Intra Energy Corporation Limited

(ABN 65 124 408 751)

Annual Financial Report

For the year ended 30 June 2017

Contents

Corporate Directory

DIRECTORS

Graeme Robertson (Chairman)
David Nolan (appointed 3 April 2017)
Troy Wilson (appointed 4 October 2017)
Michael Addison (appointed 1 June 2017, resigned 28 September 2017)
Mark McAndrew (resigned 26 June 2017)
David Mason (resigned 18 April 2017)
Jonathan Warrand (resigned 8 August 2016)

COMPANY SECRETARY

Rozanna Lee

REGISTERED OFFICE - AUSTRALIA

Level 40, 2 Park Street
Sydney NSW 2000

Email: info@intraenergycorp.com.au

REGISTERED OFFICE - TANZANIA

Amverton Tower
Plot No 1127
Chole Road, Masaki
PO Box 23059
Dar es Salaam, Tanzania

REGISTERED OFFICE - MALAWI

Room number 15
Africana Complex
City Centre
Lilongwe, Malawi

SHARE REGISTRY

Link Market Service Limited
Level 12, 680 George Street
Sydney NSW 2000
Telephone: (02) 8280 7111
Facsimile: (02) 9287 0309

AUDITORS

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000
Telephone: (02) 9263 2600
Facsimile: (02) 9263 2800

INTERNET ADDRESS

www.intraenergycorp.com.au

ABN 65 124 408 751
ASX CODE (IEC)

Chairman's Report

On behalf of the Board of Directors of Intra Energy Corporation Limited ("IEC", "Intra Energy" or "the Company"), it is my pleasure to present this summary of operations for this Annual Financial Report for 2017.

Intra Energy remains the major producer and supplier of thermal coal in East Africa through its 70% ownership of Tancoal Energy Limited ("Tancoal") which operates the Ngaka coal mine in south west Tanzania. The full year production was 441,815 (2016: 248,468) tonnes and sales were 422,569 (2016: 246,197) tonnes, approximately 70% more than sales in the previous year. Sales revenue for 2017 was A$22.706 million (2016: A$14.408 million). Sales were to the domestic and regional market in Eastern Africa which is one of the highest growth regions internationally. Sales were mainly to customers in Tanzania (86%), with the remainder to customers in Kenya (9%) and Rwanda and Uganda (5%). 79% of sales were made to the cement industry, 9% to the paper and ceramic industries and 6% to textile manufacturers.

The increase in sales during 2017 was mainly due to the Ministry of Energy and Mines making a decision in August 2016 to ban the import of coal into Tanzania. The decision took a few months to implement, the average sales per month in the six months to 31 December 2016 was 26,515 whereas the average sales per month in the six months to 30 June 2017 which includes the rainy season were 41,853. Since the end of the financial year there has been a slowdown in sales to the cement industry within Tanzania, it is not yet known how long the slowdown will continue. Infrastructure improvements within Tanzania that allow easier access to the port at Mtwara and higher prices for coal shipped from Richards Bay have Tancoal now aggressively seeking export sales both within East Africa and to other markets.

In March 2017 Tancoal reached an agreement with the responsible Ministries in Tanzania to allocate an area of its coal tenements to Dangote Industries. The agreement does not impact current mining operations but has had an impact on resources.

The closed Malawi operations were held for sale during the year reducing losses from A$4,330,000 in 2016 to $121,000 in 2017, which included some further closure costs and a part reversal of the impairment provision. The buyer identified in the prior year did not progress to a sale but other buyers have shown interest in the business and discussions are ongoing. The sale of assets in the drilling operations is progressing.

Operating cash flow has been extremely tight with the additional costs incurred to more than double production. Total trading losses for the year totalled A$4,422,000 (2016: A$8,197,000) for the Group which includes holding and some closure costs of Malawi (A$403,000) and the drilling operations (A$94,000).

The coal-fired power station project in Malawi is on hold until a suitable power station developer is found. The 270MW "Ngaka" minemouth coal-fired power station project in Tanzania is a partnership with Sinohydro Corporation Limited ("Sinohydro") from China, one of China's largest international power developers. Sinohydro has completed a Feasibility Study for the power station. Sinohydro will be responsible for the engineering, procurement and construction of the power station and IEC will be responsible for the North Ngaka Coal Mine which will supply coal at the rate of approximately 1,200,000 tonnes per year to the power station. Discussions with Government with the aim of signing a PPA are ongoing with no certainty on the timeline as yet. The Ngaka Power Station will take approximately 36 months to complete after the signing of the PPA.

IEC maintained its active presence through the Tancoal partnership in significant community development with the local Women's Group which grows food products on reclaimed mining land and caters to Tancoal workers. The Women's Group have developed a briquette from coal fines and clay to replace charcoal in cooking fires and hence saving Tanzanian forests from the harmful effects of the charcoal industry.

IEC and NDC are both pleased to see the development of the Tancoal Mine to be entirely managed by Tanzanians, one of very few mining operations in Tanzania to be run by Tanzanians for Tanzania.

Sincerely

Graeme Robertson
Chairman – Intra Energy Corporation Limited

MINING OPERATIONS

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.

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

	FY17	FY16
Overburden Stripped (BCM)	2,382,353	1,129,918
Coal mined (tonnes)	441,815	248,468
Coal Sold (tonnes)	422,569	246,197

The Tanzanian Government issued a Directive in August 2016 to all Tanzanian coal suppliers and customers, whereby all imported coal from outside Tanzania would cease immediately. As a result of this Directive, Tancoal's sales for the 2017 year increased by more than 70% on the 2016 year, with the sales in the second half averaging over 40,000 tonnes per month.

Production capacity was doubled at the mine with the introduction of a new mining contractor and improved efficiency systems. The mine now has the capacity to produce up to 80,000 tonnes per month and can manage an increased demand from the Tanzanian and export customers.

In March 2017, Tancoal allocated to Dangote Industries a mining area that was under application. The agreement did not impact current mining operations but it did reduce Tancoal's coal resources, the JORC Table (Table 1) has been amended to reflect the change.

Tancoal produces a high quality thermal coal with an energy of 6000K~6,300Kcals/kg which consistently meets client specifications.

Product coal is sold and distributed from a stockpile at Kitai, some 50 kilometres from the mine pit. It is trucked by Tancoal to this location along an existing public road. Significant road upgrades and village bypasses, and an alternative dedicated haul road, have been investigated by the Company, and the former option will be constructed when funds allow.

As a result of the blanket ban on imported coal, management has entered into discussions with the major cement and ceramic companies regarding long term contracts and increased coal sales. Those customers that have signed long term contracts have secured competitive prices for the coal purchased.

MALCOAL (MALAWI)

Malcoal Mining Limited ("Malcoal") is a joint venture between IEC (90%) and its local partner, Consolidated Mining Industries Limited ("CMI", 10%). Malcoal was an important part of IEC's Eastern African strategy to be the dominant coal supplier in the region however, Malcoal suffered from intense competition from cheap imported coal and the decision was made in the prior year to halt operations.

Discussions were entered into with a potential buyer for Malcoal and a Share Purchase Agreement was signed, however negotiations have not proceeded to a sale. There has been further interest from potential purchasers in the Malawi assets and the company is working to progress a sale. In the meantime the assets are held for sale and have been fully impaired in the accounts.

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.

The mine operations are 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. Improvements to the storm water drainage systems at the Ngaka mine continued with the upgrading of the available trenches and ponds and the construction of new trenches and ponds to the new mine development areas.

PROJECTS

POWER STATION DEVELOPMENT

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

PROJECT NGAKA (TANZANIA) – 270 MW

In November 2015, IEC announced that it had executed a memorandum of understanding ("MOU") with Sinohydro Corporation Limited ("Sinohydro") to assess the potential joint development of its 270 MW Ngaka coal-fired power mine mouth project, located near the Tancoal Mine in Tanzania. The MOU sets out the intention of IEC and Sinohydro to complete a feasibility study and a financing proposal for the project, and to negotiate a Joint Venture Agreement for the development of the project. Sinohydro will be the major shareholder with IEC holding a minor share.

Project Ngaka will use high quality, low sulphur thermal coal from the Tancoal Mine located in south western Tanzania. It is proposed to site the generating facilities adjacent to Tancoal's northern coal deposit while the southern coal deposit will continue to meet the growing industrial and cement requirements of Tanzania and its neighbours.

Sinohydro is a driving force behind China's industrial development. It has 130,000 employees and provides one-stop services for financing, engineering, purchasing, implementation and operation of projects for power, water conservation, transport infrastructure and civil works such as public and private buildings.

IEC believes that Sinohydro will be an excellent strategic co-developer for Project Ngaka.

PROJECT PAMODZI (MALAWI) – 120 MW

Execution of the PPA term sheet for Project Pamodzi Power Station in Malawi was completed in April 2016 after long deliberation by the Government of Malawi. This term sheet will form part of the sale of the Malawian entities, with Tancoal securing an option to supply coal to the power station in Malawi, located across Lake Nyasa from Tancoal. As the sale of the Malawi assets has not settled, IEC may consider alternative options for the power project.

EXPLORATION

Limited exploration was undertaken for the financial year, with expenditure controlled so as to preserve cash whilst still maintaining the Company's portfolio of tenements in good standing.

During the year three lithium tenements and three graphite tenements were granted in Tanzania.

IEC's total resources no longer include the resource for Malawi. The resources in Tanzania have been amended to show the tenement transferred to Dangote Industries during the year.

Table 1 - Intra Energy JORC resources

Project	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
Tanzania				
Tancoal – North	16.4	49.1	142.0	207.5
Tancoal – South	25.5	71.8	63.0	160.3
Total JORC resources	**41.9**	**120.9**	**205.0**	**367.8**

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 2010and the Updated Raw Coal Resource Estimate provided by JB Mining Services Pty Ltd dated 30 September 2017 and have been reviewed by Mr Phillip Sides. Mr Sides is a Member of the Australian Institute of Geoscientists and as such qualifies as a Competent Person as defined by the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ~ The JORC Code ~ 2012 Edition". Mr Sides is an employee of JB Mining Services Pty Ltd and has sufficient experience to qualify as a Competent Person as defined in The JORC Code. Mr Sides consents to the inclusion of the matters based on his information in the form and context in which it appears.

CORPORATE

Operating cash flow was restricted during the year. The Company had reduced costs by closing the Malawi operations and reducing expenses in Australia in the prior year but there were significant costs to adding capacity to the mine during the current year. Coal prices were increased in August 2017 by 10% to offset higher costs of production. The export price for the company's coal is competitive and the company is actively seeking export markets.

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 the 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.

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 Tanzania is 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.

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.

Significant progress had been made in having a coal briquette certified by the Tanzanian Bureau of Standards. These coal briquettes are an alternative to charcoal. Production of briquettes commenced in late June 2016 and production is slowly increasing. Charcoal production is one of the major contributors to deforestation in Tanzania.

ENVIRONMENTAL

During the year a total of 10,000 tree seedlings of indigenous species in the ongoing Tree Nursery Project were transplanted to the mine site areas, the camp site, stockpile areas, villages surrounding the mine (schools, health centre) surrounding the mine and around the truck haul road from the mine site to the Amani Makolo sales point. The launch of the tree transplanting was again covered in the local media and involved district and village leaders.

Construction of trenches and ponds at Ndumbi port stockpile site and the upgrading of the storm water drainage system at the mine site and Amani Makolo stockpile were also undertaken during the year. The monitoring continued of acid level in ponds to maintain required pH level. The control of dust emissions continued with an increase in the number of water bowsers for adequate dust suppression to mine site and to the haul road passing across villages. Blasting are controlled by monitoring sound level, vibration and dust emission during blasting to ensure they do not exceed required standard set by Tanzania Bureau of Standard (TBS).

The Directors submit their report for Intra Energy Corporation Limited ("IEC" or "the Company") and its controlled entities for the year ended 30 June 2017 (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	*Non-Executive Chairman*	Graeme joined the Board in November 2010 as Non-Executive Chairman and was appointed Executive Chairman in January 2011 and Non-Executive Chairman in October 2014. He has over thirty years' experience in the coal, infrastructure and power development industries. Graeme transitioned to Non-Executive Chairman on 1 November 2014. 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. 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. 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. Graeme currently holds the position of Non-Executive Director of NuEnergy Gas Limited (ASX:NGY).
David Nolan	*Non-Executive Director (appointed 3 April 2017)*	David's career has spanned 21 years as a commercial lawyer and company director. David holds a Bachelor of Laws (Hons) and Bachelor of Arts from Bond University, Queensland. David has been a partner at a number of leading Sydney law firms advising Australian and international clients on all aspects of corporate law and was previously a senior adviser at the London Stock Exchange. David's legal expertise includes mergers and acquisitions, IPOs and capital raisings, venture capital and private equity, restructurings and takeovers, corporate finance, joint ventures, commercial agreements and regulatory and corporate governance advice. David has extensive experience advising on acquisitions and divestments, capital raisings and financings for mining companies and has been a director of a number of ASX listed companies in the resources sector. David has valuable relationships in the advisory and regulatory community and brings a depth of corporate governance expertise.

		David currently holds the position of Non-Executive Director of Property Connect Holdings Limited (ASX:PCH) and Camilla Australia Pty Ltd and is Chairman of LUXit Pty Ltd.
Troy Wilson	*Non-Executive Director* *(appointed 4 October 2017)*	Troy is the Managing Director and owner of Gigajule Energy Pty Ltd and is widely recognized in Australia and internationally as a Coal Bed Methane (CBM) completion and production expert with over 16 years' experience in this field. Troy's most recent experience includes the development of CBM in Africa, flowing gas from the first Surface to Inseam Wells in Botswana, being lead in the production enhancement team taking the gas field from 8tjs to 17tjs in 6months for Westside Corporation. He has previously been Operations Manager with Mitchell Drilling Corporation, developing the production for Peabody (North Goonyella) and A.J. Lucas. Troy currently sits on the Board of Nu Africa Gas and is advising several CBM development companies in South Africa, Botswana, Zimbabwe and in Australia.
Michael Addison BSc (Eng), MPhil (Oxon), MAICD, FAIM	*Non-Executive Director (appointed 1 June 2017, resigned 28 September 2017)*	Michael is a Civil Engineer, a former Rhodes Scholar, has an Oxford University postgraduate degree in Management Studies, is a Fellow of the Australian Institute of Management and a Member of the Australian Institute of Company Directors. Michael has considerable international corporate finance experience, having spent many years as an investment banker with three globally recognised investment banks. Subsequent to transitioning into mainstream corporate management in the early nineties, Michael held a number of senior executive positions on the Boards of publicly listed companies on each of the London, Johannesburg and Australian Securities Exchanges. In these roles he developed deep expertise in the management and running of listed companies and an intimate working knowledge of the regulatory, legal and governance environments in which listed companies operate. Michael is currently the Managing Director of Genex Power Limited and was a founding director of two formerly ASX-listed coal companies, Carabella Resources Limited and Endocoal Limited.
Mark McAndrew	*Non-Executive Director (from 31 January 2017), Acting Chief Executive Officer (from 16 July 2016), Executive Director and Chief Operating Officer (from 7 October 2015).* *(Resigned 26 June 2017)*	Mark is a Mining Engineer with over 39 years of experience in delivering strategic results in mining operations across the globe. He has held numerous senior management positions in the mining industry prior to establishing Optimine Pty Ltd, which has operated successfully since 1996. Mark has extensive technical, operational and managerial experience in mining enterprises throughout Australia and offshore in Indonesia, Venezuela, New Caledonia, New Zealand and Tanzania, working in both contract and owner-managed projects and operations. He has experience in setting up new mines and targeting existing mines with efficiency standards that match world's best practice.
David Mason BSc (Hons), MBA	*Non-Executive Director (resigned 18 April 2017)*	David joined the Board in January 2011. He has over thirty years' exploration, resource and mining experience throughout Australasia. 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.
Jonathan Warrand MBA (Exec), CA, FINSIA, IPAA, BCom (Accounting)	*Non-Executive Director (resigned 8 August 2016)*	Jonathan was a Director from January 2011 to August 2016. 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. Jonathan holds a Masters of Business Administration (AGSM, 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.

COMPANY SECRETARY

Rozanna Lee B. Com (Hons), LLB, GradDipACG, AGIA, AGIS	*Company Secretary*	Rozanna has acted as Company Secretary of IEC since October 2011. She holds both commerce and law degrees from the University of Queensland and is an Associate Member of the Governance Institute of Australia. Rozanna provides company secretarial services to a number of public listed companies.

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 20 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	Performance rights
G Robertson	Non-Executive Chairman[1]	131,306,585	–
D Nolan	Non-Executive Director[2]	–	–
M Addison	Non-Executive Director[3]	–	–

[1]Mr Graeme Robertson and Mr David Mason were parties to a convertible note issued in April 2016. The note could be converted to shares if approved by shareholders at the AGM. The notes were converted in April 2017.
[2]Mr David Nolan was appointed 3 April 2017
[3]Mr Michael Addison was appointed 1 June 2017

Loss Per Share	2017	2016
Basic loss per share (cents)	(0.90)	(2.07)

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 9 of this Annual Financial Report.

REVIEW OF FINANCIAL POSITION

The Consolidated Entity recorded an operating loss after income tax $4.42m (2016 Loss: $8.20m). Income tax benefit for the year is $nil (2016: $nil).

CAPITAL STRUCTURE

As at the date of signing this report, the Company had 387,724,030 fully paid ordinary shares on issue.

DIVIDEND

No dividend was paid or declared during the year ended 30 June 2017.

CASH FROM OPERATIONS

The net cash inflow from operations of $0.640m (2016: $0.181m). The net cash inflow from operations was funded by a US$1.8m working capital facility. The Group had a net overdraft of $2.279m at year end with $0.084m cash at bank and a bank overdraft facility of $2.363m.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENT AFTER THE BALANCE DATE

In late July, KCB Bank of Tanzania approved an equipment loan to purchase the new crusher and screening plant. The loan is for US$936,000 over sixty months at 8% interest, the loan is for 80% of the equipment cost.

On 28 September 2017 the Company requested a suspension up to 30 November 2017 due to the resignation of Michael Addison as Non-Executive director leaving only one director ordinarily resident in Australia.

On 4 October 2017 Mr Troy Wilson was appointed as Non-Executive Director, with Mr Wilson's appointment the Company has two directors residing in Australia so the suspension could be lifted and the 2017 Annual Report lodged.

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.

SHARES UNDER OPTION

As at 30 June 2017, there were no unissued ordinary shares under option.

MEETINGS OF DIRECTORS

Directors	Attended	Available to attend
Mr G Robertson	9	9
Mr M Addison[1]	1	1
Mr D Nolan[2]	2	2
Mr M McAndrew[3]	9	9
Mr D Mason[4]	7	7
Mr J Warrand[5]	1	1

[1] Appointed 1 June 2017
[2] Appointed 3 April 2017
[3] Non-executive director from 31 January 2017, resigned 27 June 2017
[4] Resigned 18 April 2017
[5] Resigned 8 August 2016

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Directors' Access Indemnity and Insurance Deeds ("Deed") with each Director. Under the Deed, the Company indemnifies the Directors 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 Directors in connection with the Directors 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 Deed.

Also pursuant to the Deed, the Company must insure the Directors against liability and provide access to all board papers relevant to defending any claim brought against the Directors in their capacity as officers of the Company. Amounts disclosed for remuneration of directors and specified officers exclude insurance premiums of $59,546 (2016: $27,187) paid by the Company in respect of liability for any current and former Directors, executive officers and secretaries of the Company and its controlled entities. This amount has not been allocated to the individuals covered by the insurance policy as, based on all available information, the Directors believe that no reasonable basis for such allocation exists.

CORPORATE GOVERNANCE

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.

The Company is committed to ensuring that its systems, procedures and practices reflect a high standard of corporate governance. The Directors believe that the corporate governance framework is critical in maintaining high standards of corporate governance and fostering a culture that values ethical behaviour, integrity and respect to protect security holders' and other stakeholders' interests at all times.

During the year ended 30 June 2017, the Company's corporate governance framework was consistent with the third edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council.

The Company publishes its Corporate Governance statement on its website rather than in its Annual Report. The Corporate Governance statement may be viewed or downloaded at: www.intraenergycorp.com.au. Copies of the Group policies referred to in the Corporate Governance Statement are also posted on the website.

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 2017.

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

At 30 June 2017, the function of the Remuneration Committee ("the Committee") was carried out by the Board.

The function of the Board in fulfilling its corporate governance responsibilities with respect to remuneration is 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 August 2013 (when the Board resolved that the employee incentive scheme would be suspended), 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.

In August 2013, the Board resolved that the employee incentive scheme would be suspended for an indefinite period.

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.

In August 2013, the Board resolved that the employee incentive scheme would be suspended for an indefinite period.

Executive Management

For 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.

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)
50th	Nil
> 51st but < 60th	30%
> 60th but < 68th	60%
> 68th but < 76th	90%
> 76th	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%

KEY MANAGEMENT PERSONNEL

During the year ended 30 June 2017 the Key Management Personnel ("KMP") of IEC were:

Name	Position Held
Mr Graeme Robertson	Non-Executive Chairman
Mr Michael Addison[1]	Non-Executive Director
Mr David Nolan[2]	Non-Executive Director
Mr Mark McAndrew[3]	Executive Director and Chief Operating Officer, Acting Chief Executive Officer, Non-Executive Director
Mr David Mason[4]	Non-Executive Director
Mr Jonathan Warrand[5]	Non-Executive Director
Mr James Shedd[6]	Chief Executive Officer
Mr Tarn Brereton[7]	Chief Executive Officer
Ms Kerry Angel	Chief Financial Officer

[1]Mr Michael Addison was appointed 1 June 2017, resigned 28 September 2017

[2]Mr David Nolan was appointed 3 April 2017

[3]Mr Mark McAndrew was the Executive Director and Chief Operating Officer, then appointed Acting Chief Executive Officer 18 July 2016, then Non-Executive Officer from 31 January 2017 till his resignation on 27 June 2017

[4]Mr David Mason resigned 18 April 2017

[5]Mr Jonathan Warrand resigned 8 August 2016

[6]Mr James (Jim) Shedd was appointed 27 December 2017

[7]Mr Tarn Brereton passed away 16 July 2016

B. ETAILS OF REMUNERATION

2017	Short-term Salary and fees $	Short-term Cash bonus $	Short-term Non-monetary benefits $	Post-Employment Superannuation $	Post-Employment Retirement Benefits $	Long-term Long service leave $	Share-based Payment Shares $	Share-based Payment Options $	Share-based Payment Incentive plans $	TOTAL $	% of Remuneration granted as options %
NON-EXECUTIVE DIRECTORS											
Mr G Robertson	112,467	–	–	–	–	–	–	–	–	112,467	–
Mr M Addison[1]	3,333	–	–	–	–	–	–	–	–	3,333	–
Mr D Nolan[2]	10,000	–	–	–	–	–	–	–	–	10,000	–
Mr M McAndrew[3]	207,886	–	–	18,166	–	–	–	–	-	226,052	–
Mr D Mason[4]	87,456	–	–	–	–	–	–	–	–	87,456	–
Mr J Warrand[5]	14,167	–	–	–	–	–	–	–	–	14,167	–
KEY MANAGEMENT PERSONNEL											
Mr J Shedd[6]	203,991	–	–	–	–	–	–	–	–	203,991	–
Mr Tarn Brereton[7]	15,783	–	–	–	–	–	–	–	–	15,783	–
Ms Kerry Angel	225,572	–	–	–	–	–	–	–	–	225,572	–
Total	**880,655**	**–**	**–**	**18,166**	**–**	**–**	**–**	**–**	**–**	**898,821**	**–**

[1]Appointed 1 June 2017, resigned 28 September 2017 [2]Appointed 3 April 2017 [3]Resigned 27 June 2017 [4]Resigned 18 April 2017 [5]Resigned 8 August 2016 [6]Appointed 27 December 2016 [7]Ceased 18 July 2016

2016	Short-term Salary and fees $	Short-term Cash bonus $	Short-term Non-monetary benefits $	Post-Employment Superannuation $	Post-Employment Retirement Benefits $	Long-term Long service leave $	Share-based Payment Shares $	Share-based Payment Options $	Share-based Payment Incentive plans $	TOTAL $	% of Remuneration granted as options %
NON-EXECUTIVE DIRECTORS											
Mr W Paterson[1]	17,473	–	–	–	–	–	–	–	–	17,473	–
Mr G Robertson	109,716	–	–	–	–	–	–	–	–	109,716	–
Mr D Mason	109,716	–	–	–	–	–	–	–	–	109,716	–
Mr J Warrand[2]	85,000	–	–	–	–	–	–	–	–	85,000	–
Mr S Harvey[3]	–	–	–	–	–	–	–	–	–	–	–
EXECUTIVE DIRECTOR											
Mr M McAndrew[4]	107,154	–	–	10,179	–	–	–	–	-	117,333	–
KEY MANAGEMENT PERSONNEL											
Mr T Brereton[5]	409,194	–	–	–	–	–	–	–	–	409,194	–
Ms Kerry Angel[6]	228,446	–	–	–	–	–	–	–	–	228,446	–
Total	**1,066,699**	**–**	**–**	**10,179**	**–**	**–**	**–**	**–**	**–**	**1,076,878**	**–**

[1]Resigned on 7 October 2015 [2]Resigned 8 August 2016 [3]Resigned 20 June 2016 [4]Appointed 7 October 2015 [5]Ceased 18 July 2016 [6]Appointed 24 April 2015

C. CASH BONUSES

There were no cash bonuses paid during the year.

D. SHARE BASED PAYMENT BONUSES

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

E. OPTIONS ISSUED AS PART OF REMUNERATION

2,500,000 options were issued on 7 October 2015 to Mr Tarn Brereton upon his appointment as Chief Executive Officer. The options were not exercised and they expired on 30 June 2016. In 2012 the Committee adopted Performance Rights as the incentive scheme for the Executive Directors and Senior Management. In August 2013, the Board resolved that the employee incentive scheme would be suspended for an indefinite period.

EMPLOYMENT CONTRACTS OF DIRECTORS AND EXECUTIVES

Until 31 October 2014, Mr Graeme Robertson was employed by the Company as Executive Chairman. Mr Robertson transferred to a non-executive role on 31 October 2014 and continued on the Board as Non-Executive Chairman. He was entitled to receive three months' termination payment. His Non-Executive Chairman's fees are $85,000 per annum. Mr Robertson is also a non-executive director of Tancoal Energy Limited (Tancoal), a 70% owned subsidiary of IEC, during the year he received director's fees of US$20,700 from Tancoal.

Mr Jonathan Warrand was employed by the Company as Executive Director and Chief Financial Officer until 31 October 2014 when he transferred to a non-executive role and continued on the Board as Non-Executive Director. His Non-Executive Director's fees were $85,000 per annum. Mr Warrand resigned on 8 August 2016.

Mr David Mason was employed as Executive Director – Exploration and Business Development until 31 August 2014. Mr Mason transferred to a non-executive role on 31 August 2014 and continued on the Board as Non-Executive Director. His Non-Executive Director's fees are $85,000 per annum. Mr Mason was also a non-executive director of Tancoal Energy Limited (Tancoal), a 70% owned subsidiary of IEC, during the year he received director's fees of US$14,633 from Tancoal.

Mr Mark McAndrew was employed as Executive Director and Chief Operating Officer on 7 October 2015 for an indefinite period until terminated by either party by giving not less than three months' notice. His salary was $160,000 per annum including superannuation. Mr McAndrew was also appointed Acting Chief Executive Officer on 18 July 2016 on a salary of US$280,000 per annum including superannuation. From 31 January 2017 Mr McAndrew transferred to a non-executive role and continued on the Board as on-Executive Director until his resignation on 27 June 2017.

Mr Tarn Brereton was employed as Chief Executive Officer for an indefinite period until terminated by either party by giving not less than three months' notice. Mr Brereton was paid US$280,000 in total as an employee. Mr Brereton passed away and his employment ceased on 18 July 2016.

Mr James (Jim) Shedd was employed as Chief Executive Officer from 27 December 2016 for an indefinite period until terminated by either party by giving not less than three months' notice. Mr Shedd was paid US$280,000 in total as an employee. Mr Shedd is also a non-executive director of Tancoal Energy Limited (Tancoal), a 70% owned subsidiary of IEC, during the year he received director's fees of US$10,725 from Tancoal.

The key terms of Mr Shedd's remuneration package are as follows:

- Total Fixed Remuneration (TFR) of US$280,000 (including superannuation contributions), subject to annual review;
- Eligibility to participate in the Company's incentive scheme as approved by the Board from time to time;

Ms Kerry Angel is employed as the Chief Financial Officer. Ms Angel's salary is US$170,000 per annum including superannuation.

Each employment contract of Executive Directors and Executives includes:

- 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
- 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 2017.

F. KEY MANAGEMENT PERSONNEL COMPENSATION – OPTIONS

2017	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	–	–	–	–	–	–
Mr M Addison[1]	–	–	–	–	–	–
Mr D Nolan[2]	–	–	–	–	–	–
Mr M McAndrew[3]	–	–	–	–	–	–
Mr D Mason[4]	–	–	–	–	–	–
Mr J Warrand[5]	–	–	–	–	–	–
Mr J Shedd[6]	–	–	–	–	–	–
Mr Tarn Brereton[7]	–	–	–	–	–	–
Ms Kerry Angel	–	–	–	–	–	–
Total	-	–	–	–	–	–

[1]Mr Michael Addison was appointed 1 June 2017, resigned 28 September 2017
[2]Mr David Nolan was appointed 3 April 2017
[3]Mr Mark McAndrew was the Executive Director and Chief Operating Officer, then appointed Acting Chief Executive Officer 18 July 2016, then Non-Executive Officer from 31 January 2017 till his resignation on 27 June 2017
[4]Mr David Mason resigned 18 April 2017
[5]Mr Jonathan Warrand resigned 8 August 2016
[6]Mr James (Jim) Shedd was appointed 27 December 2017
[7]Mr Tarn Brereton passed away 16 July 2016

2016	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	–	–	–	–	–	–
Mr D Mason	–	–	–	–	–	–
Mr J Warrand[1]	–	–	–	–	–	–
Mr W Paterson[2]	–	–	–	–	–	–
Mr M McAndrew[3]	–	–	–	–	–	–
Mr T Brereton[4]	–	2,500,000	–	(2,500,000)	–	–
Mr S Harvey[5]	–	–	–	–	–	–
Ms Kerry Angel[6]	–	–	–	–	–	–
Total	-	2,500,000	–	(2,500,000)	–	–

[1]Resigned on 8 August 2016
[2]Resigned on 7 October 2015
[3]Appointed Executive Director and Chief Operating Officer on 7 October 2015, appointed Acting Chief Executive Officer on 18 July 2106
[4]Appointed Chief Executive Officer on 7 October 2015, ceased 18 July 2016
[5]Resigned 20 June 2016
[6]Appointed Group Financial Controller 24 April 2015

G. 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 are set out below:

2017	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	118,806,585	–	–	12,500,000	131,306,585
Mr M Addison[1]	–	–	–	–	–
Mr D Nolan[2]	–	–	–	–	–
Mr M McAndrew[3]	–	–	–	–	–
Mr D Mason[4]	7,950,228	–	–	12,500,000	20,450,228
Mr J Warrand[5]	7,680,237	–	–	(251,726)	7,428,511
Mr J Shedd[6]	–	–	–	–	–
Mr Tarn Brereton[7]	–	–	–	–	–
Ms Kerry Angel	–	–	–	–	–
Total	**134,437,050**	**–**	–	**24,748,274**	**159,185,324**

[1]Mr Michael Addison was appointed 1 June 2017, resigned 28 September 2017
[2]Mr David Nolan was appointed 3 April 2017
[3]Mr Mark McAndrew was the Executive Director and Chief Operating Officer, then appointed Acting Chief Executive Officer 18 July 2016, then Non-Executive Officer from 31 January 2017 till his resignation on 27 June 2017
[4]Mr David Mason resigned 18 April 2017
[5]Mr Jonathan Warrand resigned 8 August 2016
[6]Mr James (Jim) Shedd was appointed 27 December 2017
[7]Mr Tarn Brereton passed away 16 July 2016

2016	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	83,118,517	–	–	35,688,068	118,806,585
Mr D Mason	7,950,228	–	–	–	7,950,228
Mr J Warrand[1]	7,680,237	–	–	–	7,680,237
Mr W Paterson[2]	34,179,370	–	–	–	34,179,370
Mr M McAndrew[3]	–	–	–	–	–
Mr T Brereton[4]	–	–	–	–	–
Mr S Harvey[5]	59,000	–	–	–	59,000
Ms K Angel[6]	–	–	–	–	–
Total	**132,987,352**	**–**	**–**	**35,688,068**	**168,675,420**

[1]Resigned on 8 August 2016
[2]Resigned on 7 October 2015
[3]Appointed Executive Director and Chief Operating Officer on 7 October 2015, appointed Acting Chief Executive Officer on 18 July 2106
[4]Appointed Chief Executive Officer on 7 October 2015, ceased 18 July 2016
[5]Resigned 20 June 2016
[6]Appointed Group Financial Controller 24 April 2015

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

H. 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:

2017	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	–	–	–	–	–
Mr M Addison[1]	–	–	–	–	–
Mr D Nolan[2]	–	–	–	–	–
Mr M McAndrew[3]	–	–	–	–	–
Mr D Mason[4]	–	–	–	–	–
Mr J Warrand[5]	–	–	–	–	–
Mr J Shedd[6]	–	–	–	–	–
Mr Tarn Brereton[7]	–	–	–	–	–
Ms Kerry Angel	–	–	–	–	–
Total	–	–	–	–	–

[1]Mr Michael Addison was appointed 1 June 2017, resigned 28 September 2017
[2]Mr David Nolan was appointed 3 April 2017
[3]Mr Mark McAndrew was the Executive Director and Chief Operating Officer, then appointed Acting Chief Executive Officer 18 July 2016, then Non-Executive Officer from 31 January 2017 till his resignation on 27 June 2017
[4]Mr David Mason resigned 18 April 2017
[5]Mr Jonathan Warrand resigned 8 August 2016
[6]Mr James (Jim) Shedd was appointed 27 December 2017
[7]Mr Tarn Brereton passed away 16 July 2016

2016	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	1,666,666	–	–	(1,666,666)	–
Mr D Mason	1,083,333	–	–	(1,083,333)	–
Mr J Warrand[1]	916,666	–	–	(916,666)	–
Mr W Paterson[2]	–	–	–	–	–
Mr M McAndrew[3]	–	–	–	–	–
Mr T Brereton[4]	392,063	–	–	(392,063)	–
Mr S Harvey[5]	–	–	–	–	–
Ms K Angel[6]	–	–	–	–	–
Total	**4,058,728**	**–**	**–**	**(4,058,728)**	**–**

[1]Resigned on 8 August 2016

[2]Resigned on 7 October 2015

[3]Appointed Executive Director and Chief Operating Officer on 7 October 2015, appointed Acting Chief Executive Officer on 18 July 2106

[4]Appointed Chief Executive Officer on 7 October 2015, ceased 18 July 2016

[5]Resigned 20 June 2016

[6]Appointed Group Financial Controller 24 April 2015

I. LOANS TO DIRECTORS AND EXECUTIVES

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

J. PAYMENTS TO DIRECTORS

Due to the Director's belief in the Company's ability to reach profitability the Non-Executive Directors have elected not to be paid until there is an improvement in operating cash flow. At the end of the year A$730k was owing to current and past Directors of the Company.

End of Remuneration Report

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.

There were no fees for non-audit services paid to an affiliated entity of the external auditors during the year ended 30 June 2017.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 26 and forms part of the Directors' Report for the financial year ended 30 June 2016.

ROUNDING OFF

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191 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
Chairman
Dated this 4 October 2017

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

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

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, during the year ended 30 June 2017 there have been no contraventions of:

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

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

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 4 October 2017

A Member of PrimeGlobal
An Association of Independent Accounting Firms
PrimeGlobal

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 2017 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) as disclosed in note 1(A) 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 2017.

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

GRAEME ROBERTSON
Chairman

Dated this 4 October 2017

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INTRA ENERGY CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES

Opinion

We have audited the financial report of Intra Energy Corporation Limited and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

(a) the accompanying financial report of the Intra Energy Corporation Limited and its controlled entities 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 2017 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(b).

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporation Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial report, which indicates that the Group incurred a net loss of $4,422,000 during the year ended 30 June 2017, and as of that date the Group's current liabilities exceeded its current assets by $11,873,000. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

A Member of PrimeGlobal
An Association of Independent Accounting Firms
PrimeGlobal

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INTRA ENERGY CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the year ended 30 June 2017. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How Our Audit Addressed the Key Audit Matter**

Carrying Value of Non-Current Assets

Refer to Note 12 Property, plant and equipment; Note 13 Mine development costs; Note 14 Exploration expenditure; and Note 1(y) Critical accounting judgments and key sources of estimation and uncertainty.

71% of the Group's total assets relate to property, plant and equipment, mine development costs and exploration expenditures totalling $11,192,000 as at 30 June 2017 which are subject to an impairment assessment in accordance with AASB 136 "Impairment of Assets". The group's impairment assessment of these non-current assets are considered a key audit matter as the valuation is judgemental and based on a number of assumptions, specifically coal prices, operating/capital costs, discount rates, inflation rates and foreign exchange rates, which are affected by future events and economic conditions.	Our procedures included, amongst others: • We assessed management's determination of the Group's Cash-Generating Units ("CGUs"). • We performed sensitivity analyses around the key drivers of growth rates used in the cash flow forecasts and the discount rate used. • We assessed management's consideration of the sensitivity to a change in key assumptions that either individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising. • We involved Hall Chadwick's valuation experts to: - evaluate the key valuation assumptions and estimates to determine the recoverable amount of the non-current assets. - review the mathematical accuracy of the cash flow model and agreed relevant data to supporting information. • We assessed the adequacy of the Group's disclosures in relation to the carrying value of non-current assets.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTRA ENERGY CORPORATION LIMITED AND ITS CONTROLLED ENTITIES

Rehabilitation Provision Estimates

Refer to Note 17 Provisions and Note 1(y) Critical accounting judgments and key sources of estimation and uncertainty.

The group had a mine restoration provision of $628,000 as at 30 June 2017 relating to its mine sites. 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. This area was considered a key audit matter as the calculation of this provision requires judgement in estimating the future costs, the timing as to when the future costs will be incurred and the determination of an appropriate rate to discount the future costs to their net present value.	Our procedures included, amongst others: • We assessed the Group's process for determining the restoration provision, and enquired about material movements in the provision during the year. • We evaluated the legal and/or constructive obligations with respect to the restoration for the mine sites, the intended method of restoration and the associated cost estimates. • We assessed the accuracy of the calculations and accounting treatment used to determine the restoration provision including the discount rate applied. • We assessed the adequacy of the Group's disclosures in relation to provisions.

Contingent Liabilities

Refer to Note 23 Contingent liabilities.

The group is a party to numerous ongoing litigation and legal matters, of which the most significant are disclosed in Note 23 to the financial statements. We focused on this area as a key audit matter due to a significant level of judgement and estimation involved in determining whether liabilities existed in accordance with AASB 137 "Provisions, Contingent Liabilities and Contingent Assets".	Our procedures included, amongst others: • We held discussions with management and reviewed correspondence from the external legal advisors regarding the status of litigation matters. • We read the minutes of the Board of Directors and reviewed the related legal documents, settlement deeds and the latest correspondence with the claimants. • We assessed if the status of the claim meets the definition of a liability in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. • We assessed the adequacy of group's contingent liabilities disclosures.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INTRA ENERGY CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 Australia Accounting Standards and the *Corporations Act 2001* and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INTRA ENERGY CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INTRA ENERGY CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in pages 14 to 23 of the directors' report for the year ended 30 June 2017. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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 Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Intra Energy Corporation Limited and its controlled entities for the year ended 30 June 2017 complies with s 300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 4 October 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	CONSOLIDATED 2017 $'000s	CONSOLIDATED 2016 $'000s
Sales revenue	2	22,706	14,408
Cost of production		(19,930)	(10,755)
Gross Profit		**2,776**	**3,653**
Other income		-	-
Foreign exchange gain / (loss)		(98)	(188)
Compliance and regulatory expenses		(277)	(248)
Legal and professional expenses		(252)	(496)
Depreciation and amortisation	3	(868)	(1,052)
Remuneration and employee expenses		(2,152)	(2,465)
Exploration expense		(118)	(28)
Impairment of tenements		(239)	-
Share based payments		-	-
Other expenses		(1,994)	(1,246)
Share of loss of equity-accounted investees	11	(94)	(257)
Finance income		-	-
Finance expenses		(339)	(300)
Loss on sale and write-off of asset		(224)	(481)
Impairment of assets		(422)	(759)
Loss Before Income Tax		**(4,301)**	**(3,867)**
Income tax benefit	4	**-**	**-**
Loss from continuing operations		**(4,301)**	**(3,867)**
Loss from discontinued operations	10	(403)	(2,583)
(Reversal of)/Loss from impairment of assets of discontinued operations	10	282	(1,747)
Loss for the Year		**(4,422)**	**(8,197)**
Other Comprehensive Income			
Foreign currency translation (loss)/gain^		126	(430)
Total Comprehensive Loss for the Year		**(4,296)**	**(8,627)**
Net Loss for the Year Attributable to:			
Shareholders of IEC		(3,264)	(7,370)
Non-controlling interest		(1,158)	(827)
		(4,422)	**(8,197)**
Total Comprehensive Loss for the Year Attributable to:			
Shareholders of IEC		(3,855)	(7,985)
Non-controlling interest		(441)	(642)
		(4,296)	**(8,627)**
Loss per share			
Loss per share (cents per share, basic and diluted)	7	(0.90)	(2.07)
Loss per share (cents per share, basic and diluted) on continuing operations	7	(0.87)	(1.09)
Loss per share (cents per share, basic and diluted) on discontinued operations	7	(0.03)	(0.98)

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

Consolidated Statement of Financial Position

AS AT 30 JUNE 2017

		CONSOLIDATED	
		2017	2016
	NOTES	$'000s	$'000s
Assets			
Current Assets			
Cash and cash equivalents		84	65
Inventories	8	1,906	1,285
Trade and other receivables	9	2,612	1,775
Total Current Assets		**4,602**	**3,125**
Non-Current Assets			
Property, plant and equipment	12	5,896	6,632
Mine development costs	13	4,782	4,917
Exploration expenditure	14	514	652
Total Non-Current Assets		**11,192**	**12,201**
Total Assets		**15,794**	**15,326**
Liabilities			
Current Liabilities			
Bank overdraft	16(b)	2,363	1,355
Trade and other payables	15	11,935	7,263
Employee benefits		33	59
Interest bearing liabilities	16	1,039	1,967
Liabilities held for sale	10	1,105	1,229
Total Current Liabilities		**16,475**	**11,873**
Non-Current Liabilities			
Provisions	17	628	591
Total Non-Current Liabilities		**628**	**591**
Total Liabilities		**17,103**	**12,464**
Net Liabilities		**(1,309)**	**2,862**
Equity			
Issued capital	18	69,590	69,465
Reserves	19	1,773	2,364
Accumulated losses		(66,709)	(63,445)
Total equity attributed to equity holders of the Company		**4,654**	**8,384**
Non-controlling interest	21	(5,963)	(5,522)
Total Equity		**(1,309)**	**2,862**

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 2017

INTRA ENERGY

	NOTES	CONSOLIDATED 2017 $'000s	2016 $'000s
Cash Flows from Operating Activities			
Receipts from customers		21,695	14,778
Payments to creditors and suppliers		(20,689)	(14,099)
Interest paid		(366)	(498)
Net cash provided in operating activities	25	**640**	**181**
Cash Flows from Investing Activities			
Mine development and capitalised exploration costs		(227)	(145)
Purchase of property, plant and equipment		(378)	(404)
Net cash (used)/provided in investing activities		**(605)**	**(549)**
Cash Flows from Financing Activities			
Proceeds from borrowings		2,117	1,865
Repayment of borrowings		(3,177)	(2,291)
Proceeds from related party borrowings		-	125
Net cash (used)/provided in financing activities		**(1,060)**	**(301)**
Net (decrease) in cash and cash equivalents		(1,025)	(669)
Cash and cash equivalents at beginning of year		(1,290)	(604)
Effects of exchange rate changes on cash		36	(17)
Cash and Cash Equivalents/(Net Overdraft) at end of year		**(2,279)**	**(1,290)**
Cash and cash equivalents		84	65
Bank overdrafts used for cash management purposes		(2,363)	(1,355)
Cash and Cash equivalents/(Net Overdraft) in the Statement of Cash Flows		**(2,279)**	**(1,290)**

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

INTRA ENERGY

FOR THE YEAR ENDED 30 JUNE 2017

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 2016	**69,465**	**(63,445)**	**795**	**2,216**	**(647)**	**8,384**	**(5,522)**	**2,862**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR								
Loss for the year	–	(3,264)	–	–	–	(3,264)	(1,158)	(4,422)
Other Comprehensive Income								
Foreign currency translation differences	–	–	–	–	(591)	(591)	717	126
Total Comprehensive Income	**J**	**(3,264)**	**J**	**J**	**(591)**	**(3,855)**	**(441)**	**(4,296)**
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY INTO EQUITY								
Shares issued during the year	125	–	–	–	–	125	–	125
Share raising cost (net of tax)	–	–	–	–	–	–	–	–
Performance rights granted	–	–	–	–	–	–	–	–
Total transactions with owners	**125**	**J**	**J**	**J**	**J**	**125**	**J**	**125**
Balance at 30 June 2017	**69,590**	**(66,709)**	**795**	**2,216**	**(1,238)**	**4,654**	**(5,963)**	**(1,309)**
At 1 July 2015	**69,387**	**(56,075)**	**795**	**2,216**	**(32)**	**16,291**	**(4,880)**	**11,411**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR								
Loss for the year	–	(7,370)	–	–	–	(7,370)	(827)	(8,197)
Other Comprehensive Income								
Foreign currency translation differences	–	–	–	–	(615)	(615)	185	(430)
Total Comprehensive Income	**J**	**(7,370)**	**J**	**J**	**(615)**	**(7,985)**	**(642)**	**(8,627)**
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY INTO EQUITY								
Shares issued during the year	78	–	–	–	–	78	–	78
Share raising cost (net of tax)	–	–	–	–	–	–	–	–
Performance rights granted	–	–	–	–	–	–	–	–
Total transactions with owners	**78**	**J**	**J**	**J**	**J**	**78**	**J**	**78**
Balance at 30 June 2016	**69,465**	**(63,445)**	**795**	**2,216**	**(647)**	**8,384**	**(5,522)**	**2,862**

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Intra Energy Corporation Limited ("IEC" or "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 2017 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 authorised for issue on 4 October 2017.

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 $4.422m (2016: $8.197m) primarily as a result of impairments and losses from discontinued operations of $0.88m (2016: $5.346m), non-cash depreciation and amortisation charges of $0.87m (2016: $1.05m) together with operating losses due to difficult market conditions; and
- As at balance date, the Group's current liabilities exceeded its current assets by $11.87m (2016:$8.748m). The deficit in net current assets includes a $2.363m (2016: $1.355m) overdraft payable to KCB Bank of Tanzania ("KCB") and $0.481m payable to KCB Bank under loan facilities which expire in November 2017 although these facilities can be called at any time.

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

- Secured funding in August 2017 from KCB of US$936,0000 for the purchase of a new crusher and screening plant that will improve efficiency and deliver quality sized coal for the market. KCB has shown support for the improved operating environment now that the Government of Tanzania has banned the import of coal under the directive advised to the market on 12 August 2016.
- Considered the improved market conditions for coal supply and coal sales are expected to increase as the Group continues to respond to growing demand in the East African cement and industrial markets segment. The ban on the importation of coal has resulted in increased sales orders and this trend is expected to continue. As Tancoal continues to implement productivity improvements, the working capital position of the Company is expected to improve in the longer term.
- Continued to implement a number of cost saving initiatives and enter into repayment arrangements with creditors 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 Tanzania. Eastern Africa is one of the fastest growing regions in the world with national growth rates between 5% and 8%. In 2017, IEC supplied 86% of its production to Tanzania, 9% to Kenya and 5% to Rwanda and Uganda. Approximately 79% was supplied to the cement industry, 6% to textile manufacturers and 9% to paper and ceramics industries and to processing plants.
- Continues to seek buyers for the sale of assets in the Malawi business that has a JORC compliant resource of 63 million tonnes and the AAA Drilling joint venture.
- Recognised that the interest bearing liabilities relating to the loans from KCB are secured against the Group's mining equipment.
- Noted JORC compliant resources 367 million tonnes at the Tancoal mine in Tanzania.

After considering the above factors, the Directors have concluded that the use of the going concern assumption is appropriate. However if improved coal sales, cost saving initiatives or working capital improvements are not achieved or if KCB Bank of Tanzania demands repayment of their combined $4.018m debt facility ($2.846m at 30 June 2017), 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 in the Group's ability to access further working capital through debt, equity or asset sales if required, there remains material uncertainty as to whether the Group will continue as a going concern.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 (“IEC” or “the Company”) and controlled entities (“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 have not been presented within this financial report. Financial information for IEC Parent as an individual entity is included in Note 31 as permitted by the Corporations Act 2001.

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

A number of new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Group.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 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 and associated amending standards, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. As the Group does not have hedging arrangements, this will not have a significant impact to the Group or its results.

AASB 15 Revenue from Contracts with Customers, AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group does not consider that this will have a significant impact to the Group or its results.

AASB 16 Leases, AASB 16 replaces the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2014 - 10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) A full gain or loss to be recognised

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

b.ii New Accounting Standards and Interpretations that are not yet mandatory (cont'd)

when a transaction involves a business (whether it is housed in a subsidiary or not) (b) A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014 - 10 also makes an editorial correction to AASB 10. The amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018. The Group does not consider this will have significant impact to the Group or its results.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

C. Principles of consolidation

The consolidated financial statements incorporate all assets, liabilities and results of the parent (Intra Energy Corporation Limited) and all of the subsidiaries.

c.i Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

The purchase method of accounting is used to account for all business combinations, unless it is a combination involving entities or businesses under common control.

Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred. 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 Profit or Loss and Other 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.

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 parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 20.

Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

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

Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

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

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

c.ii 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.iii Non-controlling interests

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "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.

c.iv Equity accounted investments

A joint venture is an arrangement in which the Group has joint control whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The financial statements include the Group's share of the total recognised gains and losses on an equity accounted basis subsequent to initial recognition at cost, which includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the Group's carrying amount is reduced to $nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

D. Income tax

Tax expense comprises current and deferred tax and is recognised in the statement of profit or loss or the statement of comprehensive income according to the accounting treatment of the related transaction.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax in respect of previous years.

Deferred tax expense represents the tax expense in respect of the future tax consequences of recovering or settling the carrying amount of an asset or liability. Both are calculated using tax rates for each jurisdiction, enacted or substantially enacted at the reporting date, and for deferred tax those that are expected to apply when the asset is realised or the liability is settled.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- arising on the initial recognition or assets or liabilities, other than on a business combination, that affect neither accounting or taxable profit;
- arising from the recognition of goodwill; and
- relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

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

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:

Class of fixed asset	Useful life
Mining 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.

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

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.

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 Group 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 balance date and the costs are recognised based on a consideration of the period which the rehabilitation is expected to occur.

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.

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

L. Financial Instruments

l.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.

l.ii 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.

l.iii Financial Liabilities

Financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

l.iv Impairment of financial assets

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if Directors establish that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

M. Foreign Currency Transactions and Balances

m.i. Functional and Presentation Currency

The functional currency of each of the Group'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 Profit or Loss and Other Comprehensive Income, except where deferred in Other Comprehensive Income as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in Other Comprehensive Income to the extent that the gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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

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 Profit or Loss and Other Comprehensive Income in the year in which the operation is disposed.

N. Employee Benefits

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

n.i Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

n.ii Share-based payments

The Group 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 Group 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting date.

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

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.

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

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.

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 Statement of Cash Flows 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 Group 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.

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

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.

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 and disposal groups are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as "held for sale" occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in Consolidated Profit or Loss and Other Comprehensive Income in the period in which it occurs.

X. Impairment of non-financial assets

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 Profit or Loss and Other 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.

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

Y. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group'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.

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 asets.
- **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.
- **Impairment of non-financial assets**
  The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. In light of lengthy negotiations with the Malawi government and ongoing logistical issues with the operation of the mine, the Group recognised an impairment charge of $1,747,000 in the year ended 30 June 2016 on the carrying value of its Malawian subsidiaries.

Z. Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

	CONSOLIDATED	
	2017	2016
	$'000s	$'000s
2. REVENUES		
From continuing operations		
Coal sales	**22,706**	**14,408**

	CONSOLIDATED	
	2017	2016
	$'000s	$'000s
3. DEPRECIATION AND AMORTISATION		
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation		
Depreciation		
Plant and equipment	(838)	(1,021)
Less depreciation capitalised	-	-
Total depreciation	(838)	(1,021)
Amortisation	(30)	(31)
Total	**(868)**	**(1,052)**

	CONSOLIDATED 2017 $'000s	2016 $'000s
4. INCOME TAX BENEFIT		
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from ordinary activities before income tax expense	(4,422)	(8,197)
Prima facie tax benefit on loss from ordinary activities at 30%	(1,327)	(2,459)
Non-deductible expenditure	46	594
Tax effect of temporary differences not recognised	54	671
Tax effect of current year tax losses for which no deferred tax asset has been recognised	1,227	1,194
Foreign tax losses utilised	-	-
Foreign income tax payable	-	-
Income tax (Benefit)/ Expense	**-**	**-**

(b) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
Temporary differences	1,770	1,639
Carry forward revenue tax losses	6,043	5,931
Carry forward capital tax losses	8	8
Carry forward foreign tax losses	14,900	13,816
Total	**22,721**	**21,394**

The deferred tax asset relating to carry forward losses and temporary differences have not been brought to account as it is unlikely they will arise until such a point that the Company generates sufficient profit to utilise them.

5. KEY MANAGEMENT PERSONNEL COMPENSATION

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

Non-Executive Directors	Non-Executive Directors	Chief Executive Officer/Executive Directors
Mr G Robertson (Chairman)	Mr M McAndrew[3]	Mr T Brereton[6]
Mr M Addison[1]	Mr D Mason[4]	Mr Mark McAndrew[3]
Mr D Nolan[2]	Mr J Warrand[5]	Mr J Shedd[7]

[1]Mr Michael Addison was appointed on 1 June 2017.
[2]Mr David Nolan was appointed on 3 April 2017.
[3]Mr Mark McAndrew was Executive Director and Chief Operating Officer at 30 June 2016, appointed Acting Chief Executive Officer 16 July 2016 and Non-Executive Director on 31 January 2017.
[4]Mr David Mason resigned 18 April 2017.
[5]Mr Jonathan Warrand resigned 8 August 2016.
[5]Mr Tarn Brereton ceased 16 July 2016.
[6]Mr James Shedd was appointed Chief Executive Officer 27 December 2016.

5. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

KEY MANAGEMENT PERSONNEL COMPENSATION	2017 $	2016 $
Short-term employee benefits	880,655	1,066,699
Superannuation	18,166	10,179
Post-employment benefits	-	-
Performance rights	-	-
Total Compensation	**898,821**	**1,076,878**

Details on the remuneration paid to the non-executive directors and executive directors who at any point during the year had authority and responsibility for planning, directing and controlling the activities of Intra energy Corporation Limited are provided under Section B of the Remuneration Report.

EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

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

Details of options and performance rights 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.

6. AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2017 $'000s	2016 $'000s
Audit services		
Auditors of the Group		
Audit and review of financial reports – Hall Chadwick	195	195
	195	**195**
Non-Audit services		
Services provided other than statutory audit – KPMG		
Tax advisory services	-	7
Other advisory services	-	-
	-	**7**

7. EARNINGS PER SHARE

	2017	2016
Basic and diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	$3,155,000	$3,867,000
Loss from discontinued operations attributable to the ordinary equity holders of the Company	$109,000	$3,503,000
Loss attributable to the ordinary equity holders of the Company	**$3,264,000**	**$7,370,000**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	363,323,345	354,391,908
Loss per share (cents) – basic and diluted from continuing operations	**(0.87)**	**(1.09)**
Loss per share (cents) – basic and diluted from discontinued operations	**(0.03)**	**(0.98)**
Loss per share (cents) – basic and diluted	**(0.90)**	**(2.07)**

8. INVENTORIES

	CONSOLIDATED	
	2017 $'000s	2016 $'000s
Consumables, fuel and other equipment	762	802
Coal stock	1,144	483
	1,906	**1,285**

9. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2017 $'000s	2016 $'000s
Current		
Trade receivables	1,981	779
Less: Provision for doubtful debts	(422)	-
Other receivables	534	438
Related party receivables	118	65
Prepayments	401	493
	2,612	**1,775**
Non-current		
Other receivables	202	202
Less: Provision for impairment	(202)	(202)
	-	-

10. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

On 1 March 2016 the Group advised that transaction documents had been exchanged for the sale of its Malawian subsidiaries and that further announcements would be made when the sale is finalised. Accordingly the Malawi Group is presented as a disposal group held for sale. The sale of the disposal group is expected to be completed in the next financial year. The carrying value of the assets has been fully impaired in light of lengthy negotiations with the Malawi government and ongoing logistical issues with the operation of the mine.

As at 30 June 2017, the disposal group was stated at lower of carrying value and fair value and comprised the following assets and liabilities:

	CONSOLIDATED	
Assets and Liabilities held for sale	2017 $'000s	2016 $'000s
Current Assets		
Property, plant and equipment	238	280
Mine development and exploration expenditure	1,218	1,335
Inventories	1	117
Trade and other receivables	8	15
Less: Provision for impairment	(1,465)	(1,747)
Assets held for sale	-	-
Current Liabilities		
Trade and other payables	1,098	1,225
Employee benefits	7	4
Liabilities held for sale	**1,105**	**1,229**

^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. On 31 March 2016, the arrangement was terminated and the assets returned to the supplier. A contingent liability has been recognised for a legal claim that the supplier has brought to the company, see note 23.

The Malawian subsidiaries incurred minimal revenue and recorded a loss after tax of $403,000 for the year ended 30 June 2017, and a reversal of the prior year impairment of $282,000.

11. EQUITY ACCOUNTED INVESTMENTS

On 9 September 2014, the Group completed a joint venture arrangement with General Petroleum Oils and Tools Pty Limited ("GPOT"), whereby each party undertook a 50% economic interest in AAA Drilling Limited, an operating drilling company in Tanzania that was established to undertake drilling and logging for the IEC entities and third party customers in Eastern Africa.

In 2016, the Group recognised an impairment charge of $558,000 following a review of the market conditions that have effect to the AAA Drilling Joint Venture business and operations.

11. EQUITY ACCOUNTED INVESTMENTS (cont'd)

Information on the interest in the AAA Drilling Joint Venture is as follows:

	CONSOLIDATED	
	2017 $'000s	2016 $'000s
Equity accounted investments	454	558
Less: impairment of equity accounted investments	(454)	(558)
Carrying amount	-	-

IEC's share of loss after tax in its equity accounted investee before impairment was $94,000 loss (2016: $257,000 loss)

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by IEC, is as follows:

	AAA DRILLING LIMITED	
Summarised Financial Position	2017 $'000s	2016 $'000s
Current Assets		
Cash and cash equivalents	12	4
Total current assets	502	511
Total non-current assets	1,161	1,186
Total current liabilities	(766)	(585)
Net Assets	909	1,116
Group's share (%)	50%	50%
Group's share of joint venture's net assets	**454**	**558**

11. EQUITY ACCOUNTED INVESTMENTS (cont'd)

	AAA Drilling Limited	
Summarised Financial Performance	2017 $'000s	2016 $'000s
Revenue	-	-
Depreciation and amortisation	-	(284)
Interest expense	-	(4)
Other expenses	(188)	(226)
Loss from continuing operations	**(188)**	**(514)**
Income tax expense	-	-
Loss after tax from continuing operations	**(188)**	**(514)**
Other Comprehensive Income	116	(349)
Total comprehensive income	**(72)**	**(863)**
Group's share of total comprehensive income	**(36)**	**(431)**

The Group has an obligation under the JV agreement to commit $0.2m per year by the provision of the drilling work or by contribution.

12. PROPERTY, PLANT AND EQUIPMENT

30 June 2017	Office Equipment $'000	Mining Plant and Equipment^ $'000	Motor Vehicles $'000	Leasehold $'000	Capital Work in Progress $'000	Software* $'000	Total $'000
Year ended 30 June 2017							
At 1 July 2015, net of accumulated depreciation	362	4,893	644	523	139	71	6,632
Additions	90	76	41	-	571	-	778
Disposals (net)	-	-	(219)	-	-	-	(219)
Transfers	-	139	-	-	(139)	-	-
Depreciation charge	(131)	(513)	(104)	(50)	-	(40)	(838)
Effect of exchange rates (net)	(10)	(383)	(35)	(29)	-	-	(457)
At 30 June 2017, net of accumulated depreciation	**311**	**4,212**	**327**	**444**	**571**	**31**	**5,896**
At 30 June 2017							
At cost	895	6,438	1,029	583	571	498	10,014
Accumulated depreciation and impairment	(584)	(2,226)	(702)	(139)	-	(467)	(4,118)
Net carrying amount	**311**	**4,212**	**327**	**444**	**571**	**31**	**5,896**

^ $4.543m of Property, Plant and Equipment is held as collateral by KCB Bank of Tanzania in relation to loan facilities.

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

30 June 2016	Office Equipment $'000	Mining Plant and Equipment^ $'000	Motor Vehicles $'000	Leasehold $'000	Capital Work in Progress $'000	Software* $'000	Total $'000
Year ended 30 June 2016							
At 1 July 2015, net of accumulated depreciation	563	6,979	1,416	564	191	146	9,859
Additions	28	570	-	34	39	-	671
Disposals (net)	-	(1,077)	(467)	-	-	-	(1,544)
Impairment and write-off	(55)	(391)	-	-	-	-	(446)
Transfers	-	95	-	-	(95)	-	-
Depreciation charge	(144)	(494)	(257)	(51)	-	(75)	(1,021)
Effect of exchange rates (net)	(30)	(789)	(48)	(24)	4	-	(887)
At 30 June 2016, net of accumulated depreciation	**362**	**4,893**	**644**	**523**	**139**	**71**	**6,632**
At 30 June 2016							
At cost	851	6,734	1,462	620	139	502	10,308
Accumulated depreciation and impairment	(489)	(1,841)	(818)	(97)	-	(431)	(3,676)
Net carrying amount	**362**	**4,893**	**644**	**523**	**139**	**71**	**6,632**

^ $1.554m of Property, Plant and Equipment is held as collateral by KCB Bank of Tanzania in relation to loan facilities.

13. MINE DEVELOPMENT COSTS

	CONSOLIDATED	
	2017	2016
	$'000s	$'000s
Tancoal Mine		
Opening balance	4,917	4,918
Mine development expenditure	8	45
Rehabilitation asset	5	-
Amortisation	(30)	(31)
Effect of exchange rates	(118)	(15)
	4,782	**4,917**
Malcoal Mine		
Opening balance	-	2,153
Mine development expenditure	-	-
Amortisation	-	(8)
Effect of exchange rates	-	(814)
Transfer to assets held for sale	-	(1,331)
	-	**-**
Total	**4,782**	**4,917**

The recoverable amounts of the Group's mine development costs and property, plant and equipment have been determined by a value-in-use calculations using a discounted cash flow model, based on a 12-month projection period approved by the Board and extrapolated for a further 4 years by using key assumption.

The key assumptions in the calculations include:

- Long-term thermal coal prices of US$44 – US$48 per tonne
- Long-term exchange rate of US$1:00: AUD$0.75
- Discount rate of 20%
- Revenue and cost growth rate of 7%
- Coal reserves and resources

Based on the above assumptions at 30 June 2017 the recoverable amount is determined to be above carrying value of mining assets resulting in no further impairment.

The most sensitive input in the value in use calculations is forecast revenue, which is primarily dependent on estimated future coal prices and the AUD/USD forecast exchange rate. If the long-term coal prices had been 10% lower than management's estimates, the recoverable amount would exceed carrying value of mining assets. If the AUD/USD long-term exchange rate was $0.80, the recoverable amount would exceed carrying value of mining assets.

14. EXPLORATION EXPENDITURE

	CONSOLIDATED	
	2017	2016
	$'000s	$'000s
Tancoal Energy Limited tenements		
Opening balance	652	503
Exploration expenditure	219	190
Impairment	(239)	-
Effect of exchange rates	(118)	(41)
	514	**652**
Intra Energy Trading (Malawi) Limited tenements		
Opening balance	-	10
Effect of exchange rates	-	(6)
Transfer to assets held for sale	-	(4)
	-	**-**
Total	**514**	**652**

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.

On 15 March 2017, the Company advised the market that a Tancoal tenement was directed by the government to be transferred to Dangote Industries. An impairment charge of $239,000 was recognised for the carrying value of the licence in the financial year.

15. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2017	2016
	$'000s	$'000s
Trade payables	8,667	3,757
Related party payables	1,057	614
Accruals	2,211	2,892
Total	**11,935**	**7,263**

16. INTEREST BEARING LIABILITIES

	CONSOLIDATED	
	2017 $'000s	2016 $'000s
Current		
Secured loan facility	759	1,554
Hire purchase equipment	280	288
Related party convertible note	-	125
Total	**1,039**	**1,967**

16(a) Secured loan facility

On 1 December 2014 Tancoal re-financed its debt with KCB Bank Tanzania Limited (KCB). The loan facility is repaid over a three year term and principal and interest repayments are made monthly. Full repayment will be made in November 2017. The loan does not have any covenants but is repayable on demand and is secured against plant and equipment. Interest is charged on the facility at a rate of 8% per annum. The balance at 30 June 2017 was $298,000.

16(b) Bank overdraft facility

On 5 January 2017, KCB Bank of Tanzania approved an increase in the working capital facility from US$1.0m to US$1.8m 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 and is repayable on demand.

16(c) Invoice discounting facility

On 1 December 2014 KCB approved an invoice discounting facility of US$500,000, the balance payable at 30 June 2017 was $110,000.

16(d) Insurance Premium facility

During the year Commercial Bank of Africa Limited (CBA) provided an insurance premium facility, the balance payable at 30 June 2017 was $75,000.

16(e) Convertible Note

On 2 May 2016, IEC raised A$125,000 under loan and convertible note agreements with three parties, two of whom are related to directors of the company, Mr Robertson and Mr Mason. The notes were converted to shares on the 11 and 12 April 2017. Interest of A$28,500 has been accrued.

16(f) 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. At 31 March 2016, the arrangement was terminated, the assets were returned to the supplier and the hire purchase arrangement ceased. A contingent liability has been recognised for a legal claim that the supplier has brought against the Company for penalties and other costs, see note 23.

In January 2014, a hire purchase contract with an option to purchase four trucks was entered into with Extran Limited, a related party of Graeme Robertson and David Mason. The full amount under the contract of $280,000 was outstanding at 30 June 2017.

17. PROVISIONS

	CONSOLIDATED	
	2017 $'000s	2016 $'000s
Non-current		
Rehabilitation provision	628	591
Total	**628**	**591**

The movement in provisions during the year are as follows:

2017 $000's	Rehabilitation	Total
Opening balance	**591**	**591**
Amortisation	30	30
Effect of exchange rates	7	7
Closing balance	**628**	**628**
Represented by		
Current	-	-
Non-current	628	628
Closing balance	**628**	**628**

2016 $000's	Rehabilitation	Total
Opening balance	**550**	**550**
Amortisation	31	31
Effect of exchange rates	10	10
Closing balance	**591**	**591**
Represented by		
Current	-	-
Non-current	591	591
Closing balance	**591**	**591**

Rehabilitation

The mining, extraction and processing activities of the Group 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.

18. ISSUED CAPITAL

	2017 No.	Issue price $ per share	2017 $'000s	2016 No.	Issue price $ per share	2016 $'000s
Balance at the beginning of the year:	**356,474,030**		**69,465**	**351,268,725**		**69,387**
Shares issued for convertible notes	31,250,000	$0.004	125	–	–	–
Shares issued for payment of loan[2]				5,205,305	$0.015	78
Share issue costs			-			-
Balance at the end of the year	**387,724,030**		**69,590**	**356,474,030**		**69,465**

1. Fully paid ordinary shares carry one vote per share and carry the rights to dividends
2. On 22 November 2016 shareholders approved the conversion of convertible notes, shares were issued on the 11 and 12 April 2017.

19 RESERVES

19(a) Options reserve

	2017 No.	2017 $'000s	2016 No.	2016 $'000s
Balance at the beginning of the year	J	**2,216**	J	**2,216**
Options exercised during year	–	–	–	–
Options expired during year	–	–	(2,500,000)	–
Issued during the year	–	–	2,500,000	–
Balance at the end of the year	–	**2,216**	–	**2,216**

1. Options reserve recognises the fair value of options issued.
2. No options were issued during the year ended 30 June 2017.

19(b) Performance Rights reserve

	CONSOLIDATED	
	2017 $'000s	2016 $'000s
Total Performance Rights reserve	795	795

1. The performance rights reserve recognises the fair value of performance rights issued as compensation to employees.
2. No performance rights were issued during the year ended 30 June 2017

19. RESERVES (CONT'D)

19(c) Foreign currency translation reserve

	CONSOLIDATED	
	2017 $'000s	2016 $'000s
Non-current		
Balance at the beginning of the year	(647)	(32)
Foreign currency translation differences	(591)	(615)
Balance at the end of the year	**(1,238)**	**(647)**

1. Foreign currency translation reserve recognises exchange differences arising on translation of the foreign controlled entities. The cumulative amount is reclassified to profit or loss when the net is investment is disposed of.

20. 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 (%)* 2017	Equity (%)* 2016
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%	85%
AAA Drilling Limited	Mauritius	Ordinary	50%	50%
AAA Drilling Limited	Tanzania	Ordinary	50%	50%
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%
Pamodzi Power Limited	Malawi	Ordinary	100%	100%

* Percentage of voting power is in proportion to ownership.

** Entity is dormant and in the process of winding up.

21. NON-CONTROLLING INTEREST

	CONSOLIDATED	
	2017 $’000s	2016 $’000s
Total non-controlling interest	(5,963)	(5,522)

The Company’s subsidiary Intra Energy (Tanzania) Limited (“IETL”) owns 70% of Tancoal and 30% is owned by Tancoal’s joint 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 partner, Olympic Exploration Limited, a private Tanzanian entity.

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

22. COMMITMENTS

22(a) Operating Commitments

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

	2017 $’000s	2016 $’000s
Rental and Lease Payments		
Less than 1 year	330	341
Between 2 and 5 years	269	698
Greater than 5 years	-	–
Total Rental and Lease Payments	**599**	**1,039**
Tenement Leases Expenditure Payable		
Less than 1 year	517	720
Between 2 and 5 years	1,321	713
Greater than 5 years	-	–
Total Tenement Leases Expenditure Payable	**1,838**	**1,432**
Total	**2,437**	**2,471**

22. COMMITMENTS (CONT)

22(b) Finance Lease Commitments

Finance lease liabilities committed to at the reporting date, recorded as liabilities, are as follows:

	2017 $'000s	2016 $'000s
Finance Lease Expenditure Commitments Payable		
Less than 1 year	280	288
Between 2 and 5 years	-	-
Greater than 5 years	-	-
TOTAL	**280**	**288**

In January 2014, a hire purchase contract with an option to purchase four trucks was entered into with Extran Limited, a related party of Graeme Robertson and David Mason. The full amount under the contract of $280,000 was outstanding at 30 June 2017.

The Group also has an obligation under the JV agreement with AAA Drilling to commit $0.2m per year by the provision of drilling work or by contribution.

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The supplier of the hire purchase contracts in Malawi has brought a legal claim for penalties as part of the cancellation of the arrangement against the subsidiary company Malcoal Mining Limited. The company is defending the claim but the contingent liability may be up to $500,000 in addition to costs accounted for in the accounts. The claim was still pending at 30 June 2017.

Tancoal Energy Limited in Tanzania is defending a legal claim brought by NBC bank for recovery of money paid under a letter of credit arrangement in 2013, the company is defending the claim but the contingent liability may be up to US$470,000. NBC without authority withdrew US$230,000 from a Tancoal bank account during the year to apply against the contingent liability, Tancoal has brought a claim against NBC for the money to be returned.

The Tanzania Minerals and Audit Agency (TMAA) has advised that it will be making a claim to Tancoal for US$160,000 for royalty that it has deemed payable on the transport portion of invoices to customers raised in 2014. The company will lodge an appeal against the claim if the demand for payment is made.

Other than the above, the Directors are not aware of any contingent liabilities or contingent assets at 30 June 2017.

24. SEGMENT REPORTING

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

Segment information

The Group 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 Group's business is the exploration, evaluation, marketing, production and sale of coal in Africa.

Basis of Accounting for purposes of reporting by operating segments

Accounting policies adopted

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

24. SEGMENT REPORTING (CONT)

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the 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.

24. SEGMENT REPORTING (CONT'D)

Geographical Segment	Australia Period Ended 30 June 17 $'000	Australia Period Ended 30 June 16 $'000	Africa Period Ended 30 June 17 $'000	Africa Period Ended 30 June 16 $'000	Elimination Period Ended 30 June 17 $'000	Elimination Period Ended 30 June 16 $'000	Consolidated Period Ended 30 June 17 $'000	Consolidated Period Ended 30 June 16 $'000
Revenue								
Sales revenue	–	–	22,706	14,408	–	–	22,706	14,408
Inter-segment revenue	1,123	716	–	–	(1,123)	(716)	–	–
Total revenue	**1,123**	**716**	**22,706**	**14,408**	**(1,123)**	**(716)**	**22,706**	**14,408**
Net costs of production	–	–	(19,930)	(10,566)	–	–	(19,930)	(10,566)
Gross Profit	**1,123**	**716**	**2,776**	**3,842**	**(1,123)**	**(716)**	**2,776**	**3,842**
Other income	–	–	–	–	–	–	–	–
Other operating expenses	(1,482)	(1,034)	(3,727)	(4,559)	–	–	(5,209)	(5,593)
Profit/(loss) before impairment, depreciation, amortisation, net finance costs and tax	**(359)**	**(318)**	**(951)**	**(717)**	**(1,123)**	**(716)**	**(2,433)**	**(1,751)**
Impairment		–	(661)	(759)	–	–	(661)	(759)
Depreciation	(47)	(90)	(791)	(931)	–	–	(838)	(1,021)
Amortisation		–	(30)	(31)	–	–	(30)	(31)
Results from operating activities	**(406)**	**(408)**	**(2,433)**	**(2,438)**	**(1,123)**	**(716)**	**(3,962)**	**(3,562)**
Finance income							–	–
Finance expenses							(339)	(305)
Profit/(loss) before tax							**(4,301)**	**(3,867)**
Income tax benefit/(expense)							–	–
Net Loss from continuing operations							**(4,301)**	**(3,867)**
Loss from discontinued operations and impairments on those operations							(121)	(4,330)
Loss for the year							**(4,422)**	**(8,197)**
Total Assets	4,228	4,318	15,233	16,477	(3,667)	(5,469)	15,794	15,326
Total Liabilities	(1,277)	(1,145)	(53,401)	(52,641)	37,575	41,322	(17,103)	(12,464)

25. CASH FLOW INFORMATION

	2017 $'000s	2016 $'000s
Loss before income tax	(4,422)	(8,197)
Non-cash flows in profit		
Depreciation and amortisation	868	1,052
Share of loss of equity-accounted investees	94	257
Loss on sale and impairment of non-current assets	224	481
Foreign exchange	96	188
Impairment of assets	379	2,506
Loss from discontinued operations – non-cash items	21	1,470
Change in inventories	(621)	900
Change in receivables	(845)	754
Change in provisions	37	(28)
Change in trade payables	4,685	(431)
Change in current assets and liabilities held for sale	124	1,229
Net cash provided/(used) in operating activities	640	181

26. SHARE BASED PAYMENTS

26(a) Shares and options

No shares or options were granted by the Company during the 2017 year.

On 9 October 2015, 2,500,000 unlisted options were issued to the Chief Executive Officer, Mr Tarn Brereton. The options had an exercise price of $0.02 and an expiry date of 30 June 2016, the options were not exercised and lapsed on 30 June 2016. The value of the options was not material and not brought to account.

26(b) Performance rights

No Performance rights were issued in the 2017 or 2016 years.

27. SUBSEQUENT EVENTS

In late July, KCB Bank of Tanzania approved an equipment loan to purchase the new crusher and screening plant. The loan is for US$936,000 over sixty months at 8% interest, the loan is for 80% of the equipment cost.

On 28 September 2017 the Company requested a suspension up to 30 November 2017 due to the resignation of Michael Addison as Non-Executive director leaving only one director ordinarily resident in Australia.

On 4 October 2017 Mr Troy Wilson was appointed as Non-Executive Director, with Mr Wilson's appointment the Company has two directors residing in Australia so the suspension could be lifted and the 2017 Annual Report lodged.

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.

28. RELATED PARTY TRANSACTIONS

Details relating to Key Management Personnel are disclosed in Note 5 and remuneration report contained in the directors' report.

2017

At 30 June 2017 a loan of US$150,000 (A$202,000) to Malcoal joint venture partner Consolidated Mining Industries Limited, a private Malawian entity remained outstanding. The loan was to be repaid from first dividends from Malcoal and interest is charged on the loan at the rate of 5% per annum. The loan was fully impaired at 30 June 2016 and was still unpaid at 30 June 2017.

In June 2013, IEC subsidiary Tancoal Mining Limited received a loan of TZS300,000,000 from joint venture partner the National Development Corporation of Tanzania. The balance of this loan at 30 June 2017 was TZS170,000,000 (A$ 100,000).

25. RELATED PARTY TRANSACTIONS (CONT)

At 30 June 2017, $130,000 was receivable from Geothermal Power Tanzania Limited and NuEnergy Gas (Tanzania) Limited, $12,000 was receivable from NuAfrica Limited and $12,000 was receivable from Tanzagrain Limited, for services provided in a prior year, related parties to Graeme Robertson.

In January 2014, a hire purchase contract with an option to purchase four trucks was entered into with Extran Limited, a related party of Graeme Robertson and David Mason. An amount of $288,000 was outstanding at 30 June 2016.

2016

During the year the Company paid 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, the fee was reviewed regularly and the arrangement was terminated in November 2015. An amount of $57,500 (plus GST) was paid during the year. At 30 June 2016 an amount of $21,411 including GST remained outstanding.

At 30 June 2016 a loan of US$150,000 (A$202,000) to Malcoal joint venture partner Consolidated Mining Industries Limited, a private Malawian entity remained outstanding. The loan was to be repaid from first dividends from Malcoal and interest is charged on the loan at the rate of 5% per annum. The loan has been fully impaired at 30 June 2016.

In June 2013, IEC subsidiary Tancoal Mining Limited received a loan of TZS300,000,000 from joint venture partner the National Development Corporation of Tanzania. The balance of this loan at 30 June 2016 was TZS170,000,000 (A$ 101,000).

At 30 June 2016, $135,000 (re-stated) was receivable from Geothermal Power Tanzania Limited and NuEnergy Gas (Tanzania) Limited for services provided in a prior year, a related party to Graeme Robertson.

At 30 June 2016, $25,000 was receivable from NuAfrica Limited for reimbursement of expenses and Tanzagrain Limited for services provided in a prior year, related parties to Graeme Robertson.

In January 2014, a hire purchase contract with an option to purchase four trucks was entered into with Extran Limited, a related party of Graeme Robertson and David Mason. An amount of $288,000 was outstanding at 30 June 2016.

30. FINANCIAL RISK MANAGEMENT

Exposure to credit and interest rate risks arises in the normal course of the Group's businesses. The Group 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 Group'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.

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 Group, 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 Group's activities. The Group, 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.

30(a) Credit risk

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

30. FINANCIAL RISK MANAGEMENT (CONT'D)

Exposure to credit risk

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

	2017 $'000s	2016 $'000s
Trade and Other Receivables	2,612	1,775
Cash and cash equivalents	84	65
Total	**2,696**	**1,840**

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits. The Group limits its credit risk by holding its cash balance and demand deposits with reputable counterparties with acceptable credit ratings.

30(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation. The Board monitors liquidity risk on a monthly basis.

The Group'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

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

30 June 2017	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
Non-derivative financial liabilities							
Bank overdraft	2,363	2,363	2,363	–	–	–	–
Trade and other payables	11,935	11,935	11,935	–	–	–	–
Interest bearing liabilities	1,039	1,039	1,027	12	–	–	–
Other liabilities	–	–	–	–	–	–	–
Total	**15,337**	**15,337**	**15,325**	**12**	–	–	–

30. FINANCIAL RISK MANAGEMENT (CONT'D)

30 June 2016	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
Non-derivative financial liabilities							
Bank overdraft	1,355	1,355	1,355	–	–	–	–
Trade and other payables	7,263	7,263	7,263	–	–	–	–
Interest bearing liabilities	1,967	2,062	1,230	832	–	–	–
Other liabilities	–	–	–	–	–	–	–
Total	**10,585**	**10,680**	**9,848**	**832**	–	–	–

Cash and receivables

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

30 June 2017	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	84	84	84	–	–	–	–
Trade and other receivables	2,612	2,612	2,612	–	–	–	–
Total	**2,696**	**2,696**	**2,696**	–	–	–	–

30 June 2016	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	65	65	65	–	–	–	–
Trade and other receivables	1,775	1,775	1,775	–	–	–	–
Total	**1,840**	**1,840**	**1,840**	–	–	–	–

30. FINANCIAL RISK MANAGEMENT (CONT'D)

30(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group'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:

30 June 2017	Average interest rate %	Floating Interest Rate %	Total $'000s
Financial assets			
Cash and cash equivalents	0%	–	84
Trade and other receivables	5%	–	2,612
Total	-	–	**2,696**
Financial liabilities			
Bank overdraft	–	8%	2,363
Trade and other payables	–	–	11,935
Interest bearing liabilities	2%	8%	1,039
Other liabilities	–	–	—
Total	–	–	**15,337**
NET FINANCIAL ASSETS/ (LIABILITIES)	–	–	**(12,641)**

30 June 2016	Average interest rate %	Floating Interest Rate %	Total $'000s
Financial assets			
Cash and cash equivalents	0%	–	65
Trade and other receivables	5%	–	1,775
Total	-	–	**1,840**
Financial liabilities			
Bank overdraft	–	8%	1,355
Trade and other payables	–	–	7,263
Interest bearing liabilities	2%	8%	1,967
Other liabilities	–	–	–
Total	–	–	**10,585**
NET FINANCIAL ASSETS/ (LIABILITIES)	–	–	**(8,745)**

30. FINANCIAL RISK MANAGEMENT (CONT'D)

The Group'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	
30 June 2017	10% increase $'000s	10% decrease $'000s	10% increase $'000s	10% decrease $'000s
Financial assets				
Cash and cash equivalents	–	–	–	–
Interest bearing liabilities	(44)	54	(44)	54
Total				

	Profit or loss		Equity	
30 June 2016	10% increase $'000s	10% decrease $'000s	10% increase $'000s	10% decrease $'000s
Financial assets				
Cash and cash equivalents	–	–	–	–
Interest bearing liabilities	(168)	168	(168)	168
Total	**(168)**	**168**	**(168)**	**168**

Foreign currency risk

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

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

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

The Group's exposure to foreign currency risk throughout the current year primarily arose from the Group's 100% interest in Intra Energy (Tanzania) Limited and its controlling interests in Tancoal and Tanzacoal (collectively "Tanzanian subsidiaries"), whose functional currencies are Tanzanian Shillings. Additionally the Group 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 Group is additionally exposed to the USD by way of its USD denominated loans to the KCB Bank Tanzania Limited. The foreign currency gains or losses arising from this risk are recorded in the Statement of Profit or Loss and Other Comprehensive Income.

30. FINANCIAL RISK MANAGEMENT (CONT'D)

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 Group. 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 2017 would have decreased the net liabilities of the Tanzanian and Malawian subsidiaries by A$1.2m (2016: $3.1m). A 10% weakening of the Australian dollar against the Tanzanian Shilling and Malawian Kwacha at 30 June 2017 would have increased the net liabilities of the Tanzanian and Malawian subsidiaries by A$1.5m (2016: $3.8m).

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 2017 would have decreased net interest bearing liabilities of the KCB loans and hire purchases by A$0.3m (2016: $0.2m). A 10% weakening of the Australian dollar against the United States dollar at 30 June 2017 would have increased net interest bearing liabilities of the KCB loans and hire purchases by A$0.3m (2016: $0.2m).

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.

30(d) Fair value versus carrying amounts

The Group's carrying mounts of fair value assets and liabilities equate to their corresponding fair values.

30(e) 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 Group's approach to capital management during the year. Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

31. PARENT ENTITY DISCLOSURES

Financial Position of Intra Energy Corporation Limited

	2017 $'000s	2016 $'000s
Assets		
Current Assets		
Cash and cash equivalents	1	42
Trade and other receivables	30	32
Other assets	-	-
Total Current Assets	**31**	**74**
Non-Current Assets		
Investment in subsidiaries[1]	4,136	4,136
Property, plant and equipment	61	108
Loans to subsidiaries[1]	-	-
Total Non-Current Assets	**4,197**	**4,244**
Total Assets	**4,228**	**4,318**
Current Liabilities		
Trade and other payables	1,277	1,018
Interest bearing liabilities	-	125
Employee liabilities	-	2
Total Liabilities	**1,277**	**1,145**
Net Assets	**2,951**	**3,173**
Equity		
Issued capital	69,590	69,465
Reserves	3,011	3,011
Accumulated losses	(69,650)	(69,303)
Total Equity	**2,951**	**3,173**

1. 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.
2. The Parent has a net current asset deficiency of $1.246m (2016: $1.071m)

Financial Performance of Intra Energy Corporation Limited

	2017 $'000s	2016 $'000s
Loss for the year	**(347)**	**(1,748)**
Total Comprehensive Income	**(347)**	**(1,748)**

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.

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 8 September 2017.

(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	71	8,185
1,001	–	5,000	75	229,814
5,001	–	10,000	109	903,807
10,001	–	100,000	347	14,807,767
100,001	–	and over	214	371,774,457
			816	387,724,030
The number of shareholders holding less than a marketable parcel of shares are:			470	6,473,520

(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	115,512,065	29.79
2	LUJETA PTY LTD	32,391,025	8.35
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	22,523,881	5.81
4	ROTHSTEIN PTY LTD	12,262,194	3.16
5	NUVOLARI CAPITAL LIMITED	8,835,770	2.28
6	MR PETER TSEGAS	8,731,766	2.25
7	MR GRAEME LANCE ROBERTSON	8,474,297	2.19
8	MR EDWARD GARNET BRERETON & MRS MEGAN LESLIE BRERETON	8,101,851	2.09
9	MARA SUPERANNUATION PTY LTD	6,850,625	1.77
10	MARA PTY LTD	6,225,390	1.61
11	D & H MASON INVESTMENTS PTY LTD	5,593,701	1.44
12	INTRASIA CAPITAL PTE LTD	5,205,305	1.34
13	MR DAVID JACOB SCHWARTZ & MRS MELANIE ANN SCHWARTZ LOMACOTT PTY LTD	4,805,482	1.24
14	COBBLYN INVESTMENTS PTY LTD	4,756,022	1.23
15	OZEA PTY LTD MR ADAM STRATTON & MRS MELISSA STRATTON	4,399,702	1.13
16	ADAMELIS PTY LTD	4,246,514	1.10
17	MS AILEEN ROSAMUND PARIS	3,079,303	0.79
18	MR CRAIG IAN BROWN & MRS JENNY LEE BROWN	3,000,000	0.77
19	ANTARCTIC HOLDNGS PTY LTD	2,850,000	0.74
20	CITICORP NOMINEES PTY LTD	2,548,576	0.66
TOTAL		**270,393,469**	**69.74**

(c) Substantial Shareholders

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

	NUMBER OF SHARES	PERCENTAGE OF ORDINARY SHARES
ASPAC MINING LIMITED AND ASSOCIATES	131,306,585	33.87%
LUJETA PTY LTD AND ASSOCIATES	34,179,370	9.59%

(d) Schedule of Mining Tenements

AREA OF INTEREST	TENEMENTS	% INTEREST
Tanzania		
Tancoal Energy Limited	ML439/2011, PL7391/2011, PL7620/2012, PL7713/2012, PL8999/2013, PL9807/2014, *MLA00601/2016, *MLA00600/2016, PL10417/2014	70%
Intra Energy Limited**	PL10975/2016, PL10976/2016, PL10977/2016, PL10979/2016, PL10950/16, PL 10980/16, PL 10981/16	100%
Tanzacoal East Africa Mining Limited	PL6319/2010, PL7030/2011, PL10058/2014, PL10116/2014, PL6111/2009	85%
Malawi		
Malcoal Mining Limited	ML0143/2005, EPL 377/2013	90%
Intra Energy Trading Limited	EPL0392/2013, EPL376/2013	100%

*Mining Licence Application
**Registration numbers amended