



22 April 2016

Peru Projects Update

HIGHLIGHTS

- Inca executes Community Access Agreement on newly acquired high grade Zinc-Silver-Lead project (renamed the “Riqueza Project” or “Riqueza”)
- Review of extensive prior sampling programs at Riqueza indicates:
 - Peak grades of **43.5% Zn** (from 386 samples), **2,668g/t Ag** (from 386 samples) and **48.7% Pb** (from 386 samples)
 - Average grades in largest prior sampling program: **7.18% Zn**, **205.36g/t Ag** and **10.71% Pb** (262 samples)
- Inability to reach agreement on new terms leads to termination of Chanape project

On 5 April 2016 Inca Minerals Limited (“Inca” or “Company”) announced the acquisition of the Riqueza Project (formerly named the Santa Rita Project) through a 5-year Mining Option and Assignment Agreement (**Riqueza MOAA**). Riqueza is highly prospective for zinc (Zn), silver (Ag), and lead (Pb) mineralisation. Past extensive rock chip sampling at Riqueza has identified six high grade Zn-Ag-Pb veins and a high grade Zn-Ag-Pb manto. Additional veins and mantos have recently been identified and an extensive grid-soil sampling programme (900 samples) has identified a 700m x 500m area of +1% Zn, extending well beyond the known veins and mantos.

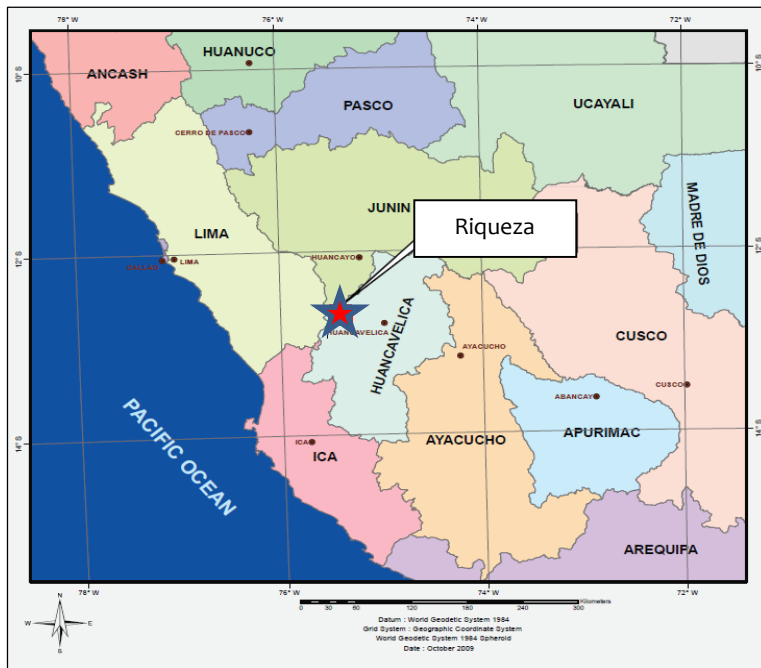


Figure 1: **LEFT** Location plan of Riqueza. This plan is taken from NI43-101 Technical Report on the Riqueza (formerly named Santa Rita) Zn, Ag, Pb Property, Huancavelica, Peru (11 November 2009).

Riqueza is located in the rich mineral belt of Central Peru approximately 200km ESE of Lima. The concession covers 1,000 hectares and the surface rights to most of the project and also the most prospective areas (to date) are controlled by the Acobambilla Community. Following execution of the Riqueza MOAA Inca has met



and held extremely productive meetings with the Acobambilla Community. The Company's Managing Director, Mr Ross Brown, is presently in Peru and has today advised the Inca Board that a long term access agreement has been reached with the Acobambilla Community. Mr Brown said that "Discussions with the community have been extremely successful. A cost-effective, long-term and mutually beneficial agreement has been struck and both Inca and the community are now very keen for Inca to commence work at Riqueza."

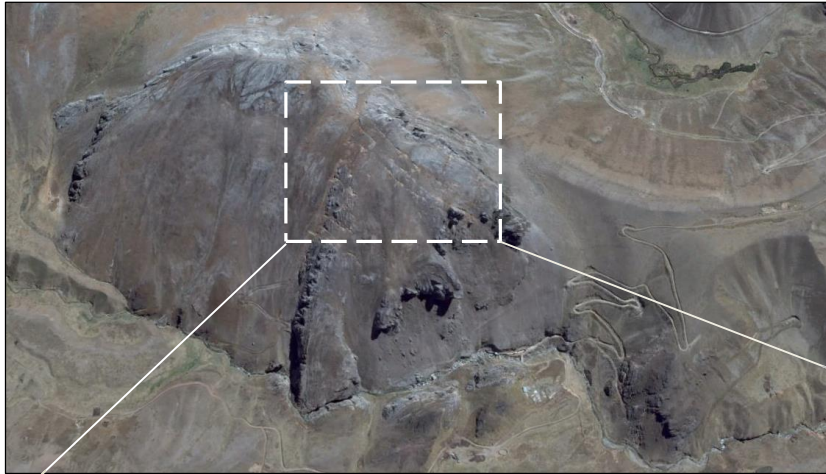


Figure 2: **LEFT** Google Earth image of one intensely mineralised area within Riqueza. Zn-Ag-Pb veins are visible trending in a NW-SE direction. A manto is strata-bound within (parallel to) the limestone sequence which gently dips to the SW, exposed along a NE-SW erosion channel.

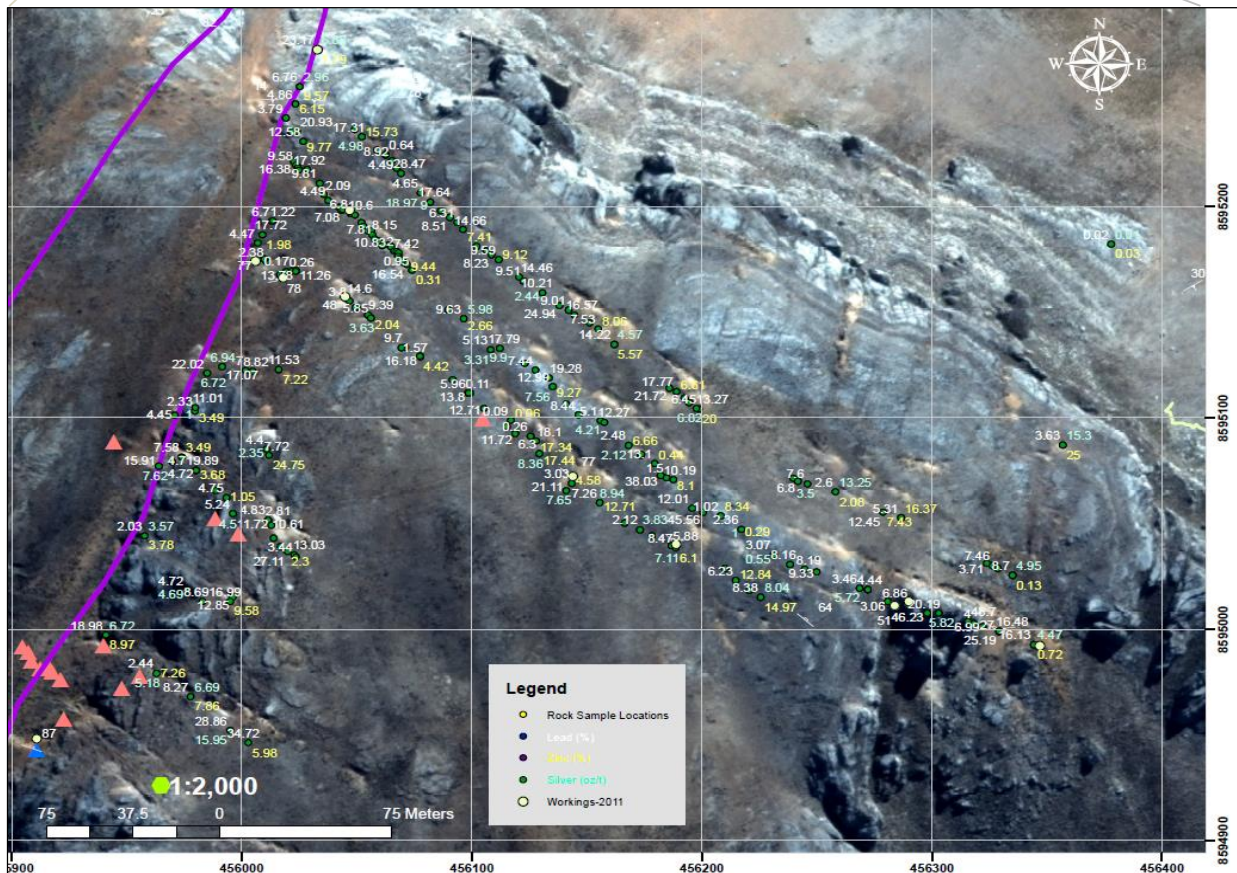


Figure 3: **ABOVE** 2009 rock chip sample results of Zn-Ag-Pb veins. The numbers are % levels of Zn (yellow) and Pb (white), and g/t levels of Ag (green). Plan taken from NI43-101 Technical Report on the Riqueza (formerly named Santa Rita) Zn, Ag, Pb Property, Huancavelica, Peru (11 November 2009).



Previous work on the Riqueza project has seen extensive sampling produce peak grades of **43.5% Zn** (from 386 samples), **2,668g/t Ag** (from 386 samples) and **48.7% Pb** (from 386 samples) and average grades in the largest of the prior sampling programs of **7.18% Zn**, **205.36g/t Ag** and **10.71% Pb** (262 samples). These samples were taken from six mineralised veins and one mineralised manto. The surface sampling of the veins already looks to demonstrate their continuity over several hundred metres as does sampling of the manto. As such, broader spaced drilling should readily provide the opportunity to delineate significant tonnages of high-grade mineralisation.

Drilling will commence in the soonest possible time frame, subject to the granting of a *Declaración de Impacto Ambiental (DIA)*, or “early stage” drill permit.¹ “Obtaining the Community Access Agreement is a really pleasing development, and it will be an extremely important element in the Company’s application for the DIA at Riqueza” said Mr Brown.

Chanape Project Review

On 23 March 2016 Inca announced the findings of two expert reports on the Company’s Chanape Project (referred to therein as the “Sillitoe Report” and the “ExploAndes Report”). As a result of these reports, it was important the Company 1) review whether the classic copper porphyry hosted part of the Chanape porphyry system is too deep to commercially justify further exploration and 2), just as importantly, renegotiate the terms and conditions of the Chanape Mining Option and Assignment Agreement (**Chanape MOAA**) which was in its final year of the 5 year option.

Key terms within the Chanape MOAA required a minimum of circa A\$5.33 million to be invested in exploration and acquiring Chanape by no later than 31 December 2016 (at an exchange rate of \$US1 / \$A1.33). Unfortunately, the Chanape vendor would not agree to extend the timeframe of the Chanape MOAA or to far more commercially reasonable expenditure and final acquisition payments.

Consequently, in the absence of robust and justifiable commercial terms, the Chanape MOAA was terminated by Inca. Despite significant exploration efforts, and in excess of 11,000 metres of diamond core drilling, the results to date were insufficient to warrant minimum expenditure of A\$5.33million on the Chanape project in 2016 alone. Commenting from Lima, Mr Brown said “the Riqueza project deal is significantly less costly than the residual commitment at Chanape. When you also compare the occurrence of high grade Zn-Ag-Pb mineralisation that occurs at surface at Riqueza to possible low grade Cu porphyry mineralisation deeper than 500m from the valley floor at Chanape, the projects’ true exploration potential and investor appeal come sharply into focus. Without the Chanape deal improved, Chanape is demonstrably less attractive than Riqueza. We intend using the same energy and enthusiasm applied in exploration at Chanape to Riqueza. The high grade mineralisation at Riqueza is manifestly less costly to explore and proportionately more prospective”.

The Company remains open to further discussions with the Chanape vendor. In the event, at some point in the future, agreement can be reached on extending the term of the Chanape MOAA and to expenditure/acquisition obligations that better reflect Chanape’s potential, the Company may be willing to consider further exploration of Chanape but will do so within the current climate for resource projects worldwide and the availability and return on investment in competing projects available to the Company.

¹ Granting timeframe is approximately 90 business days.



Competent Person Statements

The information in this report that relates to mineralisation for the Riqueza 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 Australasian 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 “Australasian 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 information concerning mineralisation for the Riqueza 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 Australasian 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 “Australasian 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.
