



ACTIVITY REPORT - HIGHLIGHTS OF THIS QUARTER

INCA-SOUTH32 AGREEMENT SIGNED

Inca and South32 execute US\$9 million dollar earn-in and JV agreement (EIA) at Greater Riqueza (Riqueza).

- Key terms of the EIA include:
 - Inca to transfer title of all Riqueza concessions to its wholly owned Peruvian subsidiary Brillandino Minerales S.A.C. (**Brillandino** or **Project Company**)
 - South32 to provide a minimum of US\$9 million (**Phase 1 Funding**) to the Project Company for exploration at Riqueza over a four-year period (**Phase 1**)
 - On payment of the entire US\$9 million Phase 1 Funding South32 acquires a 60% equity interest in Project Company
 - South32 can acquire an additional 10% equity interest in Project Company in return for all additional project expenditure needed to complete a pre-feasibility study (**Phase 2 Funding**)
 - Inca is the operator unless, at any time after full payment of Phase 1 Funding, South32 elects to assume operatorship
- Inca-South32 Year-1 exploration has commenced, and site visits are locked in for April-May
- Inca-South32 exploration program designed to test for Tier-1 porphyry-skarn deposits



FUTURE STRATEGY TAKES SHAPE

- Inca Minerals Limited's (**Inca**) Managing Director, Mr Ross Brown, outlines Inca's future strategy "to find the next Riqueza"

PROJECT ACTIVITIES

Riqueza and the Inca-South32 EIA

As a condition precedent within the EIA, Inca must transfer the title to all Riqueza concessions to its wholly owned Peruvian subsidiary, Brillandino Minerales S.A.C. (**Brillandino** or **Project Company**). As at the date of this report, the concession transfer documents have been successfully completed and lodged with the relevant Peruvian government authorities. Inca will advise shareholders as soon as the Peruvian authorities notify Inca they have completed the concession transfers.



Over the course of the 4-year Phase 1 period, South32 will provide the US\$9 million Phase 1 Funding to Brillandino as per the following schedule:

- 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)
- 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)

South32 may elect to provide the Phase 1 Funding in less than 4 years should it wish to do so. South32 may also elect to withdraw on completion of each annual program/annual budget during Phase 1 and, in the event of such withdrawal, or in the event of default on the Phase 1 Funding, South32 forfeits its entire interest in the Project/Project Company and both Inca and South32 are released from all further obligations or liabilities in respect of the EIA.

Under the EIA, a technical committee is to be formed with equal representation from both Inca and South32 (**Committee**). The Committee will approve the annual exploration programme and budget. In the event of a deadlock on such approval, South32 will have a casting vote. As noted above, the annual budget for the first year of Phase 1 has already been agreed as a minimum of US\$1.7 million.

On full payment of the Phase 1 Funding and South32's acquisition of a 60% interest in Brillandino, a shareholders' agreement (**SA**) will be entered into by Inca, South32 and Brillandino (material principles of the SA have already been agreed under the EIA). South32 may then elect to acquire an additional 10% interest in the Project Company in a second phase (**Phase 2**) in return for funding all Project expenditure needed to conduct and complete a Project pre-feasibility study (**Phase 2 Funding**). On completion of the earlier of the Phase 1 Funding obligation (where South32 elects not to complete or defaults on the Phase 2 Funding obligation) or the Phase 2 Funding obligation, Inca and South32 shall fund all further Project expenditure as a joint venture in proportion to their equity interest in the Project Company.

The EIA also contains agreed principles for a bribery and corruption (**ABC**) program and an area-of-interest (**AOI**). At the time of writing, an ABC program is being created for Inca that is compatible with South32's ABC program. The provisions of an AOI will require direct or indirect acquisitions of further tenements or property within an AOI to be subject to the consent of both Inca and South32.

Exploration at Riqueza Resumes

As previously detailed, Inca has maintained the Riqueza camp in a state of readiness for the resumption of exploration upon the execution of the Inca-South32 EIA. This strategy, albeit having added operating costs in the past two quarters, has shortened the time to the resumption of exploration.

Among other activities, WorldView3 satellite imagery has been ordered to further define targets. The interpretation is being completed by the same firm that completed the headline geophysics target modelling. Parallel to remote sensing work, planning for the two programs, detailed mapping, focussing on porphyry, skarn and structure; and grid (geochemical) sampling are well advanced. Expert porphyry-skarn-structure geologists will arrive on-site with Mr Brown in early May. The grid sampling program will generate over 1,800 samples and will provide geochemical "heat map" (targets) to overlay the geophysics targets. The combination of geochemical and geophysical "anomalies" will further refine the potential targets for future drilling. A comprehensive exploration program has been scheduled for the first year and the Company expects a steady news flow of various exploration results in the coming months.


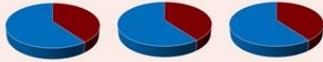


CORPORATE ACTIVITIES

Future Strategy – “Another Riqueza” and Project Incubator

This quarter saw the finalisation of the Inca-South32 EIA at Riqueza. This outcome is a validation of a strategy embarked upon two years ago—to secure a partner to share the exploration and potential development costs of Inca’s lead project, Riqueza. Having delivered on this objective, and with such validation, Inca now plans to pursue the strategy to a fuller extent.

It is noted that this strategy (deployed by select juniors including Inca) is mutually beneficial and abetted by major mining houses as they seek to acquire mining assets globally. Indeed, several resource partnerships have been recently announced, thus indicating an up-tick in corporate activities between juniors and majors. With its recent track record, Inca is well placed to take advantage of this trend within the exploration cycle.

Parameters	Typical Junior	Inca Minerals as Project Incubator
Projects	<5 projects (1 or 2 lead projects)	Multiple
Commodity and mineralisation target	Full range	Focussed on large-scale mineral systems in commodities with sustained fundamentals
Risk Profile	High risk to production	Reduced risk to production
Team/Expertise	MD/in-house geological team	Multiple expert teams
Primary funding	Equity	Equity (existing shareholder focussed), Partners
Aspiration	100% of a “possible” discovery 	Minority of “more possible” multiple discoveries 
Value proposition	A few	Many more
Actual outcomes		South32 to spent US\$9 million for 60% at Riqueza Materially reduced operating costs in Peru
Earmarked activities		Addition porphyry-IOCG-SEDEX projects

New Project and Project Assessments

The Company is seeking to repeat the Riqueza outcome, as Mr Brown says, “to find another Riqueza”. To this end project assessments this quarter have focussed on low-cost opportunities – projects – that show early potential for large scale mineral systems. Project assessments are ongoing.

Change to the Inca Board

Inca welcomes Dr Jonathan West (**Dr West**) as a Non-Executive Director to the Inca Board this quarter. With over 40 years of strategic planning and resource development management experience, Dr West’s appointment is well timed with the future strategy of the Company. Dr Justin Walawski, retired as director in the previous quarter, stayed on as a consultant and Company Secretary during this quarter. Dr Walawski was pivotal to the delivery of the Inca-South32 EIA. The Company takes this opportunity to thank Dr Walawski for his continued excellent services.

**Small Capital Placement**

Inca completed a capital raising of \$170,000 (before raising costs) this quarter through the issue of 38,600,000 fully paid ordinary shares and 13,450,000 options. The capital raising was completed through:

- The placement of 13,450,000 fully paid ordinary shares, each with a free attaching option, at an issue price of 0.5 cents per share;
- The placement of 25,150,000 fully paid ordinary shares at an issue price of 0.4 cents per share.

The funds raised from the placement are being used for exploration at the Company's projects in Peru and for working capital.

Competent Person's Statements

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

Table 1 **BELOW:** List of ASX Announcements During March 2019 Quarter

ASX Announcements	Price Sensitive	Date Announced	Competent Person
Pause in Trading	YES	16-Jan-19	
Trading Halt	YES	16-Jan-19	
Inca Agrees US\$9 Million Earn-in Amount	YES	17-Jan-19	Ross Brown
Appointment of Non-Executive Director	NO	22-Jan-19	
Appendix 3Z - Final Director's Interest Notice	NO	25-Jan-19	
December 2018 Quarterly Activities Report	YES	31-Jan-19	Ross Brown
Appendix 5B - December 2018 Quarter	YES	31-Jan-19	
Appendix 3X	NO	6-Feb-19	
Exploration and Strategy Update	YES	6-Feb-19	Ross Brown
Trading Halt	YES	8-Mar-19	
Placement	YES	13-Mar-19	
Inca Financial Report for Half-Year Ended 31 December 2018	NO	15-Mar-19	
Update on Riqueza Earn-in Agreement	YES	18-Mar-19	Ross Brown
Post Quarter Announcements			
Inca and South32 Sign Riqueza Earn-in Agreement	YES	1-Apr-19	Ross Brown