23 May 2014

Fourth Deep Hole Successfully Completed

HIGHLIGHTS

- **Fourth deep hole (CH-DDH012) successfully completed at 660 metres (and above originally planned target depth) having intersected:**
  - **Newly discovered tourmaline breccia containing highly visible chalcopyrite (a copper ore mineral)**
  - **Two intervals of monzonite intersected at 395m and 501m down-hole depth (same monzonite that hosts 284m @ 0.32% Cu in CH-DDH011)**
  - **Numerous tourmaline breccia zones within monzonite with up to 10% sulphide (less visible chalcopyrite than in CH-DDH011)**
- **Assay results for CH-DDH012 pending**
- **New drill pads under preparation**

Inca Minerals Limited (**Inca** or **Company**) has successfully completed its fourth deep hole (CH-DDH012) to a depth of 660m, above its originally planned target depth, and having:

(a) Intersected two hydrothermal breccias, at shallow depths, both containing highly visible chalcopyrite [a copper (Cu) ore mineral] (refer previous announcement 12 May 2014); and

(b) Entered a monzonite dyke (at 395m) then main monzonite intrusive body (at 501m) containing quartz/pyrite/chalcopyrite veins and tourmaline/sulphide breccia zones (Figures 1a & 1b).

Figure 1a) CH-DDH012 at 516m: Tourmaline (high temperature alteration mineral) brecciation of locally phyllic-altered monzonite intrusion with sulphides.

Figure 1b: CH-DDH012 at 517m: Intense brecciation of phyllic-altered monzonite with tourmaline and sulphides at 517m. As is the case in Figure 1a) the tourmaline and sulphides are closely associated. Banded fine-grained disseminated sulphides with sericite are circled.

Ross Brown, Inca's Managing Director, is currently in Peru and reported that "CH-DDH012 has intersected two breccias within the first 200m one of which a genuine new discovery. The sulphide content, and more specifically its visual chalcopyrite content is equal to, if not greater than anything previously seen at Chanape including the core from Breccia 8 (HBx8). It is the stacked parallel nature of the mineralised breccia bodies that is particularly significant and indicates a zone of potential economic interest."

HBx8 is also known to contain >1g/t Au and >1oz/t Ag. Both breccia bodies are effectively open at depth and long strike.

On CH-DDH012 Ross Brown continues "The hole has then entered a monzonite dyke then a main monzonite intrusive at a depth of 501m, the same intrusive that was intersected at 596m in CH-DDH011 – a hole that produced our best Cu and Mo intersections to date."

The alteration type in the main monzonite interval in CH-DDH012 of 159m (down hole width) changes from broadly propylitic to potassic with depth. As alteration changes there is an increase in tourmaline-sulphide veining and brecciation, quartz/K-feldspar veining and quartz/pyrite/chalcopyrite veining. There is less visible chalcopyrite in the monzonite in CH-DDH012 than in the same host in CH-DDH011. The alteration-type and hydrothermal "activity" is nevertheless indicative of a porphyry system.

Figure 2: CH-DDH012 at 508m: The monzonite is intensely altered with tourmaline/sulphide veining causing local brecciation. Sulphides associated with tourmaline are circled.

CH-DDH012 was drilled to an approximate Reduced Level (above sea level, "RL") of 4,000m - some 70m above the top of the Cu porphyry mineralisation in CH-DDH011. The hole was stopped for proof of concept reasons having successfully intersected the same monzonite as that which hosts the Cu-mineralisation in CH-DDH011 and by doing so, reserving drilling metres under the existing permit for future drill holes.

Mr Brown indicated CH-DDH012 is an important hole for the Company. "It reinforces the Company's view that Chanape hosts a fully preserved Cu, Mo, Ag, Au porphyry system and, when accompanied by such strong chalcopyrite mineralisation in a tourmaline breccia at shallow depths, will only heighten the interest in Chanape from potential project partners" said Mr Brown.

Figure 3: Chalcopyrite-bearing core from the new breccia in CH-DDH012.

CH-DDH012 drill core has been despatched to the laboratory in Lima and assay results are pending. In the meantime the Company has commenced preparations for the location of two new drill pads.

Competent Person Statements

The information in this report that relates to epithermal and porphyry style mineralisation for the Chanape Project, 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 Australian Institute of Mining and Metallurgy. 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 in the 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Brown is a full time employee of Inca Minerals Limited and consents to the report being issued in the form and context in which it appears.

Some of the information in this report may relate to previously released epithermal and porphyry style mineralisation for the Chanape Project, located in Peru, and subsequently prepared and first disclosed under the JORC Code 2004. It has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported, and is based on the information compiled by Mr Ross Brown BSc (Hons), MAusIMM, SEG, MAICD Managing Director, Inca Minerals Limited, who is a Member of the Australian Institute of Mining and Metallurgy. 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 in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Brown is a full time employee of Inca Minerals Limited and consents to the report being issued in the form and context in which it appears.

Table 1: Drill Hole Parameters

Hole Number	Coordinates			Height above sea level	Azimuth	Dip	Total Depth
	Easting	Northing	Datum				
CH-DDH012	362445mE	8682184mN	PSAD56	4,638m	45°	80°	660m

Appendix

The following information is provided to comply with the JORC Code (2012) requirements for the reporting of the above diamond drilling results on the mining concession known as 10 De Julio de Chanape (located in Peru).

Section 1 Sampling Techniques and Data

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Sampling techniques	Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or hand-held XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.	*A total of 660 metres of drilling in a single incomplete diamond core hole (CH-DDH012) is the subject of this announcement. No assay results were made part of this announcement.*
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	*The drill hole location was determined by hand-held GPS. Drill core was logged noting lithology, alteration, mineralisation, structure. Sampling protocols and QAQC are as per industry best-practise procedures.*
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is a coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	*Each metre of drill core (of above) was/is currently being cut (longitudinally) and bagged separately. Samples have been sent to Australian Laboratory Services ("ALS") for multi-element analysis: Gold via FA-A finish (with detection limit 0.005ppm), multi-elements: Four Acid Digest ICP-AES (various detection limits). No assay results were made part of this announcement.*
Drilling techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	*The drilling technique used in the generation of reported geology was diamond core. Core diameter was HQ (63.5mm dia) and NQ (47.6mm dia) and BQ (36.5mm). The angled hole was orientated as per industry best-practise procedures.*
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	*Core barrel vs core length measurements were made. No significant measurements were made.*
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	*No significant core loss was experienced.*
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	*Not applicable - no assay results were made part of this announcement.*
Logging	Whether core and chip samples have been geologically and geo-technically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	*On-site geologist(s) log lithology, alteration, mineralisation on a shift basis. Core recoveries are noted.*
	Whether logging is qualitative or quantitative in	*Core logging is both qualitative and*

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Logging cont…	nature. Core (or costean, channel, etc.) photography.	*quantitative. Core photos were taken.*
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	*Core was sawn in half. One half was bagged and labelled, the remaining half was returned to the core tray.*
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	*Not applicable – all samples subject of this announcement were core.*
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	*Core sampling followed industry best practise procedures.*
	Quality control procedures adopted for all sub-sampling stages to maximise "representivity" of samples.	*No sub-sampling procedures were undertaken by the Company.*
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	*The core sawing orientation was such that [apparent] mineralisation was equally represented in both values of the core. Sample intervals are FIXED to metre interval (in this case 1m interval) and NOT subject to visible signs of mineralisation.*
	Whether sample sizes are appropriate to the grain size of the material being sampled.	*The sample sizes are considered adequate in terms of the nature and distribution of [apparent] mineralisation visible in the core.*
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	*No assay results were made part of this announcement.*
	For geophysical tools, spectrometers, hand-held XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	*No assay results (assisted by geophysical tools, spectrometers, etc…) or otherwise, were made part of this announcement.*
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	*No assay results were made part of this announcement.*
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	*No assay results were made part of this announcement.*
	The use of twinned holes.	*This announcement refers to one drill hole only.*
	Documentation of primary data, data entry procedures, date verification, data storage (physical and electronic) protocols.	*No assay results were made part of this announcement.*
	Discuss any adjustment to assay data.	*No adjustments were made.*
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	*Drill hole locations have been determined using a hand-held GPS.*
	Specification of the grid system used.	*PSAD56.*
	Quality and adequacy of topographic control.	*Topographic control is achieved via*

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Location of data points cont...		*the use of government topographic maps, in association with GPS and Digital Terrain Maps (DTM's), the latter generated during antecedent detailed geophysical surveys.*
Data spacing and distribution	Data spacing for reporting of Exploration Results.	*The one hole subject of geological reporting and sampling was logged and sampled every metre (refer to above). Spacing (distance) between data sets with respect to geology and sampling is in line with industry best practices.*
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	*No representations of extensions, extrapolations or otherwise continuity of grade are made in this announcement.*
	Whether sample compositing has been applied.	*Sample compositing was not applied.*
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	*The drill hole subject of this announcement was modelled to intersect a SE extension of the known porphyry. Assay results are currently not available so "perpendicularity" to porphyry-hosted mineralisation cannot be ascertained at this time. There is no dimension to the intersected porphyry (irrespective of possible contained mineralisation) that might provide insight as to the "perpendicularity" of this hole in relation to it.*
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	*There is no information pertaining to the orientation of the host lithology that is currently available to suggest that the sampling was biased in terms of orientation.*
Sample security	The measures taken to ensure sample security.	*Pre-assay sample security is managed by the Company in line with industry best practices.*
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	*The current sampling regime is appropriate for mineralisation prevalent at this project location.*

Section 2 Reporting of Exploration Results

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	*Tenement Type: Peruvian mining concession.* *Concession Name: 10 De Julio de Chanape.* *Ownership: The concession is registered on INGEMMET (Peruvian Geological Survey) in the name of the Company. The Company has a 5-year mining assignment agreement whereby the Company may earn 100% outright ownership of the concession.*
	The security of the land tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	*With further reference to above, the mining assignment agreement is in good standing at the time of writing. The concession is all in good standing.*
Exploration done by other parties	Acknowledgement and appraisal of exploration by other parties.	*The drill hole subject of this announcement was carried out by Bramsa MDH – a drilling company that adheres to industry best practises.*
Geology	Deposit type, geological setting and style of mineralisation.	*The geological setting of the area subject to drilling (subsequently reported in this announcement) is that of Mesozoic subduction zone, mountain-building terrain comprising of acidic and intermediate volcanics and intrusives. Porphyry intrusions and associated brecciation have widely affected the volcanic sequence, introducing epithermal, porphyry and possible porphyry-related mineralisation.*
Drill hole information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • Easting and northing of the drill hole collar • Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar. • Dip and azimuth of the hole. • Down hole length and interception depth. • Hole length.	*Coordinates of CH-DDH012:* *362445mE, 8682184mN (PSAD56)* *RL: 4,638m* *Dip and azimuth: 80°: 45° respectively.* *Down hole length of mineralisation: Mineralisation in this instance means sulphide mineralisation (which does not imply grade).* *Hole depth: 660m.*
	If the exclusion of this information is justified on the basis that the information is not material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	*Not applicable – the information has been provided (refer above).*

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Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	*Not applicable – no weighting averages nor maximum/minimum truncations were applied.*
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations shown in detail.	*Not applicable – no weighting averages nor maximum/minimum truncations were applied.*
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	*Not applicable – no equivalents were used.*
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	*Where ever mineralisation was reported in this announcement, clear reference to it being "down hole" width/thickness was made.*
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not limited to a plan view of drill hole collar locations and appropriate sectional views.	*A plan showing the hole location and terrain images with coordinates was provided to locate the hole subject of this announcement.*
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	*The Company believes the ASX announcement provides a balanced report on drill hole CH-DDH012.*
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	*This announcement also makes reference to geological results of CH-DDH001, CH-DDH008 and CH-DDH011. Announcemnts pertaining to CH-DDH001 were made on the 29 January 2013, 06 February 2013 and 27 February 2013. Announcemnts pertaining to CH-DDH008 were made on the 13 December 2013 and 10 January 2014 and an announcement pertaining to CH-DDH011 was made on the 12 March 2014. An announcement concerning CH-DDH012 was made on 12 May 2014.*

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Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).	*By nature of early phase exploration, further work is necessary to better understand the mineralisation systems that appear characteristic of this area.*
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	*A plan showing the position of the four drill holes referred to in this announcement provides relative positioning of the porphyry intersections, and by virtue of this shows the surface projection of the "open-endedness" of the porphyry.*

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