29 August 2013

Current Drilling Program at Chanape

The drill program that Inca Minerals Limited ("Inca" or the "Company") has recently commenced is the first of a series of campaigns designed to test the dual prospectivity of Chanape, Inca's flagship project. Chanape is considered highly prospective for both epithermal gold-silver mineralisation and porphyry copper-molybdenum-silver-gold mineralisation. This announcement outlines the Q3/Q4 2013 drilling program both in terms of epithermal and porphyry targeting criteria and drill parameters.

DRILL PROGRAM SUMMARY

- Drill program designed to test both epithermal gold-silver and porphyry copper-molybdenum-silver-gold systems
- Epithermal and porphyry systems merge as targets coalesce "near-surface" enabling some of the holes to test both styles of mineralisation
- Program parameters:
    - Proposed number of holes: 13 (9 epithermal, 4 epithermal/porphyry)
    - Approximate total metres: 5,200m
    - Average length of epithermal hole: 260m; average length of porphyry hole: 738m
- The order of drilling is guided by the requirement to drill within the existing drill permit with the latter holes being drilled from the area covered by a modified drill permit which is currently under assessment and is awaiting final approval.

Background to Drill Targeting

Chanape hosts epithermal gold and silver mineralisation to a known vertical depth of approximately 200m. This mineralisation is most commonly associated with breccia bodies but now also known to occur in altered intrusive rocks and volcanics. Interestingly, there are 73 known breccia occurrences on approximately two-thirds of the project area (with one-third of the project area as yet un-mapped). Results of two phases of surface exploration have returned high grades of gold (peak value 31.6g/t) and silver (peak value 788 g/t, or 24oz/t).

Chanape also hosts copper-molybdenum-silver-gold porphyry mineralisation. Drill-hole DH-DDH001, completed in January/February this year, intersected mineralised porphyry below an epithermal gold-silver-bearing breccia body (known as Breccia Pipe 8). This hole was closely examined, *inter alia* detailed logging, hydrothermal clay mapping and multi-element analysis.

To better understand the spatial connection between these two forms of related mineralisation and to facilitate subsequent drill targeting, 60 line kilometres of geophysics were undertaken and approximately 700 rock chip samples were collected and assayed. The results were released to the ASX on 3 July 2013 - Phase 1 and on 22 August 2013 - Phase 2.

Dual Mineralisation Styles Merge

In the context of a "porphyry model", epithermal mineralisation typically occurs above porphyry mineralisation. In simple terms it is the cooler part of the underlying [hotter] porphyry mineralising event. Epithermal mineralisation is typified as being enriched in gold and silver, whilst porphyry mineralisation, in this region, is typified as being enriched in copper, molybdenum and silver (Chinalco's Toromocho Porphyry Deposit for example).

The "separation" between an epithermal zone and a porphyry zone in porphyry systems is not always well defined and can be spatially discrete, interdigitated or telescoped. As previously reported, based on new data available from the Company's phase one and phase two exploration programs, together with the results of the Company's porphyry discovery hole (CH-DDH001), it appears as though the epithermal and porphyry systems at Chanape are in close juxtaposition.

This observation is based on the shallow nature of the porphyry targets (discussed below) and the "overlapping" nature of the epithermal and porphyry alteration mineral assemblages. This is an important development as the holes designed to intersect porphyry mineralisation are also designed to intersect epithermal mineralisation.

Epithermal Drill Targets

Epithermal drill targets are characterised as possessing coincident geological, geochemical and geophysical signatures. The targets are often highly altered quartz/tourmaline breccia bodies with anomalous gold and/or silver surface expressions (Figure 1). The nine proposed epithermal holes are all angled and range in down-hole depth from 190m to 300m.

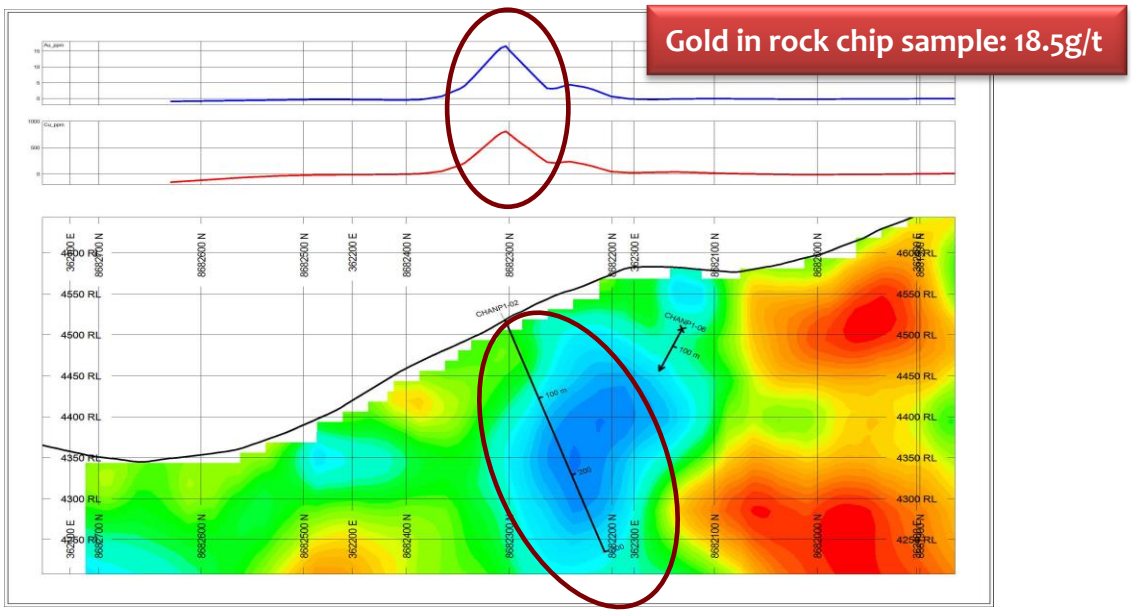

Figure 1: NW to SE Cross-section - An example of a proposed epithermal drill hole (CHANP1-02*) with coincident gold and copper mineralisation (at surface) and a magnetic low.

** Hole to be renumbered upon drilling*

Porphyry Drill Targets

Porphyry drill targets are characterised as possessing "porphyry-related" geophysical signatures below epithermal signatures (discussed above). The four proposed epithermal/porphyry holes are angled and range in down-hole depth from 700m to 750m. An example of drill hole positioning is presented in Figure 2.

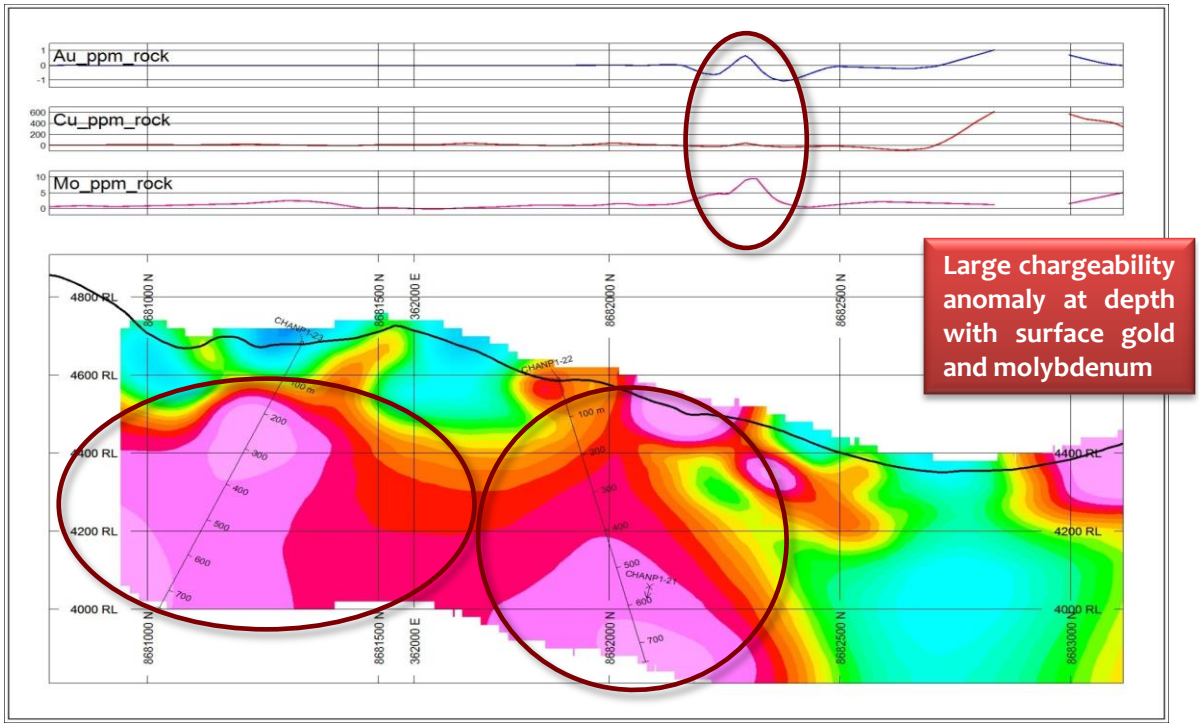

Figure 2: S to N Cross-section - An example of two proposed porphyry drill holes with coincident gold and molybdenum mineralisation (at surface) and chargeability anomaly at depth (over 1.5kms across). The chargeability anomaly (pink) extends to the surface where it relates to possible epithermal sulphide mineralisation.

Figure 3: Site visit to Chanape earlier in the year. M. Cardozo and J. Hedenquist inspecting a new breccia. Sulphide-bearing breccia bodies such as this create chargeability high signatures such as shown in Figure 2.

Timely Commencement of 2013 Drilling and the 2014 Drill Program

To commence drilling in a timely manner (to follow drill targeting without interruption), the initial drill holes were selected on the basis of existing access/platforms and location within the existing permit area, in conjunction with their technical merit. The latter parts of the Q3/Q4 2013 drill program will require the approval of modified permits, which have been submitted for assessment.

The process of securing new permits for next year's (2014) drilling campaign has already commenced. The 2014 drill program will test targets generated in 2013 and additional targets generated during the Phase 3 surface exploration (to cover the remaining unmapped areas of the Chanape project) presently scheduled for Q4 2013 and Q1 2014.

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Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Ross Brown, Managing Director, Inca Minerals Limited, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Brown is a full time employee of Inca Minerals Limited. He has sufficient experience, which is relevant 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 by the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Brown consents to the report being issued in the form and context in which it appears.