing liabilities	16	1,486	–
Total Non-Current Liabilities		1,679	205
Total Liabilities		11,281	8,810
Net Assets		12,520	33,513
Equity			
Issued capital	17	67,858	66,391
Reserves		4,147	5,666
Accumulated losses		(54,330)	(36,806)
Total equity attributed to equity holders of the Company		17,675	35,251
Non-controlling interest	20	(5,155)	(1,738)
Total Equity		12,520	33,513

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

Consolidated Statement of Cash Flows



FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	CONSOLIDATED	
		2014 \$'000s	2013 \$'000s
Cash Flows from Operating Activities			
Receipts from Customers		13,320	10,666
Payments to Creditors and Suppliers		(16,329)	(15,770)
Interest Received		15	116
Interest paid		(503)	(136)
Tax (paid)/received		107	(100)
Net cash used in operating activities	24	(3,390)	(5,224)
Cash Flows from Investing Activities			
Mine Development and Capitalised Exploration Costs		(1,178)	(2,068)
Purchase of property, plant and equipment		(1,312)	(3,266)
Purchase of Intangibles		(72)	(200)
Payment for acquisition of other mining interests		–	(978)
Loans to other entities		–	(144)
Net cash used in investing activities		(2,562)	(6,656)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		1,531	4,530
Share and option issue costs		(64)	(199)
Proceeds from borrowings		1,161	3,706
Repayment of borrowings		(1,617)	(524)
Net cash provided by financing activities		1,011	7,513
Net (decrease)/increase in cash and cash equivalents		(4,941)	(4,367)
Cash and cash equivalents at beginning of year		4,437	8,771
Effects of exchange rate changes on cash		70	33
Cash and Cash Equivalents/(Net Overdraft) at end of year		(434)	4,437
Cash and cash equivalents	8	88	4,437
Bank overdrafts used for cash management purposes		(522)	-
Cash and Cash equivalents/(Net Overdraft) in the Statement of Cash Flows		(434)	4,437

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

Consolidated Statement of Changes in Equity



FOR THE YEAR ENDED 30 JUNE 2014

CONSOLIDATED	ISSUED CAPITAL \$'000s	ACCUMULATED LOSSES \$'000s	PERFORMANCE RIGHTS \$'000s	OPTION RESERVE \$'000s	FOREIGN CURRENCY TRANSLATION RESERVE \$'000s	TOTAL \$'000s	NON-CONTROLLING INTEREST \$'000s	TOTAL EQUITY \$'000s
At 1 July 2013	66,391	(36,806)	267	2,216	3,183	35,251	(1,738)	33,513
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD								
Loss for the year	–	(18,845)	–	–	–	(18,845)	(1,932)	(20,777)
Other Comprehensive Income								
Foreign currency translation differences	–	–	–	–	(1,841)	(1,841)	(164)	(2,005)
Total Other Comprehensive Income	–	(18,845)	>	>	(1,841)	(20,686)	(2,096)	(22,782)
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY INTO EQUITY								
Shares issued during the year	1,531	–	–	–	–	1,531	–	1,531
Share raising cost (net of tax)	(64)	–	–	–	–	(64)	–	(64)
Performance rights granted	–	–	322	–	–	322	–	322
Change in ownership of subsidiary	–	1,321	–	–	–	1,321	(1,321)	–
Balance at 30 June 2014	67,858	(54,330)	589	2,216	1,342	17,675	(5,155)	12,520
CONSOLIDATED								
At 1 July 2012	62,060	(29,510)	78	2,216	424	35,268	(901)	34,367
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD								
Loss for the year	–	(7,296)	–	–	–	(7,296)	(1,315)	(8,611)
Other Comprehensive Income								
Foreign currency translation differences	–	–	–	–	2,759	2,759	478	3,237
Total Other Comprehensive Income	–	(7,296)	>	>	2,759	(4,537)	(837)	(5,374)
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY INTO EQUITY								
Shares issued during the year	4,530	–	–	–	–	4,530	–	4,530
Share raising cost (net of tax)	(199)	–	–	–	–	(199)	–	(199)
Performance rights granted	–	–	189	–	–	189	–	189
Balance at 30 June 2013	66,391	(36,806)	267	2,216	3,183	35,251	(1,738)	33,513

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

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Intra Energy Corporation Limited ("the Company") is a company limited by shares, incorporated and domiciled in Australia. The shares of Intra Energy Corporation Limited are publically traded on the Australian Stock Exchange. The consolidated financial statements for the year ended 30 June 2014 comprise the Company and its controlled entities (together referred to as "the Group" or "Consolidated Entity") and the Group's interests in associates and jointly controlled entities. The Company is a for-profit entity and primarily is involved in the mining and sale of coal.

The consolidated financial statements were approved by the Board and authorized for issue on 16 September 2014.

A. 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 loss after tax for the year of \$20,777,000 primarily as a result of non-cash impairment charges of \$13,617,000, exploration and project expenditure of \$2,080,000, non-cash depreciation and amortisation charges of \$1,392,000 together with continued operating losses after corporate overheads; and
- As at balance date, the Group's current liabilities exceeded its current assets by \$2,837,000. The deficit in net current assets includes a \$522,000 overdraft payable to the National Bank of Commerce in Tanzania ("NBC") and \$2,496,000 payable to the NBC under loan facilities which expire in December 2015. These loans were classified as current loans at balance date as the loan covenants under the facilities were in breach.

In considering the impact of these factors on the appropriateness of the use of the going concern assumption, the Directors have noted the following subsequent events:

- The Company announced the issue of 51,851,852 ordinary shares at \$0.027 per share through a private placement to sophisticated investors, raising \$1,400,000 before transaction costs. Each shareholder participating in the private placement will receive two unlisted options for nil consideration for every five ordinary shares. The options will be exercisable at any time prior to 31 August 2015 at an exercise price of \$0.05. On 15 August 2014 27,777,778 ordinary shares and 11,111,107 options were issued, with 24,074,074 shares and 9,629,628 options to be issued to Directors as part of this placement subject to shareholder approval at the IEC Annual General Meeting to be held in October 2014.
- AAA Drilling has recently completed the transaction of the joint venture with General Petroleum Oils and Tools Pty Limited ("GPOT"), a leading Queensland based provider of drilling supplies and consulting services to the oil and gas industry. GPOT has acquired a 50% interest in AAA Drilling Limited ('AAA Mauritius'), a wholly owned Mauritian subsidiary of IEC. As part of the joint venture, GPOT is lending A\$700,000 to AAA Tanzania to be paid in three cash instalments, A\$400,000 on completion, A\$150,000 on or before 30 November 2014 and A\$150,000 on or before 31 March 2015 for working capital. IEC and GPOT will each provide an additional A\$125,000 working capital and provide significant technical and operational capabilities to AAA Tanzania.
- The Group received from NBC, formal acknowledgment of the pre-notification of the expected covenant breaches in Tancoal and AAA Drilling. The NBC has provided a waiver against immediately recalling the loans based on the expected breaches subject to the companies meeting their on-going compliance obligations under the original payment schedule as specified in the facility agreements. As disclosed in Note 16, the NBC has reserved its right to perform its annual review following receipt of the audited accounts of the companies, in which the bank will perform a holistic assessment of the financial health of the companies and, despite the current waiver, reserves its right to further action. The loan amounts are secured against the Company's mining assets and drilling rigs.

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

- Considered the working capital requirements of the business given the current operating and cash flow forecasts of the Group. Coal sales are expected to increase as the Group responds to growing demand in the East African cement and industrial markets segment. As Tancoal implements productivity improvements and further initiatives to expand equipment capacity, the working capital position of the Company is expected to improve.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Going Concern (cont'd)

- Implemented a number of cost saving initiatives to preserve working capital.
- Retained their confidence in the strategic value of the Group as it develops its coal and power station projects across East Africa. IEC is the dominant and growing coal miner and supplier to industrial energy users in the Eastern African region and is advancing coal-fired power generation projects in Malawi and Tanzania. Eastern Africa is one of the fastest growing regions in the world with national growth rates between 5 and 8%. In 2014, IEC supplied 70% of its production to Tanzania and 30% to Kenya and Malawi with trial shipments to Uganda, Rwanda and Zambia. Approximately 60% was supplied to the cement industry, 13% to textile manufacturers, 15% to paper and ceramics industries and the remainder to processing plants.
- Acknowledged the significant interest received in the 120MW "Pamodzi" coal fired power station project in Malawi and the MOU entered with Endeavour Energy Power Holdings Limited.
- Recognised that the interest bearing liabilities relating to the loans from the NBC and hire purchase equipment providers are secured against the Group's mining equipment.
- Noted JORC compliant resources of 62 million tonnes in Malawi and 423 million tonnes at the Tancoal mine in Tanzania.

The Directors remain confident in the Group's ability to access further working capital through debt, equity or asset sales if required.

After considering the above factors, the Directors have concluded that the use of the going concern assumption is appropriate. Should the Group not achieve its coal sales, cost saving initiatives and working capital improvement targets, or the NBC recalls the Company's loans as part of its annual review, the Group will be required to raise further debt or equity or divest assets to continue as a going concern.

Whilst the Directors remain confident of the Group's ability to raise debt or equity, there is a material uncertainty as to whether the Group could continue as a going concern without such funding.

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.

B. Statement of compliance and basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report of Intra Energy Corporation Limited and controlled entities ("IEC", "the Company", "the Group" or "Consolidated Entity"), and IEC as an individual parent entity ("IEC Parent" or "Parent Entity") complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) and International Financial Reporting Standards (IFRS).

b.i Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs other than financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Separate financial statements for IEC Parent, as an individual entity are no longer presented as a consequence of a change to the Corporations Act 2001, however, required financial information for IEC Parent as an individual entity is included in Note 29.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b.ii New Accounting Standards

New accounting standards adopted for the first time in these financial statements include AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interest in Other Entities*, AASB 13 *Fair Value Measurement* and AASB 119 *Employee Benefits (2011)*.

There were no significant impacts arising from accounting standards or interpretations adopted for the first time in these Financial Statements.

b.iii New Accounting Standards and Interpretations that are not yet mandatory

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below. The Group does not plan to adopt these standards early.

AASB 9 *Financial Instruments (2010)*, AASB 9 *Financial Instruments (2009)*

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The adoption of these standards is expected to have no impact on the Group's financial assets and financial liabilities. As the Group does not have hedging arrangements, this will not have an impact to the Group or its results.

C. Principles of consolidation

c.i Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired.

Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are expensed in the period incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets required.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c.ii Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

c.iii Transactions eliminated on Consolidation

All balances and transactions, arising from transactions between entities within the group are eliminated in preparing the consolidated financial statements.

c.iv Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

D. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the Consolidated Statement of Financial Position.

Deferred tax is accounted for using the Consolidated Statement of Financial Position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or liability is settled. Deferred tax is credited in the Consolidated Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

E. Property, Plant and Equipment

Each class of plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

e.i Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The useful lives used for each class of depreciable asset are:

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Class of fixed asset	Useful life
Property, Plant and Equipment	10 to 15 years
Motor Vehicles	10 years
Office Equipment	8 years
Computer Equipment and Software	3 years
Leasehold Improvements	25 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss.

F. Exploration, evaluation and acquisition expenditure

Acquisition costs are accumulated in respect of each separate area of interest. Acquisition costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated acquisition costs written off to the extent that they will not be recoverable in the future. Amortisation is not charged on acquisition costs carried forward in respect of areas of interest in the development phase until production commences.

G. 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.

H. Overburden removal costs

Overburden and other mine waste materials are often removed during the initial development of a mine site in order to access the mineral deposit. This activity is referred to as development stripping. The directly attributable costs are initially capitalised as mine development costs. Capitalising of development stripping costs ceases at the time that saleable mineral rights begin to be extracted from the mine.

Production stripping commences at the time that saleable materials begin to be extracted from the mine and normally continues through the life of a mine. The costs of production stripping are capitalised to the cost of inventory, and charged to the income statement upon sale of inventory in cost of goods sold.

I. Development expenditure

When a mining project has been established as commercially viable and technically feasible, expenditure other than that on land, buildings and plant equipment is capitalised under development expenditure. Development expenditure costs include previously capitalised exploration and evaluation costs, pre-production development costs, development excavation, development studies and other subsurface expenditure pertaining to that area of interest.

Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment. Development costs are accumulated in respect of each separate area of interest. Costs associated with commissioning new assets in the period before they are capable of operating in the manner intended by management, are capitalised. Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit. Amortisation of carried forward exploration and development costs is charged on a unit of production basis over the life of economically recoverable reserves.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When an area of interest is abandoned or the Directors decide it is not commercial or technically feasible, any accumulated cost in respect of that area is written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated cost written off to the Statement of Comprehensive Income to the extent that they will not be recoverable in the future.

Development assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purpose of impairment testing, development assets are allocated to cash generating units to which the development activity relates. The cash generating unit shall not be larger than the area of interest.

J. 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 or 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 that 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 recognised, the corresponding cost is capitalised 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 'Development Expenditure' 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 Performance date and the costs charged to the Consolidated Statement of Comprehensive Income in line with remaining future cash flows.

K. Segment Reporting

Segment results are reported to the Board of Directors (chief operating decision maker) and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. 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 Company.

L. Financial Instruments

I.i Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

I.ii Financial assets at fair value through Profit and Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Consolidated Statement of Comprehensive Income in the year which they arise.

I.iii Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

I.iv Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

In the Consolidated Statement of Comprehensive Income, the fair value of financial instruments traded in active

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

l.v Impairment of assets

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

M. Foreign Currency Transactions and Balances

m.i. Functional and Presentation Currency

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

m.ii. Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Consolidated Statement of Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the Consolidated Statement of Comprehensive Income.

m.iii. Group Companies

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the year.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the Consolidated Statement of Comprehensive Income in the year in which the operation is disposed.

N. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

n.i Equity settled compensation

The bonus element over the exercise price of the employee services rendered in exchange for the grant of options is recognised as an expense in the Consolidated Statement of Comprehensive Income. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted.

n.ii Share-based payments

The Company provides benefits to employees (including Directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation and an external valuation using the Black-Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the year in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest.

This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

O. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

P. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

Q. Revenue recognition

Revenue is measured at the fair value of gross consideration received or receivable. IEC recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

q.i. Sale of coal

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Company, the quantity and quality of the goods has been determined with reasonable accuracy, the price can be reasonably estimated, and collectability is reasonably assured.

IEC recognises revenue when the risks and rewards transfer to the buyer which is typically defined in the customer contract.

q.ii. Drilling services

The Group recognises revenue from rendering of drilling services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of the work performed.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

R. Finance income and finance expense

r.i. Finance Income and finance expense

Finance income and expenses are recognised using the effective interest rate method, which, for floating rate financial assets and liabilities is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All finance income and expenses are stated net of the amount of goods and services tax (GST) and local value added tax (VAT).

S. Goods and Service Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of respective GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the relevant Tax Office. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST or VAT.

Cash flows are presented in the Consolidated Cash Flow Statement on a gross basis, except for the GST or VAT component of investing and financing activities, which are disclosed as operating cash flows.

T. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

U. Leases

u.i. Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other considerations required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

u.ii. Leased assets

Assets held by the Group under lease, that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's Consolidated Statement of Financial Position.

u.iii. Leased payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

V. Earnings per share

v.i. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

v.ii. Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares.

W. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefits assets which continue to be measured in accordance with the Group's other accounting policies.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

X. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, 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 on-going 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.

x.i. Key Sources of estimation uncertainty

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:

- **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.

- **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.

- **Rehabilitation**

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 that environmental disturbance occurs.

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

	CONSOLIDATED	
	2014	2013
	\$'000s	\$'000s
2. REVENUES		
From continuing operations		
Coal sales	10,572	7,982
Drilling revenue	295	568
TOTAL	10,867	8,550
3. EXPENSES		
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation		
Depreciation		
Plant and equipment	(1,374)	(828)
Less depreciation capitalised	119	131
	(1,255)	(697)
Amortisation	(137)	(88)
TOTAL	(1,392)	(785)
4. INCOME TAX EXPENSE		
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from ordinary activities before income tax expense	(20,884)	(8,728)
Prima facie tax benefit on loss from ordinary activities at 30%	(6,265)	(2,618)
Non-deductible expenditure	185	(189)
Movement in unrecognised temporary differences	(435)	781
Tax effect of current year tax losses for which no deferred tax asset has been recognised	7,549	2,127
Foreign income tax payable	26	-
Under provision of tax from prior year	(1,033)	-
Research & Development Grant	(134)	(218)
Income tax (Benefit)/ Expense	(107)	(117)

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

4. INCOME TAX EXPENSE (CONT'D)

(b) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
Other temporary differences	1,164	1,599
Carry forward revenue tax losses	5,399	4,639
Carry forward capital tax losses	8	–
Carry forward foreign tax losses	12,194	5,389
TOTAL	18,765	11,625

The deferred tax asset and deferred tax liability relating to carry forward losses and other temporary differences have not been brought to account as it is unlikely they will arise unless the Company generates sufficient revenue to utilise them.

5. KEY MANAGEMENT PERSONNEL COMPENSATION

The following persons were Directors of the Company during the financial year:

Executive Directors	Non-Executive Directors	Chief Operating Officer
Mr G Robertson (Executive Chairman)	Mr W Paterson	Mr T Brereton
Mr D Mason	Mr G Nasari	
Mr J Warrand	Mr S Harvey*	

* Mr Simon Harvey was appointed as an Alternate Director for Mr Jonathan Warrand on 10 December 2013. Mr Harvey does not receive any remuneration for acting in his capacity as Alternate Director.

	2014	2013
KEY MANAGEMENT PERSONNEL COMPENSATION	\$	\$
Short-term employee benefits	993,606	877,829
Superannuation	46,568	46,941
Other benefits*	23,105	20,270
Performance rights	221,349	140,452
TOTAL COMPENSATION	1,284,628	1,085,492

* Other benefits relates to the payment of Directors' and Officers' Liability Insurance. The Company has transferred the detailed remuneration disclosures to the Directors' Report in accordance with the Corporations Amendment Regulations 2006 (No. 4).

EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report forming part of the Directors' Report on page 25.

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year or at time of resignation by each Director and Key Management Personnel of IEC, including their personally related parties, are set out below:

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

5. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

2014	BALANCE AT THE BEGINNING OF YEAR	GRANTED DURING THE YEAR AS COMPENSATION	EXERCISED DURING THE YEAR	LAPSED / CANCELLED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE
Key Management Personnel						
Mr G Robertson	3,000,000	–	–	(3,000,000)	–	–
Mr J Warrand	1,000,000	–	–	(1,000,000)	–	–
Mr D Mason	1,500,000	–	–	(1,500,000)	–	–
Mr G Nasari	800,000	–	–	(800,000)	–	–
Mr W Paterson	–	–	–	–	–	–
Mr T Brereton	–	–	–	–	–	–
Mr S Harvey	–	–	–	–	–	–
Total	6,300,000	–	–	(6,300,000)	–	–

2013	BALANCE AT THE BEGINNING OF YEAR	GRANTED DURING THE YEAR AS COMPENSATION	EXERCISED DURING THE YEAR	LAPSED / CANCELLED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE
Key Management Personnel						
Mr G Robertson	3,000,000	–	–	–	3,000,000	3,000,000
Mr J Warrand	1,000,000	–	–	–	1,000,000	1,000,000
Mr D Mason	1,500,000	–	–	–	1,500,000	1,500,000
Mr G Nasari	800,000	–	–	–	800,000	800,000
Mr C Hartz	–	–	–	–	–	–
Dr F Lung	–	–	–	–	–	–
Mr W Paterson	–	–	–	–	–	–
Total	6,300,000	–	–	–	6,300,000	6,300,000

Performance rights

The numbers of performance rights in the Company held during the financial year or at time of resignation by each Director and Key Management Personnel of IEC, including their personally related parties, are set out below:

2014	BALANCE AT THE BEGINNING OF YEAR	GRANTED DURING THE YEAR AS COMPENSATION	VESTED DURING THE YEAR	LAPSED / CANCELLED DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Key Management Personnel					
Mr G Robertson	2,697,240	135,000	–	–	2,832,240
Mr J Warrand	1,638,068	251,716	–	–	1,889,784
Mr D Mason	1,753,206	251,716	–	–	2,004,922
Mr G Nasari	–	–	–	–	–
Mr W Paterson	–	–	–	–	–
Mr T Brereton*	392,063	140,242	–	–	532,305
Mr S Harvey	–	–	–	–	–
Total	6,480,577	778,674	–	–	7,259,251

* At time of appointment as Chief Operating Officer

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

5. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

2013	BALANCE AT THE BEGINNING OF YEAR	GRANTED DURING THE YEAR AS COMPENSATION	VESTED DURING THE YEAR	LAPSED / CANCELLED DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Key Management Personnel					
Mr G Robertson	–	2,697,240	–	–	2,697,240
Mr J Warrant	–	1,638,068	–	–	1,638,068
Mr D Mason	–	1,753,206	–	–	1,753,206
Mr C Hartz [^]	–	–	–	–	–
Mr W Paterson	–	–	–	–	–
Mr G Nasari	–	–	–	–	–
Mr F Lung [^]	–	–	–	–	–
Total	–	6,088,514	–	–	6,088,514

[^] At time of resignation

6. AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2014 \$'000s	2013 \$'000s
Audit services		
Auditors of the Group – KPMG		
Audit and review of financial reports	218	199
Other auditors – non-KPMG firms		
Audit and review of financial reports	3	3
	221	202
Non-Audit services		
Services provided other than statutory audit – KPMG		
Tax advisory services	53	62
Other advisory services	–	3
	53	65

7. EARNINGS PER SHARE

	2014	2013
Basic and diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	\$18,845,000	\$7,296,000
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	281,904,708	246,646,655
Loss per share (cents) - basic	(6.68)	(2.96)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014



8. CASH

	CONSOLIDATED	
	2014	2013
	\$'000s	\$'000s
Cash at bank	88	4,437

9. INVENTORIES

	CONSOLIDATED	
	2014	2013
	\$'000s	\$'000s
Consumables, fuel and other equipment	117	644
Coal stock	1,584	1,992
	1,701	2,636

10. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2014	2013
	\$'000s	\$'000s
Current		
Trade receivables	1,777	2,124
Other receivables	261	694
Related party receivables	34	3
Taxation receivables	37	27
Prepayments	409	506
	2,518	3,354

11. DISPOSAL GROUP HELD FOR SALE

In April 2014, management committed to joint venture part of its subsidiary AAA Drilling Limited ("AAA Mauritius") which owns 100% of AAA Drilling Limited ("AAA Tanzania"), a an operating drilling company in Tanzania that was established to undertake drilling and logging for IEC entities and third party customers in Eastern Africa. Accordingly, AAA Drilling Limited Group is presented as a disposal group held for sale.

Subsequent to 30 June 2014, IEC completed the transaction of the joint venture with General Petroleum Oils and Tools Pty Limited ("GPOT"), a leading Queensland based provider of drilling supplies and consulting services to the oil and gas industry. GPOT has acquired a 50% interest in AAA Mauritius. As part of the joint venture, GPOT is lending A\$700,000 to AAA Tanzania to be paid in three cash instalments, A\$400,000 on completion, A\$150,000 on or before 30 November 2014 and A\$150,000 on or before 31 March 2015 for working capital.

IEC and GPOT will each provide an additional A\$125,000 working capital and provide significant technical and operational capabilities to AAA Tanzania. Both joint venture partners will have equal representation on the board and appoint a Joint Operating Officer to the company.

(a) Impairment loss relating to the disposal group

Impairment losses of A\$204,000 for write downs of the assets held in the disposal group to the lower of its carrying amount and its fair value less costs to sell have been recorded as an impairment of fixed assets.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014



11. DISPOSAL GROUP HELD FOR SALE (CONT'D)

(b) Assets and liabilities of disposal group held for sale

As at 30 June 2014, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

	\$'000s
Property, plant and equipment [^]	1,821
Inventories	612
Trade and other receivables	25
Assets held for sale	2,458
Trade and other payables	182
Interest bearing liabilities ^{^^}	835
Provisions	39
Liabilities held for sale	1,056
Net assets held for sale	1,402

[^] \$0.84m of Property, Plant and Equipment is held as collateral by the National Bank of Commerce in relation to loan facilities.

^{^^} Interest bearing liabilities are subject to terms disclosed in Note 16.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014



12. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES

30 June 2014	Office and Computer Equipment \$'000	Property, Plant and Equipment^ \$'000	Motor Vehicles \$'000	Leasehold \$'000	Capital Work in Progress \$'000	Total \$'000	Intangibles \$'000
Year ended 30 June 2014							
At 1 July 2013, net of accumulated depreciation	509	7,117	2,139	528	220	10,513	252
Additions	61	2,614	234	13	563	3,485	72
Disposals (net)	(3)	–	–	–	–	(3)	–
Impairment	–	(204)	–	–	–	(204)	–
Transfers	130	132	–	22	(284)	–	–
Depreciation charge	(150)	(828)	(378)	(18)	–	(1,374)	(134)
Effect of exchange rates (net)	(24)	(556)	(113)	(31)	(1)	(725)	(2)
Reclassified as held for sale*	(2)	(1,633)	(186)	–	–	(1,821)	–
At 30 June 2014, net of accumulated depreciation	521	6,642	1,696	514	498	9,871	188
At 30 June 2014							
At cost	742	7,821	2,376	546	498	11,983	442
Accumulated depreciation and impairment	(221)	(1,179)	(680)	(32)	–	(2,112)	(254)
Net carrying amount	521	6,642	1,696	514	498	9,871	188

^ \$2.568m of Property, Plant and Equipment is held as collateral by the National Bank of Commerce in relation to loan facilities.

* Refer to Note 11.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014



12. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES (CONT'D)

	Office and Computer Equipment \$'000	Property, Plant and Equipment^ \$'000	Motor Vehicles \$'000	Leasehold \$'000	Capital Work in Progress \$'000	Total \$'000	Intangibles* \$'000
30 June 2013							
Year ended 30 June 2013							
At 1 July 2012, net of accumulated depreciation	338	4,928	1,804	275	20	7,365	–
Additions	406	1,980	556	244	200	3,386	200
Disposals (net)	(1)	–	(90)	–	–	(91)	–
Transfers	(203)	67	–	–	–	(136)	136
Depreciation charge	(64)	(446)	(307)	(11)	–	(828)	(88)
Effect of exchange rates (net)	33	588	176	20	–	817	4
At 30 June 2013, net of accumulated depreciation	509	7,117	2,139	528	220	10,513	252
At 30 June 2013							
At cost	612	7,911	2,659	542	220	11,944	386
Accumulated depreciation	(103)	(794)	(520)	(14)	–	(1,431)	(134)
Net carrying amount	509	7,117	2,139	528	220	10,513	252

* Software items were re-classified as intangibles during the period.

^ \$3.369m of Property, Plant and Equipment is held as collateral by the National Bank of Commerce in relation to loan facilities.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014



13. CAPITALISED MINE DEVELOPMENT COSTS

	CONSOLIDATED	
	2014	2013
	\$'000s	\$'000s
Tancoal Mine		
Opening balance	4,688	2,041
Mine development expenditure	153	1,850
Transferred from exploration expenditure	–	458
Amortisation	(2)	(2)
Effect of exchange rates	(309)	341
	4,530	4,688
Malcoal Mine		
Opening balance	1,611	–
Acquisition cost	–	878
Mine development expenditure	590	454
Amortisation	(1)	–
Effect of exchange rates	(288)	279
	1,912	1,611
TOTAL	6,442	6,299

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014



14. EXPLORATION EXPENDITURE

	CONSOLIDATED	
	2014 \$'000s	2013 \$'000s
Uaroo tenements		
Opening balance	126	–
Exploration expenditure	–	126
	126	126
Tanzacoal tenements		
Opening balance	14,276	13,141
Exploration expenditure	22	78
Effect of exchange rates	(885)	1,057
Impairment	(13,413)	–
	–	14,276
Intra Energy Tanzania Limited tenements		
Opening balance	255	458
Acquisition expenditure	–	253
Exploration expenditure transferred to capitalised mine development	–	(458)
Effect of exchange rates	(6)	2
Exploration expenditure transferred to Tancoal Energy Limited	(249)	2
	–	255
Tancoal Energy Limited tenements		
Opening balance	–	–
Exploration expenditure transferred from Intra Energy Tanzania	249	–
Effect of exchange rates	(10)	–
	239	–
Intra Energy Trading (Malawi) Limited tenements		
Opening balance	11	–
Acquisition expenditure	–	11
Effect of exchange rates	(1)	–
	10	11
TOTAL	375	14,668

The recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation or sale of the respective mining permits. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

On 4 April 2014 Intra Energy's subsidiary company Tanzacoal East Africa Mining Limited received notice from the Tanzanian Minister for Energy that Special Mining Licence SML235/2005 had been cancelled without consultation.

An impairment charge has been recognised for the full carrying value of the licence. The Company believes the cancellation has been made in error and is seeking legal remedy to have the licence reinstated or compensation from the Tanzanian Government.

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

15. CURRENT LIABILITIES

15(a) Trade and other payables

	CONSOLIDATED	
	2014	2013
	\$'000s	\$'000s
Trade payables	4,617	2,831
Related party payables	106	11
Accruals	663	2,009
	5,386	4,851

15(b) Provisions

	CONSOLIDATED	
	2014	2013
	\$'000s	\$'000s
Employee and other provisions	47	91
Rehabilitation provision	444	294
	491	385

16. INTEREST BEARING LIABILITIES

	CONSOLIDATED	
	2014	2013
	\$'000s	\$'000s
Current		
Secured loan facility	1,733	3,369
Hire purchase equipment	414	–
	2,147	3,369
Non-current		
Hire purchase equipment	1,486	–
	1,486	–
	3,633	3,369

On 23 October 2012, two subsidiaries, Tancoal Energy Limited and AAA Drilling Limited secured loan facilities of US\$2.5m and US\$1.4m respectively, with the National Bank of Commerce in Tanzania (“NBC”) (ultimately controlled by Barclays Bank Plc).

On 26 September 2013, NBC approved an increase in the Tancoal loan facility of US\$1m to US\$3.5m

Each facility is secured against plant and equipment. At 30 June 2014, A\$1,733,000 has been drawn against the Tancoal facility and A\$835,000 has been drawn against the AAA Drilling facility (disclosed in liabilities held for sale in Note 11). The facilities are amortised over a three year term and principal and interest repayments are made monthly.

The Tancoal loan facility requires compliance with the following financial covenants:

1. Interest cover: EBITDA shall not fall below 2.0 times finance charges; and
2. Debt service cover: EBITDA to debt service (being principal and interest payments) shall not fall below 1.5 to 1.

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

16. INTEREST BEARING LIABILITIES (CONT'D)

The AAA Drilling loan facility requires compliance with the following financial covenants:

1. Interest cover: EBITDA shall not fall below 3.5 times finance charges;
2. Debt service cover: EBITDA to debt service (being principal and interest payments) shall not fall below 2.5 to 1; and
3. Net debt gearing: Gross borrowings less cash shall not exceed 100% of net tangible assets in 2012 and 125% thereafter.

These covenants are to be determined for each 12 month period ending 30 June. As at 30 June 2014, the Company was in breach of covenants 1 and 2 on the Tancoal loan facility and in breach of covenants 1, 2 and 3 of the AAA loan facility. The Company has satisfied all agreed repayments for both loan facilities to 30 June 2014.

Subsequent to balance date, the Company received from the NBC, formal acknowledgment of the pre-notification of the expected covenant breaches in Tancoal and AAA Drilling. The NBC has provided a waiver against immediately recalling the loans based on the expected breaches subject to the companies meeting their on-going compliance obligations under the original payment schedule as specified in the facility agreements. The NBC has reserved its right to perform its annual review following receipt of the audited accounts of the companies, in which the bank will perform a holistic assessment of the financial health of the companies and, despite the current waiver, reserves its right to further action.

The loan amount is secured against the Company's mining assets and drilling rigs. These loans mature in December 2015.

Bank overdraft facility

On 26 September 2013, NBC approved a US\$0.5m working capital facility to support the monthly working capital cycle of Tancoal. Interest is charged on the facility at a rate of 8% per annum. The overdraft is not subject to any covenant requirements.

Hire purchase

On 28 August 2013, IEC's subsidiary Malcoal Mining Limited entered into a hire purchase arrangement to finance mining equipment at the Malcoal Mine in Malawi. The agreement term is 5 years with an option to purchase the equipment at the conclusion of the term.

17. ISSUED CAPITAL

	2014 No.	2014 \$'000s	2013 No.	2013 \$'000s
Balance at the beginning of the year:	275,012,492	66,391	242,657,709	62,060
Shares issued as part of non-renounceable rights issue	–	–	32,354,783	4,530
Shares issued as part of Share Purchase Plan	15,312,433	1,531	–	–
Share issue costs	–	(64)	–	(199)
Balance at the end of the year	290,324,925	67,858	275,012,492	66,391

Fully paid ordinary shares carry one vote per share and carry the rights to dividends

18. RESERVES

18(a) Options reserve

	2014 No.	2014 \$'000s	2013 No.	2013 \$'000s
Balance at the beginning of the year:	9,400,000	2,216	9,400,000	2,216
Options exercised during year	–	–	–	–
Options expired during year	(8,800,000)	–	–	–
Issued during the year	–	–	–	–
Balance at the end of the year	600,000	2,216	9,400,000	2,216

No options were granted during the 2014 or 2013 years.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014



18. RESERVES (CONT'D)

18(b) Performance Rights reserve

	CONSOLIDATED	
	2014 \$'000s	2013 \$'000s
Total Performance Rights reserve	589	267

19. SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

The Consolidated Financial Statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy described in Note 1.

Name of Entity	Country of Incorporation	Class of Share	Equity (%)* 2014	Equity (%)* 2013
Atomic Resources Pty Ltd	Australia	Ordinary	100%	100%
Intra Energy (Tanzania) Limited	Tanzania	Ordinary	100%	100%
Tancoal Energy Limited	Tanzania	Ordinary	70%	70%
Tanzacoal East Africa Mining Limited [^]	Tanzania	Ordinary	85%	70%
AAA Drilling Limited	Mauritius	Ordinary	100%	100%
AAA Drilling Limited	Tanzania	Ordinary	100%	100%
Intra Energy Limited	Mauritius	Ordinary	100%	100%
East Africa Mining Limited	Mauritius	Ordinary	100%	100%
Intra Energy Trading (Malawi) Limited	Malawi	Ordinary	100%	100%
Malcoal Mining Limited	Malawi	Ordinary	90%	90%
Intra Energy (Sarawak) Sdn. Bhd.	Malaysia	Ordinary	100%	100%
Intra Energy Corporation (Singapore) Pte Ltd	Singapore	Ordinary	100%	100%
Intra Energy Laos Pte. Ltd	Singapore	Ordinary	100%	100%
Intra Energy Vietnam Pte. Ltd	Singapore	Ordinary	100%	100%
Intra Energy EST Managers Pty Ltd	Australia	Ordinary	–	100%
Pamodzi Power Limited ^{^^}	Malawi	Ordinary	100%	–

* Percentage of voting power is in proportion to ownership.

[^] In December 2013 Intra Energy increased its ownership in the Tanzacoal joint venture from 70% to 85%. The increase was triggered under terms in the Joint Venture Agreement by the minority shareholder not satisfying its share of the development and holding costs of the concessions.

^{^^} Entity incorporated in financial year ending 30 June 2014.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014



20. NON-CONTROLLING INTEREST

	CONSOLIDATED	
	2014 \$'000s	2013 \$'000s
Total non-controlling interest	(5,155)	(1,738)

The Company's subsidiary Intra Energy (Tanzania) Limited ("IETL") owns 70% of Tancoal and 30% is owned by Tancoal's joint venture partner, the National Development Corporation of Tanzania, a Tanzanian government entity.

IETL owns 85% of Tanzacoal and 15% is owned by IETL's Tanzacoal joint venture partner, Olympic Exploration Limited, a private Tanzanian entity. In December 2013 Intra Energy increased its ownership in the Tanzacoal joint venture from 70% to 85%. The increase was triggered under terms in the Joint Venture Agreement by the minority shareholder not satisfying its share of the development and holding costs of the concessions.

The Company's subsidiary East Africa Mining Limited owns 90% of Malcoal and 10% is owned by East Africa Mining Limited's joint venture partner, Consolidated Mining Industries Limited, a private Malawian entity.

21. COMMITMENTS

21(a) Operating Commitments

Operating expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2014 \$'000s	2013 \$'000s
Rental and Lease Payments		
Less than 1 year	159	185
Between 2 and 5 years	382	601
Greater than 5 years	–	–
	541	786
Tenement Leases Expenditure Payable		
Less than 1 year	487	265
Between 2 and 5 years	1,857	929
Greater than 5 years	65	2,234
	2,409	3,428
TOTAL	2,950	4,214

21(b) Lease Commitments

Lease liability committed to at the reporting date, recorded as liabilities, is as follows:

	2014 \$'000s	2013 \$'000s
Finance Lease Expenditure Commitments Payable		
Less than 1 year	608	714
Between 2 and 5 years	1,371	1,863
Greater than 5 years	–	23
TOTAL	1,979	2,600

21(c) Remuneration Commitments

There were no other contractor or remuneration commitments in place at 30 June 2014.

22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

On 4 April 2014 the Company received notice from the Tanzanian Minister of Energy and Minerals that licence SML 235/2005, held by IEC subsidiary company Tanzacoal East Africa Mining Limited, had been cancelled. As a result an impairment of \$13,413,000 was recorded during the period. The Company has sought legal recourse to have the licence re-instated and should the Company be successful then any re-instatement or recompense would result in benefit to the Group.

The Directors are not aware of any further contingent liabilities or contingent assets at 30 June 2014.

23. SEGMENT REPORTING

The Company operates in two geographical segments being Australia and Africa.

Segment information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources. The Company's business is the exploration, evaluation, marketing, production and sale of coal in Africa.

'Other' recognises the non-operating entities incorporated in Singapore and Malaysia.

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 Group.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

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 Group as a whole and are not allocated. Segment liabilities include trade and other payables.

Notes to and forming part of the segment information

The consolidation adjustments represent the elimination of inter-segment loan balances and transactions.

Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as per Accounting Standard AASB 8 Operating Segments.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014



23. SEGMENT REPORTING (CONT'D)

Geographical Segment	Australia Period Ended 30 June 14 \$'000	Australia Period Ended 30 June 13 \$'000	Africa Period Ended 30 June 14 \$'000	Africa Period Ended 30 June 13 \$'000	Other Period Ended 30 June 14 \$'000	Other Period Ended 30 June 13 \$'000	Eliminations Period Ended 30 June 14 \$'000	Eliminations Period Ended 30 June 13 \$'000	Consolidated Period Ended 30 June 14 \$'000	Consolidated Period Ended 30 June 13 \$'000
Revenue										
Sales revenue	–	–	10,867	8,550	–	–	–	–	10,867	8,550
Inter-segment revenue	625	976	–	–	–	–	(625)	(976)	–	–
Net costs of production	–	–	(8,978)	(7,474)	–	–	–	–	(8,978)	(7,474)
Gross Profit	625	976	1,889	1,076	–	–	(625)	(976)	1,889	1,076
Impairment	–	–	(13,617)	–	–	–	–	–	(13,617)	–
Results from operating activities	(4,957)	(37,413)	(16,837)	(6,091)	773	(152)	625	33,872	(20,396)	(9,784)
Finance income	15	91	–	25	–	–	–	–	15	116
Finance expenses	–	–	(503)	(136)	–	–	–	–	(503)	(136)
Segment result	(4,942)	(36,346)	(17,340)	(5,126)	773	(152)	625	32,896	(20,884)	(8,728)
Income tax benefit/(expense)	134	218	(27)	(101)	–	–	–	–	107	117
Net Loss	(4,808)	(36,128)	(17,367)	(5,227)	773	(152)	625	32,896	(20,777)	(8,611)
Balance per statutory accounts										
Total Assets	4,704	7,761	19,423	46,677	–	–	(326)	(12,115)	23,801	42,323
Total Liabilities	(276)	(313)	56,296	(56,507)	–	–	45,291	48,010	(11,281)	(8,810)

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

24. CASH FLOW INFORMATION

	2014 \$'000s	2013 \$'000s
Loss before income tax	(20,884)	(8,728)
Non-cash flows in profit		
Depreciation and amortisation	1,392	785
Share based payments	322	189
Provision for doubtful debts	257	–
Impairment and other provisions	13,617	(42)
Loss on sale of non-current assets	3	92
Foreign exchange	56	705
Change in inventories	323	(178)
Change in receivables	714	(1,014)
Change in other current assets	97	(357)
Change in provisions	(4)	–
Change in trade payables	717	3,324
TOTAL	(3,390)	(5,224)

25. SHARE BASED PAYMENTS

25(a) Shares and options

No shares or options were granted by the Company during the 2014 or 2013 years.

25(b) Performance rights

2014

The Board of Intra Energy Corporation resolved that the Company would not adopt an employee incentive scheme for the 2014 financial year. As such, no performance rights were granted as part of the incentive scheme.

On 22 January 2014 Shareholders approved the issue of performance rights to the Executive Directors and Senior Management of IEC in exchange for a voluntarily reduction in their cash remuneration for the six month period from 1 January to 30 June 2014. Executive Directors voluntarily elected a 20% reduction in base remuneration (excluding superannuation) and the Senior Management elected a 10% reduction in exchange for performance rights as a short term cash saving measure. The Executive Directors and Senior Management were granted a fixed number of IEC performance rights based on their remuneration deferral. The performance rights will only vest after 12 months providing the employee remains in service with the Company. On 22 January 2014, 1,381,025 performance rights were issued as a result.

The performance rights issued to Executive Directors are not subject to market based performance conditions and were valued using the Black-Scholes method. Performance rights issued to Senior Management were issued in two tranches. Tranche 1 will only vest after 12 months providing the employee remains in service with the Company. Tranche 2 will vest if one of the following occurs:

- An increase of at least 50% between the closing IEC share price on the date of the 2013 AGM Notice of Meeting and the 30 day VWAP calculated on the date of the release of the audited financial statements for the year ended 30 June 2014; or
- The audited financial statements for the year ending 30 June 2014 show the Company has made a profit.

An expense of \$74,813 was recognised in the year relating to 2014 performance rights issued to both Executive Directors and Senior Management.

25. SHARE BASED PAYMENTS (CONT'D)

Performance Rights for the 2013 and 2012 incentive schemes were provisionally expensed in the period. As stated in the Remuneration Report there are two measures of performance for Directors and three measures for senior management who participate in the incentive scheme. It is not considered likely that the internal measure (EPS) will be met over the vesting period and no provision has been made. The vesting of the external measured rights will be subject to IEC's TSR outperforming the S&P/ASX300 Energy Index (ASX: XEK) over the vesting period. A valuation methodology was constructed using a Monte Carlo simulation to generate a fair value at grant date. The fair value was deemed to be 0.17 cents per performance right share. This will be expensed over the vesting period of three years.

The market based performance incentive was valued as at grant date using a Monte Carlo simulation model resulting in a fair value of 17 cents per share of the performance rights issued. This resulted in \$246,768 being expensed in the year.

2013

A total of 5,987,061 performance rights were granted to the Company's key personnel during the year.

Performance Rights were provisionally expensed in the period. As stated in the Remuneration Report there are two measures of performance for Directors and three measures for senior management who participate in the incentive scheme. It is not considered likely that the internal measure (EPS) will be met over the vesting period and no provision has been made. The vesting of the external measured rights will be subject to IEC's TSR outperforming the S&P/ASX300 Energy Index (ASX: XEK) over the vesting period. A valuation methodology was constructed using a Monte Carlo simulation to generate a fair value at grant date. The fair value was deemed to be 0.17 cents per performance right share. This will be expensed over the vesting period of three years.

The market based performance incentive was valued as at grant date using a Monte Carlo simulation model resulting in a fair value of 17 cents per share of the performance rights issued. This resulted in \$189,022 being expensed in the year.

26. SUBSEQUENT EVENTS

On 31 July 2014, Mr Gideon Nasari resigned as a Non-Executive Director of the Company. On the same date David Mason transitioned to a Non-Executive Director.

On 14 August 2014 the Company announced completion of a private placement to sophisticated investors of 51,852,851 shares in IEC at a share price of \$0.027 per share, raising \$1.4 million before transaction costs. Each shareholder participating in the private placement will receive two unlisted options for nil consideration for every five ordinary shares. The options will be exercisable at any time prior to 31 August 2015 at an exercise price of \$0.05. 27,777,778 ordinary shares and 11,111,107 options were issued on 15 August 2014 with the remainder being 24,074,074 shares and 9,629,628 options to be issued to IEC Directors, subject to shareholder approval at the Company's AGM.

AAA Drilling has recently completed the transaction to enter into a joint venture agreement with General Petroleum Oils and Tools Pty Limited ("GPOT"), a Queensland based provider of drilling supplies and consulting services to the oil and gas industry. GPOT has acquired a 50% interest in AAA Drilling Limited ("AAA Mauritius"), a wholly owned Mauritian subsidiary of IEC.

The Mauritian subsidiary has itself a subsidiary, AAA Drilling Limited ("AAA Tanzania"), an operating drilling company in Tanzania. GPOT is seeking to expand AAA Tanzania's operations in Eastern Africa and will apply its capabilities to offer the equipment of AAA to new contracts in the region after satisfying the exploration and development program of IEC.

As part of the joint venture, GPOT is lending A\$700,000 to AAA Tanzania to be paid in three cash instalments, A\$400,000 on completion, A\$150,000 on or before 30 November 2014 and A\$150,000 on or before 31 March 2015 for working capital.

IEC and GPOT will each provide an additional A\$125,000 working capital and provide significant technical and operational capabilities to AAA Tanzania. Both joint venture partners will have equal representation on the board and appoint a Joint Operating Officer to the company.

Subsequent to balance date, the Group received from the National Bank of Commerce in Tanzania ("NBC"), formal acknowledgment of the pre-notification of the expected covenant breaches in Tancoal and AAA Drilling.

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

26. SUBSEQUENT EVENTS (CONT'D)

The NBC has provided a waiver against immediately recalling the loans based on the expected breaches subject to the companies meeting their on-going compliance obligations under the original payment schedule as specified in the facility agreements. The NBC has reserved its right to perform its annual review following receipt of the audited accounts of the companies, in which the bank will perform a holistic assessment of the financial health of the companies and, despite the current waiver, reserves its right to further action. The loan amount is secured against the Company's mining assets and drilling rigs.

Other than those events outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

27. RELATED PARTY TRANSACTIONS

Details relating to Key Management Personnel are disclosed in Note 5.

2014

During the year the Company resolved to pay Intrasia Capital Pty Limited, a related party of Graeme Robertson and Jonathan Warrand, for accounting, administration, investor relations and back office support services to IEC a monthly fee of \$40,000 (plus GST). This fee has been reviewed following the end of the period.

During the year the Company paid \$64,257 in fees to Intrasia Mining Pte Ltd (a wholly owned subsidiary of Intrasia Capital Pte Limited), a related party of Graeme Robertson, for the provision of legal services by a qualified lawyer employed by Intrasia Capital Pte Ltd.

In January 2014 the Company raised A\$1.5m by way of a partially underwritten Share Purchase Plan. The Plan was partially underwritten by IEC Directors and their related parties, who received underwriting fees of 3% on their portion of the shortfall:

Director	Related Party	Shares underwritten	\$'000	Underwriting fees \$'000
Mr G Robertson	Aspac Mining Limited	6,717,632	672	20
Mr J Warrand	Cobblyn Investments Pty Ltd	246,751	25	1
Mr D Mason	D&H Investments Pty Ltd and Rothstein Pty Ltd	608,849	61	2
Mr W Paterson	Lujeta Pty Ltd	2,744,407	274	8

During the year, IEC subsidiary Intra Energy Tanzania Limited received administration fees of \$19,039 for administration services provided to Geothermal Power Tanzania Limited, a related party of Graeme Robertson, David Mason and Jonathan Warrand.

During the year, IEC subsidiary Intra Energy Tanzania Limited received administration fees of \$10,872 for administration services provided to NuEnergy (Tanzania) Limited, a related party of Graeme Robertson and Jonathan Warrand.

During the year, IEC subsidiary Intra Energy Tanzania Limited received administration fees of \$2,082 for administration services provided to Tanzagrains Limited, a related party of Graeme Robertson and Jonathan Warrand.

At 30 June 2014 a loan of US\$150,000 (A\$160,000) to Malcoal joint venture partner Consolidated Mining Industries Limited, a private Malawian entity remained outstanding. The loan is to be repaid from first dividends from Malcoal and interest is charged on the loan at the rate of 5% per annum.

In June 2013, IEC subsidiary Tancoal Mining Limited received a loan of TZS300,000,000 (A\$193,000) from joint venture partner the National Development Corporation of Tanzania. This loan remained outstanding at 30 June 2014.

At 30 June 2014 \$34,083 was receivable from Geothermal Power Tanzania Limited and NuEnergy Gas (Tanzania) Limited.

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

27. RELATED PARTY TRANSACTIONS (CONT'D)

At 30 June 2014 \$97,174 was payable to Intrasia Mining Pte Ltd (a wholly owned subsidiary of Intrasia Capital Pte Limited), a related party of Graeme Robertson and Jonathan Warrand relating to legal services and expense reimbursement. \$9,250 was payable to William Paterson for Directors fees.

2013

During the year the Company resolved to pay Intrasia Capital Pty Limited, a related party of Graeme Robertson and Jonathan Warrand, for accounting, administration, investor relations and back office support services to IEC a monthly fee of \$40,000 (plus GST). The terms are to be reviewed annually.

During the year the Company paid \$140,692 in fees to Intrasia Mining Pte Ltd (a wholly owned subsidiary of Intrasia Capital Pte Limited), a related party of Graeme Robertson, for the provision of legal services by a qualified lawyer employed by Intrasia Capital Pte Ltd. \$11,021 was outstanding at 30 June 2013.

In April 2013 the Company raised A\$4.5m by way of a non-renounceable rights issue of 2 shares for every 15 shares held at 24 April 2013. The issue was underwritten by IEC Directors, who received underwriting fees of 3% on their portion of the shortfall:

Director	Related Party	Shares underwritten	\$'000	Underwriting fees \$'000
Mr G Robertson	Aspac Mining Limited	9,405,103	1,317	50
Mr J Warrand	Cobblyn Investments Pty Ltd	715,767	100	4
Mr D Mason	D&H Investments Pty Ltd and Rothstein Pty Ltd	2,204,785	309	12
Mr W Paterson	Lujeta Pty Ltd	4,964,011	695	26

During the year, IEC subsidiary AAA Drilling Limited received drilling revenue of \$454,000 for services provided to Geothermal Power Tanzania Limited, a related party of Graeme Robertson, Jonathan Warrand and David Mason.

During the year, IEC subsidiary AAA Drilling Limited received drilling revenue of \$114,000 for services provided to NuEnergy (Tanzania) Limited, a related party of Graeme Robertson and Jonathan Warrand.

During the year, IEC subsidiary Intra Energy Tanzania Limited received administration fees of \$46,000 for administration services provided to Geothermal Power Tanzania Limited, a related party of Graeme Robertson and Jonathan Warrand.

During the year, IEC subsidiary Intra Energy Tanzania Limited received administration fees of \$36,000 for administration services provided to NuEnergy (Tanzania) Limited, a related party of Graeme Robertson and Jonathan Warrand.

In October 2012, the Company provided a loan of US\$150,000 (A\$164,000) to Malcoal joint venture partner Consolidated Mining Industries Limited, a private Malawian entity. The loan is to be repaid from first dividends from Malcoal and interest is charged on the loan at the rate of 5% per annum.

In June 2013, IEC subsidiary Tancoal Mining Limited received a loan of TZS300,000,000 (A\$205,000) from joint venture partner the National Development Corporation of Tanzania.

28. FINANCIAL RISK MANAGEMENT

Exposure to credit and interest rate risks arises in the normal course of the Consolidated Entity's businesses. The Company has exposure to the following risks from their use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market risk i) Interest rate risk, ii) Foreign currency risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

28. FINANCIAL RISK MANAGEMENT (CONT'D)

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	2014 \$'000s	2013 \$'000s
Trade and Other Receivables	2,678	3,518
Cash	88	4,437
TOTAL	2,766	7,955

Trade and other receivables

The Company's receivables relate to GST and other taxation (including VAT and WHT receivables) due from the Australian and Tanzanian taxation offices and trade receivables from coal sales.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Board monitors liquidity risk on a monthly basis.

Sensitivity analysis

The Consolidated Entity's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least twelve months.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations, and forward expenditure commitments, under all reasonably expected circumstances.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

28. FINANCIAL RISK MANAGEMENT (CONT'D)

30 June 2014	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	6 MONTHS OR LESS	6 – 12 MONTHS	1 – 2 YEARS	2 – 5 YEARS	MORE THAN 5 YEARS
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Non-derivative financial liabilities							
Bank overdraft	522	–	522	–	–	–	–
Trade and other payables	5,386	–	5,386	–	–	–	–
Interest bearing liabilities	3,633	–	1,902	245	415	1,071	–
Other liabilities	193	–	–	–	193	–	–
TOTAL	9,734	–	7,810	245	608	1,071	–

30 June 2013	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	6 MONTHS OR LESS	6 – 12 MONTHS	1 – 2 YEARS	2 – 5 YEARS	MORE THAN 5 YEARS
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Non-derivative financial liabilities							
Trade and other payables	4,851	–	4,851	–	–	–	–
Interest bearing liabilities	3,369	–	3,369	–	–	–	–
Other liabilities	205	–	–	–	205	–	–
TOTAL	8,425	–	8,220	–	205	–	–

Cash and receivables

The following are the contractual maturities of financial assets including receivables.

30 June 2014	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	6 MONTHS OR LESS	6 – 12 MONTHS	1 – 2 YEARS	2 – 5 YEARS	MORE THAN 5 YEARS
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Financial assets							
Cash	88	–	88	–	–	–	–
Trade & other receivables	2,678	–	2,518	–	160	–	–
TOTAL	2,766	–	2,606	–	160	–	–

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FOR THE YEAR ENDED 30 JUNE 2014

28. FINANCIAL RISK MANAGEMENT (CONT'D)

30 June 2013	CARRYING AMOUNT \$'000s	CONTRACTUAL CASH FLOWS \$'000s	6 MONTHS OR LESS \$'000s	6 – 12 MONTHS \$'000s	1 – 2 YEARS \$'000s	2 – 5 YEARS \$'000s	MORE THAN 5 YEARS \$'000s
Financial assets							
Cash	4,437	–	4,437	–	–	–	–
Trade & other receivables	3,518	–	3,354	–	164	–	–
TOTAL	7,955	–	7,791	–	164	–	–

30 June 2014	AVERAGE INTEREST RATE %	FLOATING INTEREST RATE %	< 1 YEAR \$'000s	1 – 5 YEARS \$'000s	TOTAL \$'000s
Financial assets					
Cash and cash equivalents	0%	–	88	–	88
Trade and other receivables	–	–	2,518	160	2,678
TOTAL		–	2,606	160	2,766
Financial liabilities					
Bank overdraft	–	8.0%	522	–	522
Trade and other payables	–	–	5,386	–	5,386
Interest bearing liabilities	–	8.0%	2,147	1,486	3,633
Other liabilities	–	–	–	193	193
TOTAL		–	8,055	1,679	9,734
NET FINANCIAL ASSETS/ (LIABILITIES)		–	(5,449)	(1,519)	(6,968)

30 June 2013	AVERAGE INTEREST RATE %	FLOATING INTEREST RATE %	< 1 YEAR \$'000s	1 – 5 YEARS \$'000s	TOTAL \$'000s
Financial assets					
Cash and cash equivalents	2.2%	–	4,437	–	4,437
Trade and other receivables	–	–	3,354	164	3,518
TOTAL		–	7,791	164	7,955
Financial liabilities					
Trade and other payables	–	–	4,851	–	4,851
Interest bearing liabilities	–	8.0%	3,369	–	3,369
Other liabilities	–	–	–	205	205
TOTAL		–	8,220	205	8,425
NET FINANCIAL ASSETS/ (LIABILITIES)		–	(429)	(41)	(470)

Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2014

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rate risk

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	2014	2013
	\$'000s	\$'000s
Financial assets	88	4,437
Financial liabilities	(4,155)	(3,369)
TOTAL	(4,067)	1,068

The Company's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 0%. The Company currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 10% movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	PROFIT OR LOSS		EQUITY	
	10% INCREASE \$'000s	10% DECREASE \$'000s	10% INCREASE \$'000s	10% INCREASE \$'000s
30 June 2014				
Financial assets				
Cash and cash equivalents	-	-	-	-
Interest bearing liabilities	(33)	33	(33)	33
Total	(33)	33	(33)	33

	PROFIT OR LOSS		EQUITY	
	10% INCREASE \$'000s	10% DECREASE \$'000s	10% INCREASE \$'000s	10% INCREASE \$'000s
30 June 2013				
Financial assets				
Cash and cash equivalents	10	(10)	10	(10)
Interest bearing liabilities	(27)	27	(27)	27
Total	(17)	17	(17)	17

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values versus Carrying amounts

The Group's accounting policies and disclosures may require the measurement of fair values for both financial and non-financial assets and liabilities. The Group has an established framework for fair value measurement. When measuring the fair value of an asset or a liability, the Group uses market observable data where available.

Fair values are categorised into different levels in a fair value hierarchy based on the following valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability can be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values of recognised financial assets and liabilities with their carrying amounts shown in the balance sheet are as follows:

30 June 2014	CARRYING AMOUNT	FAIR VALUE TOTAL	QUOTED MARKET PRICE (LEVEL 1)	OBSERVABLE INPUTS (LEVEL 2)	NON-MARKET OBSERVABLE INPUTS (LEVEL 3)
Cash and cash equivalents	88	88	88	–	–
Loans and receivables(1)	2,484	2,484	–	2,484	–
Trade and other payables(1)	(5,386)	(5,386)	–	(5,386)	–
Interest bearing liabilities(2)	(3,633)	(3,627)	–	(3,627)	–
Other payables	(193)	(193)	–	(193)	–
TOTAL	(6,640)	(6,634)	88	(6,722)	–

30 June 2013	CARRYING AMOUNT	FAIR VALUE TOTAL	QUOTED MARKET PRICE (LEVEL 1)	OBSERVABLE INPUTS (LEVEL 2)	NON-MARKET OBSERVABLE INPUTS (LEVEL 3)
Cash and cash equivalents	4,437	4,437	4,437	–	–
Loans and receivables(1)	3,518	3,518	–	3,518	–
Trade and other payables(1)	(4,851)	(4,851)	–	(4,851)	–
Interest bearing liabilities(2)	(3,369)	(3,381)	–	(3,381)	–
Other payables	(205)	(205)	–	(205)	–
TOTAL	(470)	(482)	4,437	(4,919)	–

28. FINANCIAL RISK MANAGEMENT (CONT'D)

Estimation of fair values

Due to the introduction of AASB 13 in 2013, the framework for measuring fair value has changed. The following summarises the major methods and assumptions used in estimating fair values of financial instruments:

(1) Receivables/payables

For receivables/payables with a remaining life of less than six months, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value, if the effect of discounting is material.

(2) Interest bearing liabilities

The fair value is estimated at the present value of future cash outflows. Future cash flows are discounted using appropriate market rates.

(ii) Foreign currency risk

As a result of activities overseas, the Company's Consolidated Statement of Financial Position can be affected by movements in exchange rates.

The Company also has transactional currency exposures. Such exposure arises from transactions dominated in currencies other than the functional currency of the entity.

The Company currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

The Company's exposure to foreign currency risk throughout the current year primarily arose from the Group's 100% interest in Intra Energy (Tanzania) Limited and AAA Drilling, and its controlling interests in Tancoal and Tanzacoal (collectively "Tanzanian subsidiaries"), whose functional currencies are Tanzanian Shillings. Additionally the Company has exposure to foreign currency risk through the Group's 90% interest in Malcoal Mining Limited and 100% interest in Intra Energy Trading Malawi Limited (collectively "Malawian subsidiaries"), whose functional currencies are Malawian Kwacha. Foreign currency risk arises on translation of the net assets of these entities to Australian dollars. The foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve.

The Company is additionally exposed to the USD by way of its USD denominated loans to the National Bank of Commerce in Tanzania. The foreign currency gains or losses arising from this risk are recorded in the Statement of Comprehensive Income.

Sensitivity Analysis for Foreign Currency risk

A sensitivity of 10% has been selected as this is considered reasonable given historic and potential future changes in foreign currency rates. This has been applied to the net assets of the Company. This sensitivity analysis is prepared at reporting date.

A 10% strengthening of the Australian dollar against the Tanzanian Shilling and Malawian Kwacha at 30 June 2014 would have decreased the net liabilities of the Tanzanian and Malawian subsidiaries by A\$2,982,000. (2013: \$736,000). A 10% weakening of the Australian dollar against the Tanzanian Shilling and Malawian Kwacha at 30 June 2014 would have increased the net liabilities of the Tanzanian and Malawian subsidiaries by A\$3,280,000 (2013: \$899,000).

There would be no impact on profit or loss arising from these changes in the currency risk variables as all changes in value are taken to a reserve.

A 10% strengthening of the Australian dollar against the United States dollar at 30 June 2014 would have increased net interest bearing liabilities of the NBC loan and hire purchases by A\$406,000 (2013: \$306,000). A 10% weakening of the Australian dollar against the United States dollar at 30 June 2014 would have increased net interest bearing liabilities of the NBC loan by A\$446,000 (2013: \$337,000).

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FOR THE YEAR ENDED 30 JUNE 2014

28. FINANCIAL RISK MANAGEMENT (CONT'D)

The impact on profit or loss arising from changes in this currency risk variables would be taken to the Statement of Comprehensive Income.

The above analysis assumes that all other variables, in particular interest rates and equity prices, remain constant.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence. There were no changes in the Company's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29. PARENT ENTITY DISCLOSURES

Financial Position of Intra Energy Corporation Limited

	2014	2013
	\$'000s	\$'000s
Assets		
Current Assets		
Cash and cash equivalents	20	3,631
Trade and other receivables	26	256
Other assets	16	35
Total Current Assets	62	3,922
Non-Current Assets		
Other receivables	159	164
Exploration expenditure	126	126
Interest in subsidiaries	4,136	3,316
Property, plant and equipment	42	57
Intangibles	179	176
Loans to subsidiaries	45,760	47,784
Loans to subsidiaries provided for	(45,760)	(47,784)
Total Non-Current Assets	4,642	3,839
Total Assets	4,704	7,761
Current Liabilities		
Trade and other payables	243	293
Provisions	33	20
Total Liabilities	276	313
Net Assets	4,428	7,448
Equity		
Issued capital	67,858	66,391
Reserves	2,805	2,484
Accumulated losses	(66,235)	(61,427)
Total equity attributed to equity holders of the Company	4,428	7,448
Total Equity	4,428	7,448

The ultimate recovery of investments and loans to subsidiaries is dependent on the successful development and commercial exploitation or sale of the subsidiary's exploration assets.

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FOR THE YEAR ENDED 30 JUNE 2014

29. PARENT ENTITY DISCLOSURES (CONT'D)

Financial Performance of Intra Energy Corporation Limited

	2014	2013
	\$'000s	\$'000s
Loss for the year	(4,808)	(36,128)
Other comprehensive income	–	–
Total Comprehensive Income	(4,808)	(36,128)

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries, has no contingent liabilities and has no commitments for the acquisition of property, plant and equipment. The parent entity will ensure minimum exploration commitments are maintained by its subsidiary companies – refer Note 21.

30. ACQUISITION OF SUBSIDIARIES

2014

There were no acquisitions of subsidiaries made during the 2014 year.

2013

Malcoal Mining Limited

On 25 January 2013 Intra Energy's subsidiary East Africa Mining Limited purchased 90% of the issued shares in Malawian company, Malcoal Mining Limited, for A\$790,000 (US\$830,000).

The net assets acquired in the acquisition are as follows:

	FAIR VALUE
	\$'000s
Consideration paid (90%)	790
Non-controlling interest portion (10%)	88
TOTAL	878
FAIR VALUE OF IDENTIFIABLE NET ASSETS	
Acquired capitalised mine development	878
Goodwill/gain on bargain purchase	–

As part of this business combination, IEC obtained ownership interest of 90% interest in the Nkhachira Mine in northern Malawi with associated license ML143/2005, and three EPL's, 174/2005, 209/2007 and 163/2005. This acquisition strategically expands IEC's coal reserves across the East Africa region.

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 3 September 2014.

(a) Distribution of Equity Securities

The numbers of shareholders, by size of holding, in each class of share are:

			LISTED ORDINARY SHARES	
			NUMBER OF HOLDERS	NUMBER OF SHARES
1	–	1,000	70	6,825
1,001	–	5,000	93	288,079
5,001	–	10,000	142	1,179,974
10,001	–	100,000	440	18,784,974
100,001	–	and over	234	297,842,912
			979	318,102,703
The number of shareholders holding less than a marketable parcel of shares are:			396	2,712,214

(b) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

		LISTED ORDINARY SHARES	
		NUMBER OF SHARES	PERCENTAGE OF SHARES
1	ASPAC MINING LIMITED	59,947,080	18.85%
2	LUJETA PTY LTD	29,000,000	9.12%
3	FARJOY PTY LTD	25,863,541	8.13%
4	RBC INVESTOR SERVICES AUST NOMINEES PTY LIMITED	13,846,968	4.35%
5	MARA SUPERANNUATION PTY LTD	12,184,807	3.83%
6	MR GRAEME LANCE ROBERTSON	9,522,261	3.00%
7	NUVOLARI CAPITAL LIMITED	8,835,770	2.78%
8	MR PETER TSEGAS	8,731,766	2.75%
9	MARA PTY LTD	5,500,000	1.73%
10	D & H MASON INVESTMENTS PTY LTD	4,618,220	1.45%
11	LOMACOTT PTY LTD	4,500,000	1.41%
12	CITICORP NOMINEES PTY LIMITED	4,040,394	1.27%
13	DRFT MANAGEMENT PTY LTD	3,887,446	1.22%
14	IGC RESOURCES INC	2,861,111	0.90%
15	COBBLYN INVESTMENTS PTY LTD	2,805,263	0.88%
16	LXXXIX PTY LTD	2,703,704	0.85%
17	OZEA PTY LTD	2,644,654	0.83%
18	HSBC CUSTODY NOMINEES(AUSTRALIA) LIMITED A/C 3	2,222,222	0.70%
19	JETOSEA PTY LTD	2,000,000	0.63%
20	PLATO PROSPECTING PTY LTD	2,000,000	0.63%
		207,715,207	65.31%

(c) Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	NUMBER OF SHARES	PERCENTAGE OF ORDINARY SHARES
ASPAC MINING LIMITED AND ASSOCIATES	96,209,282	30.24%
LUJETA PTY LTD	29,000,000	9.12%
MARA SUPERANNUATION AND ASSOCIATES	20,547,418	6.46%

(d) Schedule of Mining Tenements

AREA OF INTEREST	TENEMENTS	% INTEREST
Tanzania		
Tancoal Energy Limited	ML439/2011, PL6285/2009, PL7391/2011, PL7392/2011, PL5380/2008, PL5474/2008, PL7620/2012, PL7713/2012, PL5756/2009, PL5903/2009, PL5030/2008, PL8999/2013	70%
Tanzacoal East Africa Mining Limited	PL6319/2010, PL7030/2011, PL6111/2009	85%
Malawi		
Malcoal Mining Limited	ML0143/2005, EPL0174/2005, EPL376/2013, EPL377/2013, EPL0360/2012	90%
Intra Energy Trading Limited	EPL0392/2013	100%
Australia		
Intra Energy Corporation Limited	E08/1494, E08/1495	100%