



18 March 2019

## UPDATE ON RIQUEZA EARN-IN AGREEMENT

Inca Minerals Limited (**Inca**) is pleased to update the market on recent developments concerning the Earn-in Agreement (**Agreement** or **EIA**) with South32 regarding its Greater Riqueza Project (**Riqueza**).

Inca and South32 have reached agreement on all material terms and conditions of the draft Agreement and, subject only to a final legal review of the EIA in Peru, both parties have confirmed their intention to execute the final Agreement on or before 29 March 2019.

Importantly, execution of the Agreement enables South32-funded exploration to begin at Riqueza possibly as early as April 2019. To that end, Inca ground crew will mobilise this month and the camp, though maintained throughout negotiations, will be readied for use.

“With the material terms and conditions of the earn-in Agreement now settled, the pathway is clear for South32-funded exploration to commence at Riqueza” says Inca’s Managing Director, Mr Ross Brown. “It is a very welcomed outcome and a tremendous step forward in the pursuit of potential tier-1 deposits at Riqueza. Investigation of the many top priority geophysics targets will be highly anticipated.”

### South32-funded exploration for tier-1 deposits starts as early as next month at Riqueza.

As a condition precedent to the earn-in, Inca shall transfer all Riqueza concessions to a newly incorporated and wholly owned Peruvian subsidiary (**Project Company**). The Project Company has been incorporated in Peru already and Inca has commenced the process of transferring the Riqueza concessions to the Project Company.

Thereafter, and over a 4-year period (**Phase 1**), South32 will provide a minimum of US\$9 million to fund exploration at Riqueza (**Phase 1 Funding**) to earn a 60% interest. Only on provision of the entire Phase 1 Funding amount will South32 acquire its 60% interest in the Project Company.

The parties have agreed that South32 will provide the total US\$9 million Phase 1 Funding to Inca’s Project Company over the 4-year Phase 1 period as follows:

- A minimum amount of US\$1.7million in year 1;
- A minimum amount of US\$3.7million by the end of year 2 (inclusive of the US\$1.7million in year 1);
- A minimum amount of US\$6.0million by the end of year 3 (inclusive of the US\$3.7million in years 1 and 2); and
- A minimum amount of US\$9.0million by the end of year 4 (inclusive of the US\$6.0million in years 1, 2 and 3).

Under the terms of the EIA, Inca will be the operator-manager unless, at any time after completion of the Phase 1 Funding, South32 elected to assume operatorship.



Exploration at Riqueza will commence with remote sensing and an extensive geochemical survey initially covering the priority targets in the north-east of the project area. Upon completion, the geochemical survey will have extended across the entire project area so that all geophysics targets are covered. At the same time, geological mapping with a porphyry-skarn and structural emphasis will also begin.

“Because the high priority geophysics targets cover such large parts of the project area the initial exploration effort at Riqueza will focus on further refining these targets. By adding information about [rock] alteration, mineralisation, structure and geochemistry, targets will become better defined, a prerequisite to drill testing,” says Mr Brown.

**Geophysics, [rock] alteration, mineralisation, structure and geochemistry, all play a part in locating tier-1 porphyry-skarn deposits.**

Tier-1 porphyry-skarn deposits like Antamina (Peru) and Grasberg (Indonesia) have distinctive geophysics and geochemical signatures. Such is the mode of formation, they have distinctive [rock] alteration patterns (or halos) and, when at surface, direct mineralisation can be observed. “These layers of understanding greatly help in the design of a drilling campaign so that a thorough investigation of tier-1 deposits can be made at Riqueza” said Mr Brown.

Inca, as operator-manager of Earn-in Phase 1 exploration, will now order remote sensing imagery (WorldView3) for interpretation and target analysis, and expert porphyry and skarn geologists, already identified and availability confirmed, will be formally engaged in the coming days/weeks.

Among other objectives, Mr Brown will visit Riqueza in April to observe progress of the geochemical survey and mapping program. It is anticipated that a South32 technical team will conduct a site visit in the second quarter of the year.

“The Company is extremely excited about the upcoming field season at Riqueza” says Mr Brown, “and I am quite sure too that all Inca shareholders are looking forward to the program unfolding, particularly in light of the significant potential Riqueza has.”

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### **Competent Person’s Statements**

The information in this report that relates to exploration activities for the Greater 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 exploration activities, 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.