



9 November 2017

Company Response to Market Rumours

As a general policy, Inca Minerals Limited (**Inca** or **Company**) does not respond to market speculation or rumour. However, where market speculation and rumours could repeatedly mislead shareholders, or could be material, then the Company has an obligation to address such inaccuracies.

The Company believes that, on at least three separate occasions on or about 27 October 2017, 12 January 2017 and 1 December 2016, Mr Jonathan West (**West**) authored and distributed certain information to some Inca shareholders which contains factual inaccuracies and information that may, in the Company's opinion, mislead shareholders. In these communications, West identified himself as an Inca shareholder.

While each of the three aforementioned communications are described separately below, the Company's response seeks to address the volume of inaccurate information therein and their collective potential impact.

West Email to Shareholders on or About 27 October 2017

On or about 27 October 2017, and with respect to four resolutions to be considered at the Company's upcoming AGM, West distributed an email to certain Inca shareholders which states that:

- (a) *"In the case of resolutions 2 & 4, where they are seeking shareholder approval for the issuance of shares above the annual 15%, it is noted that these shares would be issued at a discount (from 20-25% of market price) to market."*
- (b) *"The ICG Board, through informal discussions with Ross (Ross Brown – Inca's Managing Director), has been approached ... to see if they will accommodate a request for the 'shareholders group' to have a representative, as a Non-Executive Director on the Board. Sadly, I must report, when the idea was raised with the company, there was no support for it".*
- (c) *"... I propose ... a **no vote against either or both, Resolutions 1 and 3**. In the case of a vote against Resolution 3, which is for the re-election of Justin Walawski as an Executive Director, I note that Justin is also employed as the company secretary and, in fact a vote against his appointment as an executive Director on the ICG Board would still see him remain as Company Secretary, a job he performs very well. So a vote against resolution 3 would not really disadvantage the operations of the company as Justin would continue in his primary and important role as Company Secretary."*
- (d) *"I suggest **shareholders vote NO to both Resolutions 2 and 4**. ... a vote against these resolutions does not seriously constrain the ability of the company to raise capital. ... At the very least, if we all vote together, we can be pretty certain that we will achieve the 25% strike rate required on Resolution 1..."*

Inca considers that:

1. In the case of (a) directly above, West's statement is both false and misleading. No decision has been made about the issuance of these shares nor the potential pricing of any issue. The Board's actual behaviour since the 2016 AGM provides shareholders with factual and accurate information: At the Company's 2016 AGM, shareholders approved exactly the same resolutions as are referred to in (a) above. That is, shareholders provided the Board with the capacity to issue shares from an additional 10% facility and from a 300 million share placement facility. Since then the Company has:



- (i) **Used less than 12.5%** of that capacity to make a total of two placements (with the unused balance expiring at the 2017 AGM); and
- (ii) Completed each of those two placements **at a significant premium** to market price.

West's statements and predictions about the Board's future behaviour are totally inconsistent with the Board's most recent behaviour.

3. In the case of (b) above, West's statements are untrue.

- (i) As a courtesy, the Board has met with the "shareholder group" representative (known as "Bornite" on the Hot Copper forum); and
- (ii) Bornite advised the Company's Managing Director (Ross Brown) in writing that the "...shareholder group might have unrealistic expectations ... and are already properly represented by the Board" and that he (Bornite) neither believes an additional director is necessary or beneficial for the Company.

The Company is unaware of who the "shareholder group" are (in entirety) and has not been asked to support a proposal from this group. Mr West's statements are untrue and misleading as to the Board's actions and the way it operates.

4. With respect to (c) above, West's statements are false because Mr Walawski's primary role is not as Company Secretary. Mr Walawski's primary role is as a Director of the Company. Mr Walawski undertakes all requirements of a director and, in addition, chair's all Inca Board meetings, chair's all Inca shareholder meetings, manages the Company's legal affairs in Australia and Peru, and is responsible for management of the Company's financial affairs. Mr Walawski also acts as the Company Secretary because it is cost effective for the Company and he has the requisite skills to do so.

5. With respect to (d) above, in the event shareholders vote against those two resolutions, then it could constrain the Company's ability to fund exploration at both the Company's projects. The Company has recently completed a very successful program of channel sampling at Cerro Rayas and is planning to commence Phase 2 drilling at Riqueza. Without sufficient funding, the Company could not continue exploration at both projects nor exploit future opportunities to acquire a new project.

In summary, West's email contains false and potentially misleading statements. In the Board's view, the email is engineered to ensure the "shareholder group" vote against all resolutions at Inca's upcoming AGM.

West Letter to Shareholders on or about 12 January 2017

On or about 12 January 2017 West distributed a letter to certain Inca shareholders wherein West stated:

- (a) *That "... a number of investors have recently taken a cornerstone position in the company" and that he (West) "... would be concerned if that recent investment lead to a pre-emptive and undervalued takeover bid for the company".*
- (b) *That "Following receipt of the company's share register, I (West) am contacting other ICG shareholders to determine their interest in working collaboratively ..." and that "The company is aware that I am contacting shareholders in relation to this matter."*



Inca notes that:

1. In the case of (b) directly above:
 - (i) Inca did not agree to the content of the letter or its distribution.
 - (ii) Inca was not provided with, and was not aware of the full contents of the letter including the subject of a “pre-emptive and undervalued takeover bid”.
2. There was and continues to be no basis or evidence of a pre-emptive and undervalued takeover bid or that Inca’s directors would ever agree to, and not vigorously defend, such a bid.

West Email to Shareholders on or About 1 December 2016

On or about 1 December 2016, and in relation to Inca’s Humaspunco Prospect, West wrote and distributed an email containing resource potential calculations and share price valuations and stated he had met with Mr Ross Brown (Inca’s Managing Director and Competent Person) and that “*Ross is incredibly excited about the resource potential at Humaspunco and when I (West) ran my resource and operating cost numbers past him he indicated that he did not think they were unreasonable ...*”.

Inca considers that:

1. At the time the above resource estimates were described by West to Mr Brown, and before they were distributed to others, Mr Brown **repeatedly** cautioned West on key aspects of West’s calculations including, but not limited to, reliance on grab sample assay results, extrapolations of metal grades, the absence of any drilling data to support a resource calculation, West’s resource estimates not satisfying JORC resource definitions, and that only after Phase 1 drilling at Humaspunco could an Exploration Target be possible.
2. At the time West’s estimates were distributed, no drilling and only early stage exploration had been conducted at Humaspunco and therefore an experienced, qualified, professional geologist (i.e. a Competent Person) has insufficient basis upon which to indicate whether the Humaspunco and resulting share price estimates were reasonable or unreasonable.
3. Irrespective of any caveats or stated assumptions, and because of the implied endorsement by Mr Brown, the Company believes West’s statements are misleading.

As discussed earlier, Inca does not generally respond to market speculation or rumour. However, collectively and when read together, the abovementioned emails and letters contain sufficient false and potentially misleading information to warrant Inca making this announcement.

The Company has taken advice and will now pursue legal avenues in the prevention of further untrue and/or misleading information being distributed. The Board provides an unreserved commitment to continue to act in the best interests of all shareholders and the Company. Shareholders should not hesitate to contact the Company if they require clarification of matters covered in this announcement - where legally able to do so, the Company will be more than happy to assist.

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