



20 September 2013

Chanape Drilling Update

HIGHLIGHTS

- Drilling permissible under existing permit completed
- Modified drill permit in final stages of approval with drill rig and camp remaining on-site
- All drill holes intersect altered, sulphide-bearing volcanics and breccia zones
- Drilling program expanded after evaluation of surface exploration programs
- Over 40 epithermal and porphyry drill targets generated across project area

CHANAPE DRILLING UPDATE

Inca Minerals Limited (“Inca” of the “Company”) is pleased to announce that drilling, which is permissible under the Company’s existing drill permit, has been successfully completed at Chanape. A total of three holes were drilled to test shallow epithermal targets identified within the existing permit and in proximity to existing access. All three holes intersected pervasively altered, sulphide-bearing volcanics, which in places display high degrees of brecciation and sulphidisation. Samples have been submitted for analysis and the Company is awaiting results.

The full drilling program, described in a previous ASX announcement (29 August 2013), will resume following the approval from the *Ministerio de Energía y Minas* (“MEM”) of a modified permit, which is currently well advanced. The drill rig and full camp facilities remain on-site which will allow for immediate resumption of drilling upon receipt of the modified permit.

During meetings with the MEM, Inca was complimented on its approach in exploration, its positive engagement with the local communities at Chanape and MEM was enthusiastic about developments at Chanape.



Figure 1: Location plan of Inca’s drill holes at Chanape. **BLUE:** Recently completed holes by Inca. **RED:** Inca’s Q1 2013 holes including the “discovery” hole CH-DDH001, which intersected mineralised porphyry. **ORANGE:** Drill hole completed by a previous explorer.

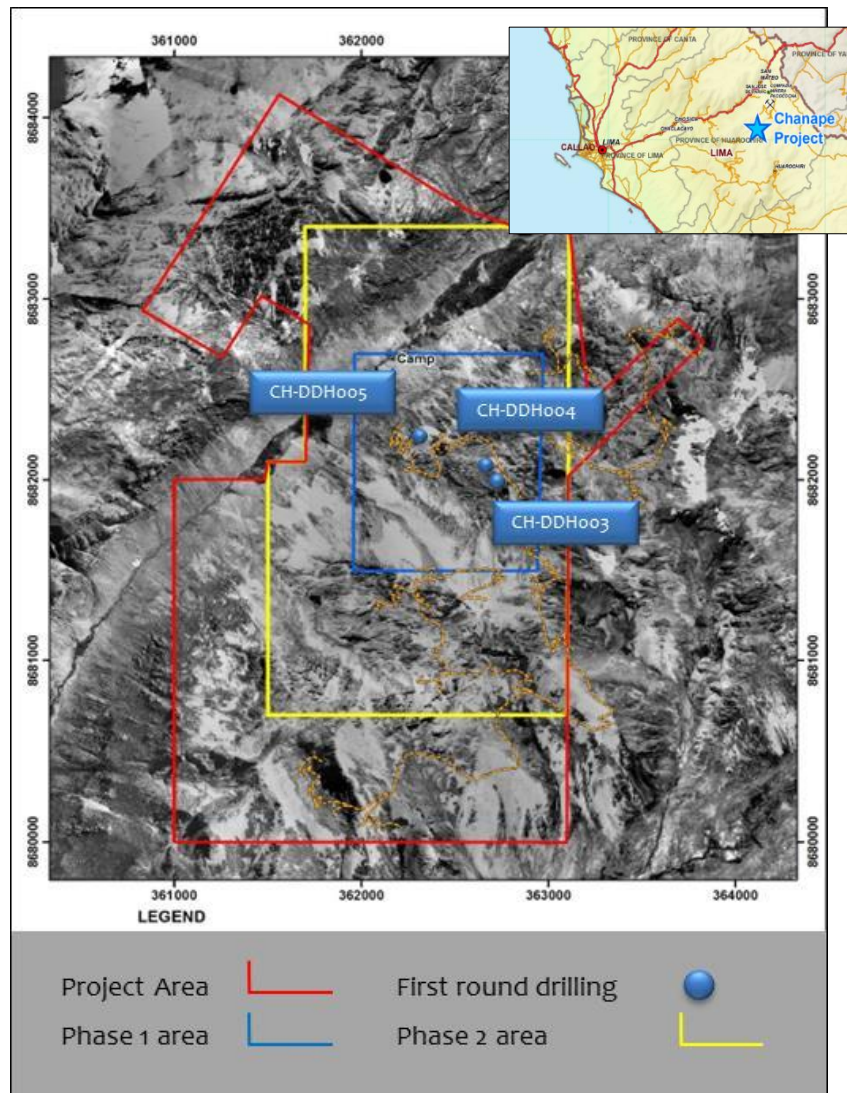


Figure 2: Drill hole locations

CH-DDH003 was drilled on an access track approximately 50m from Inca's CH-DDH002 and a previous explorer's hole CH12 (Figure 1, 2). The Company had previously announced (December 2012 Quarterly Report) that CH12 was drilled into a breccia pipe (Breccia Pipe 10) and that it had a **gold intersection of 1.18/t Au and a silver intersection of 7.27/t Ag over an interval of 102m from 15m**. Detailed mapping during the phase 1 surface exploration program subsequently showed that hydrothermal brecciation was not just confined to a discrete body (pipe) but occurred more pervasively throughout the vicinity. Hole CH-DDH003 was designed to determine the extent of gold associated with brecciation between drill holes CH12 and CH-DDH002 (Figure 1, 2).

CH-DDH004 has targeted a hydrothermal tourmaline breccia with coincident surface geochemistry (peak values of 1.22g/t Au and 24.33g/t Ag), and geophysics.

CH-DDH005 targeted a hydrothermal tourmaline breccia with coincident **peak geochemistry of 18.5g/t Au and 50.3g/t Ag**.



Figure 3: CH-DDH005 targeting pervasive hydrothermal tourmaline brecciation.

To take into account the full array of epithermal and porphyry targets, the Company has expanded its 2013 drilling program. A total of 43 drill targets have now been generated within the Phase 1 and Phase 2 surface exploration areas. The targets are defined by coincident geological, geochemical and geophysical anomalies.

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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.