



24 October 2018

INCA'S CERRO RAYAS PROJECT EXPANDS

HIGHLIGHTS

- Five concessions added to Cerro Rayas Project:
 - Vicuña Puquio (400 ha)
 - Vicuña Puquio II (500 ha)
 - Puyuhuan (300 ha)
 - Tablamachay (400 ha)
 - Huaytapata (600 ha)
- Cerro Rayas increases in size by more than 600%
- New concessions host several mine workings and outcrops of zinc, (**Zn**) silver (**Ag**) lead (**Pb**) mineralisation as well as multiple kilometres of NW-SE mineral trends
- Three further concession applications, Intihuañunan, Huaytapata Sur and Yacuna being processed

Inca Minerals Limited (**Inca** or the **Company**) is pleased to announce that five concessions, Vicuña Puquio, Vicuña Puquio II, Puyuhuan, Tablamachay and Huaytapata have recently been granted at the Company's zinc-focussed Cerro Rayas Project (Figure 1). Including the original concessions, La Elegida and La Elegida I, Cerro Rayas now has a total area of 2,600 ha. Three additional concessions at Cerro Rayas are pending, Intihuañunan, Huaytapata Sur and Yacuna.

The new concessions host significant Zn-Ag-Pb mineralisation at old mine workings and new outcrop areas discovered by the Company.

Cerro Rayas has a similar geological setting to that of the Company's Greater Riqueza Project, located 15km's to the southwest. Both projects host limestone sequences which are affected by northwest-southeast structures and faults. At Cerro Rayas both Jurassic and Cretaceous-aged limestones are present and there are many kilometres of structures and faults (Figure 1). With Cerro Rayas exhibiting characteristics similar to Greater Riqueza, and with the scaling up of the project size, the Company is well positioned for upcoming exploration (discussed below) in Peru.

"We currently see Cerro Rayas as another Riqueza" says Inca's Managing Director, Mr Ross Brown, "with the same potential and exploration trajectory".

The Cerro Rayas project area is orientated northwest-southeast and located within the Miocene Porphyry-Skarn Metallogenic Belt of the same orientation (Figure 2). The Miocene Porphyry-Skarn Metallogenic Belt (and subset Chonta Fault System) is a particularly well mineralised part of central Peru and hosts many mines and porphyries and skarns. As its name suggests, the metal belt is highly prospective for porphyries and skarns, as well as carbonate replacements deposits. Several polymetallic deposits occur in close proximity to Cerro Rayas (along trend) and BHP owns two projects northwest and southeast of Cerro Rayas on the eastern flank of the Miocene Porphyry-Skarn Metallogenic Belt (Figure 2).



Future Exploration

The strategy for exploration at Cerro Rayas is to delineate porphyry/skarn/replacement style mineralisation. Project-wide geophysics and drilling are planned for 2019. An airborne geophysics survey, like the AMAGRAD survey completed at Riqueza, is proposed. Possible geophysical targets would be added to the walk-up targets already known, including all the mine working centres and mineralised outcrop areas.

Figure 1 **BELOW:** Simplified geological plan of Cerro Rayas showing the project area and individual concessions. The concession names in orange boxes are newly granted. The simplified geology shows Jurassic (purple colours) and Cretaceous (green colours) sequences trending northwest-southeast. A single northwest-southeast structure is indicated but many more are interpreted to occur. Zn-Ag-Pb mine workings are also indicated.

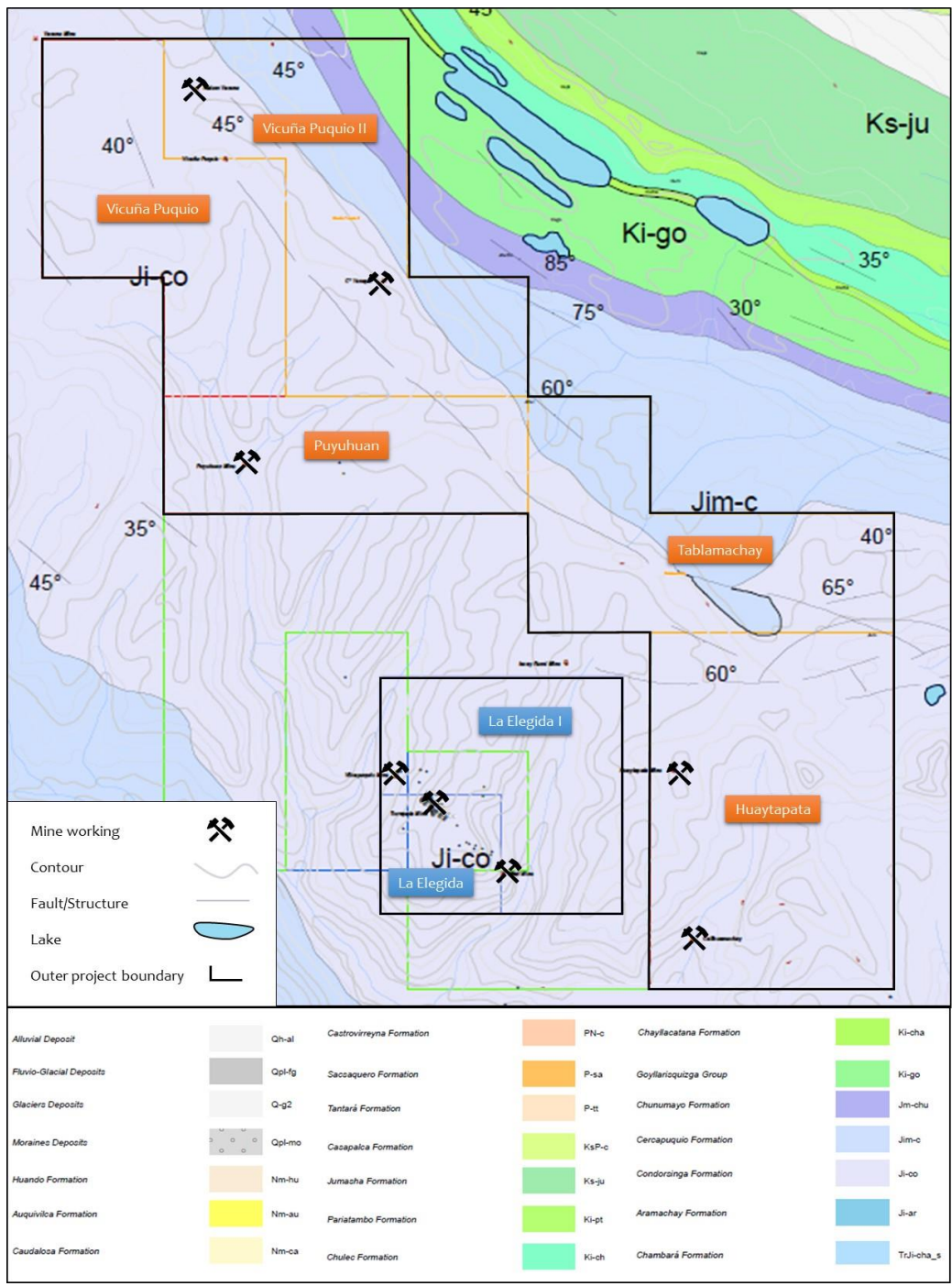
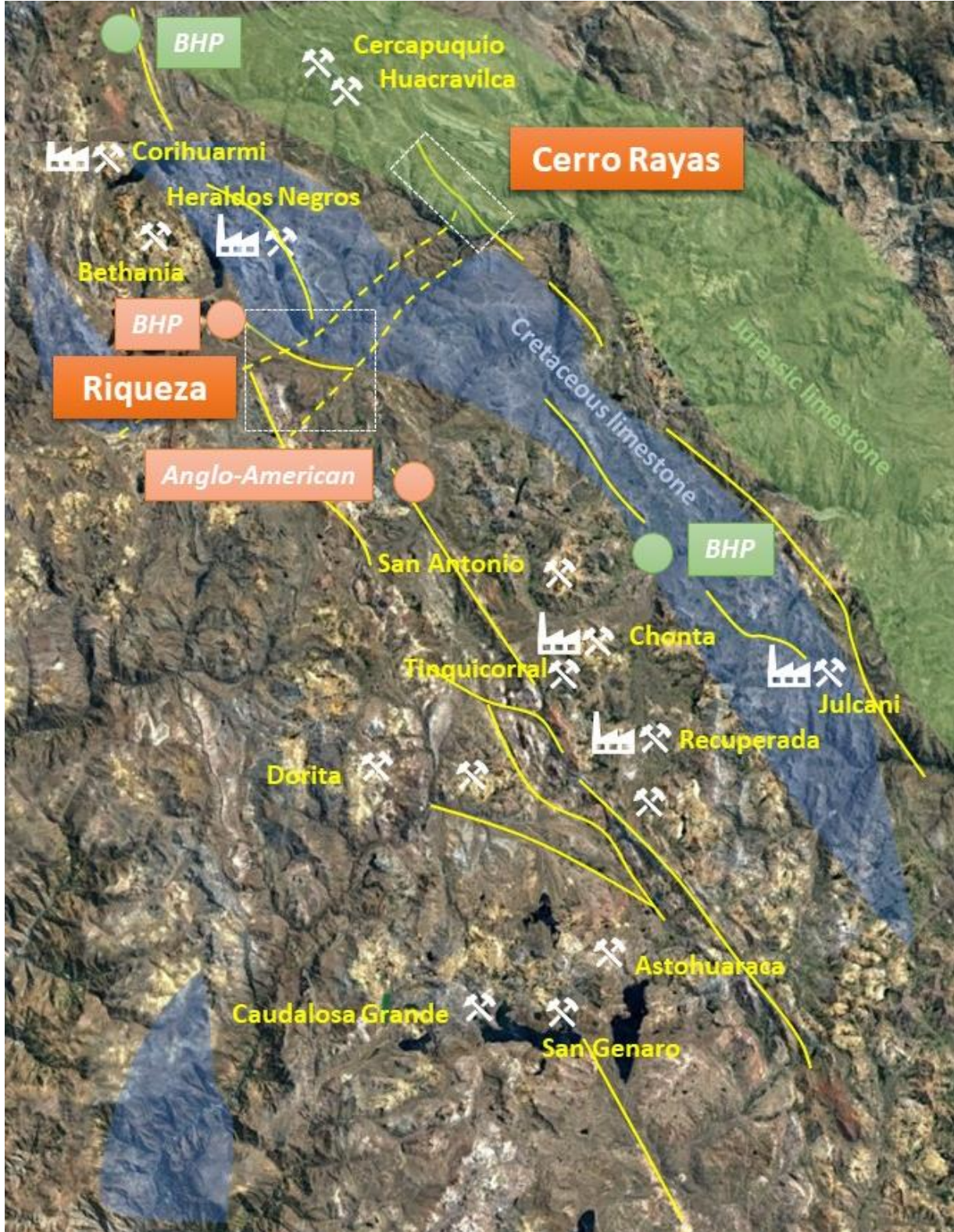




Figure 2 **BELOW**: Plan showing the general location of the Company's Cerro Rayas and Greater Riqueza projects (white lined boxes). Also shown: the position of the parallel fault systems (thin yellow lines) and traverse faults (thin dashed yellow lines) that comprise the Miocene Porphyry-Skarn Metallogenic Belt / Chonta Fault System; the approximate extent of the Jurassic (green) and Cretaceous (blue) limestones is indicated; the mines and plants in the area; and the location of BHP's and Anglo-American's project.





Competent Person Statements

The information in this report that relates to exploration results and mineralisation for the greater Riqueza and Cerro Rayas projects located in Peru, is based on information compiled by Mr Ross Brown BSc (Hons), MAusIMM, SEG, MAICD Managing Director, Inca Minerals Limited, who is a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience, which is relevant to exploration results and to the style of mineralisation and types of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Brown is a fulltime employee of Inca Minerals Limited and consents to the report being issued in the form and context in which it appears.

Key Words Used in this Announcement (order of appearance and/or cross-reference in this word list)

<u>Miocene</u>	A geological period occurring between 23 million and 5 million years ago.
<u>Metallogenic Belt</u>	A corridor or swathe of land that hosts a concentration of metal deposits.
<u>Porphyry (Deposit)</u>	A type of <u>Deposit</u> containing <u>Ore-forming Minerals</u> occurring as disseminations and veinlets in a large volume of rock. The rock is typically porphyritic (a texture of large crystals in a fine groundmass). <u>Porphyry Deposits</u> are economically very significant.
<u>Skarn (Deposit)</u>	A type of <u>Deposit</u> that forms as a result of <u>Alteration</u> which occurs when hydrothermal fluids interact between igneous and sedimentary rocks. In many cases, skarns are associated with the intrusion of granitic rocks, especially <u>Porphyry</u> intrusions, within <u>Limestone</u> .
<u>Carbonate Replacement</u>	A process in which carbonate minerals are "replaced" by another mineral or minerals. Carbonate replacement takes place in a variety of deposit types <u>Vein</u> , <u>Manto</u> and <u>Breccia Deposits</u> .
<u>Limestone Deposit</u>	A calcium carbonate sedimentary rock typically formed by ancient coral reefs. A [mineral] <u>Deposit</u> is a naturally occurring accumulation or concentration of metals or minerals of sufficient size and concentration that might, under favourable circumstances, have economic value (Geoscience Australia). It is not a defined term in the JORC Code 2012 for Australasian Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012).
<u>Polymetallic Mineral Belt</u>	A term that describes for multi-element nature of a <u>Deposit</u> or <u>Mineral Belt</u> .
<u>Ore-forming Minerals</u>	A term that describes a particular area that hosts a concentration of <u>Deposits</u> . Minerals which are economically desirable. In the case of Cerro Rayas, they include <u>Sphalerite</u> , <u>Smithsonite</u> and <u>Galena</u> . This contrasts with <u>Gangue Minerals</u> .
<u>Gangue Minerals</u>	Valueless minerals that occur with <u>Ore-forming Minerals</u> . In the case of Cerro Rayas calcite is the main <u>Gangue</u> mineral.
<u>Smithsonite</u>	Zinc carbonate mineral with the chemical formula $ZnCO_3$ with 52.15% Zn by mol. weight.
<u>Sphalerite</u>	Zinc sulphide mineral with the chemical formula ZnS with 67.09% Zn by mol. weight.
<u>Galena</u>	Lead sulphide mineral with the chemical formula PbS with 86.60% Pb by mol. weight.
<u>Structure</u>	A very broad and widely used geological term used at Cerro Rayas to mean localised linear features often in association with <u>Breccias</u> .
<u>Alteration</u>	At Cerro Rayas predominantly dolomitic <u>Alteration</u> : a process that involves the alteration of (change to) a rock, mineral or mineralisation resulting in the formation of dolomite – a calcium magnesium carbonate.
<u>Fault</u>	A surface or zone of rock fracture along which there has been displacement.
<u>Cretaceous</u>	A geological period occurring between 145 million and 65 million years ago.



Key Words Used in this Announcement (order of appearance and/or cross-reference in this word list)

Continued...

<u>Jurassic</u>	A geological period occurring between 201 million and 145 million years ago.
<u>Mine Working(s)</u>	A small mine(s) typically artisanal in nature. These small mines varying in size considerably - but generally comprise one to <10 adits (mine openings) and one to <20 drives and slopes (mining tunnels) with a total mine length of <1,000m. They tend to be either excavated by hand or simple mechanical means.
<u>Vein</u>	A tabular or sheet-like form of mineralisation, often resulting from in-filling a vertical or near-vertical fracture. They often cut across <u>Country Rock</u> .
<u>Manto</u>	A tabular or sheet-like form of mineralisation, often resulting from replacement along layers of limestone. They often lay parallel to <u>Country Rock</u> .
<u>Country Rock</u>	Rock that encloses or is cut by mineralisation. And more broadly, rock that makes up the geology of an area. The <u>Country Rock</u> at Cerro Rayas is Jurassic-aged <u>Limestone</u> of the Pucará Group.
