17 July 2014

# 5.5% Copper in Newly Discovered Breccia

## HIGHLIGHTS

- New Copper (Cu) - Gold (Au) - Silver (Ag) tourmaline breccia identified near CH-DDH012 (most recent drill hole)
- Rock chip sampling from new breccia contains peak values of 5.5% Cu, 2.2g/t Au and 51.1g/t Ag – highest Cu-values of any breccia identified at surface to date
- Result adds to expanding inventory of ore-grade Cu-Au-Ag mineralisation at surface

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Inca Minerals Limited ("Inca" or the "Company") has recently received assay results from a mapping and rock chip sampling program. The program was designed to identify tourmaline-breccia-hosted copper mineralisation at surface as the possible surface expression of the Cu-tourmaline breccia recently discovered in CH-DDH012 (previous ASX announcement 27 May 2014).

The program identified a new breccia which contains the highest Cu values of any outcropping breccia pipe at Chanape to date. Cu values of rock chip samples taken from an adit accessing the breccia at shallow depths, range from 0.01% to 5.5%, with gold (Au) values ranging from 0.034g/t Au to 2.2g/t Au (av. 0.5g/t Au) and silver (Ag) values ranging from 1.7g/t to 51.1g/t Ag. The breccia was discovered 300m north of CH-DDH012 and is a hydrothermal tourmaline breccia with visible Cu-mineralisation (chrysocolla and malachite). The high Cu levels and extent of tourmaline alteration makes it similar to the Cu-tourmaline breccia identified in CH-DDH012.

As reported in the Company's ASX announcement 27 May 2014, CH-DDH012 intersected a Cu-rich tourmaline breccia at 155m down-hole depth. It contains 2.3% Cu, 0.60g/t Au, 42.90g/t Ag over 55m (down hole intersection), with an interval of 0.025% Mo. It is an important result as it confirms ore-grade porphyry-style mineralisation (Cu-Mo-rich) close to the surface, thus providing a nexus between Au-Ag±Cu epithermal zones of mineralisation at surface and the Cu-Mo-Ag±Au porphyry zones of mineralisation at depth.

### Significance of Results and Further Work

The occurrence of very strong Cu mineralisation occurring at/near the surface within Inca's drill target area (an area encapsulating CH-DDH001/008/011/012) is significant. When added together, the strong Cu mineralisation in this new breccia, the Cu-rich tourmaline breccia intersected in CH-DDH012, the existing inventory of Au and Ag mineralisation (especially in the area near and northward from CH-DDH001/CH-DDH012) and the Cu-rich vein swarms (ASX announcement 11 December 2013) define a significant zone of near/at surface Cu-Au-Ag mineralisation.

Inca Minerals' Managing Director, Ross Brown said: "We mapped the local area looking for the surface extension of the Cu-rich breccia in CH-DDH012 - we ended up finding another Cu-rich breccia. This new breccia and the breccia intersected by CH-DDH012 are indeed similar; they both have very high levels of copper, they both have high levels of precious metals, and they are both tourmaline-breccias. The net result of this work is an increase in the ever-expanding inventory of near/at surface copper, gold and silver mineralisation in this area and a heightened level of economic potential."

The area centred north of CH-DDH001/012 hosts an ever-increasing array of Cu-Au-Ag-rich zones of mineralisation. Recent drill results, the 5.5% Cu result (subject of this announcement), the historic veins that were mined in the past, the many Au-Ag-bearing breccia pipes that have yet to be drill tested and the plethora of +1g/t Au rock chip sites, make this area a candidate for a near-term maiden resource.

"The future exploration activities in this area should focus on drilling the known zones of mineralisation, followed up by-in-fill drilling to build a possible near/at surface resource. This has obvious added benefits to the development and possible exploitation of the underlying porphyry mineralisation, which we have seen is leaking closer to the surface" Brown added.

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**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 "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 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 "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.

| Sample Number | Coordinates | | | Elevation (m) | Rock chip lithology | Au (g/t) | Ag (g/t) | Cu (ppm) | Cu (%) |
|---|---|---|---|---|---|---|---|---|---|
| | Easting (m) | Northing (m) | UTM System | | | | | | |
| M183927 | 362397 | 8682563 | PSAD56 | 4,440 | Qz-Tour Breccia | 2.2 | 15 | 2240 | 0.22 |
| M183929 | 362418 | 8682551 | PSAD56 | 4,440 | Qz-Tour Breccia | 0.27 | 51.1 | 55100 | **5.51** |
| M183930 | 362424 | 8682548 | PSAD56 | 4,440 | Qz-Tour Breccia | 0.242 | 40.9 | 1670 | 0.17 |
| M183931 | 362441 | 8682563 | PSAD56 | 4,440 | Qz-Tour Breccia | 0.034 | 1.7 | 113 | 0.01 |
| M183932 | 362428 | 8682553 | PSAD56 | 4,440 | Qz-Tour Breccia | 0.147 | 2.6 | 301 | 0.03 |

Table 1: Rock chip sample location and assay data. This table records rock chip samples that were taken from this newly discovered quartz-tourmaline breccia pipe during the described program.

## 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 concessions known as San Antonio 6 and 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 5 rock chip samples are referred to in this announcement. The samples were collected from a tourmaline breccia 300m north of CH-DDH012. |
| | *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* | Industry best practise methods were used to collect the rock chip samples that were subsequently assayed. |
| | *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.* | The sampling technique is best practise and designed to reduce the effects of selective sampling. The sample size (>1kg of rock per sample) is considered best practise – no "nugget-effect" is apparent at Chanape in terms of Au mineralisation. |
| **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.).* | No new drill results are referred to in this announcement. |
| **Drill sample recovery** | *Method of recording and assessing core and chip sample recoveries and results assessed.* | No new drill results are referred to in this announcement. |
| | *Measures taken to maximise sample recovery and ensure representative nature of the samples.* | No new drill results are referred to in this announcement. |
| | *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.* | No new drill results are referred to in 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.* | No new drill results are referred to in this announcement. |
| | *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* | No new drill results are referred to in this announcement. |
| | *The total length and percentage of the relevant intersections logged.* | No new drill results are referred to in this announcement. |
| | *If core, whether cut or sawn and whether quarter, half* | No new drill results are referred to in this |

| CRITERIA | JORC CODE EXPLANATION | COMMENTARY |
|---|---|---|
| **Sub-sampling techniques and sample preparation** | *or all core taken.* | announcement. |
| | *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* | No new drill results are referred to in this announcement. |
| | *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* | Sample preparation 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.* | No sub-sampling procedures were undertaken by the Company |
| | *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 target lithology in outcrop. |
| **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.* | The analytical assay technique used in the elemental testing of core for Au was four-acid digest. The four acid digest technique involves hydrofluoric, nitric, perchloric and hydrochloric acids and is considered a "complete" digest for most material types. Non-Au techniques included ICP/OES. |
| | *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 geophysical tool or electronic device was used in the generation of sample results other than those used by ALS in line with industry best practice. |
| | *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.* | Blanks, duplicates and standards were introduced into the sample stream (without notification of ALS). This is an addition to ALS QAQC procedures, which follow industry best practices. |
| **Verification of sampling and assaying** | *The verification of significant intersections by either independent or alternative company personnel.* | The sample assay results are independently generated by ALS who conduct QAQC procedures, which follow industry best practices. |
| | *The use of twinned holes.* | No new drill results are referred to in this announcement. |
| **Verification of sampling and assaying cont…** | *Documentation of primary data, data entry procedures, date verification, data storage (physical and electronic) protocols.* | Primary data (regarding assay results) is supplied to the Company from ALS in two forms: EXCEL and PDF form (the latter serving as a certificate of authenticity. Both formats are captured on Company laptops which are backed up from time to time. Following critical assessment (price sensitivity) when time otherwise permits the data is entered into a database by a Company GIS personnel. |
| | *Discuss any adjustment to assay data.* | No adjustments were made. |

| CRITERIA | JORC CODE EXPLANATION | COMMENTARY |
|---|---|---|
| **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.* | The rock chip sample locations had been determined using a hand-held GPS and measuring-tape and compass (where samples were taken underground). |
| | *Specification of the grid system used.* | PSAD56. |
| | *Quality and adequacy of topographic control.* | Topographic control is achieved via the use of government topographic maps, in association with GPS and Digital Terrain Maps (DTM's), the latter generated during antecedent detailed geophysical surveys and a/a. |
| **Data spacing and distribution** | *Data spacing for reporting of Exploration Results.* | The five samples subject of geological reporting and sampling were spaced over the known sub-surface extent of the outcropping target lithology, in this case, a quartz-tourmaline breccia. |
| | *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 rock chip sample orientation was determined by the orientation and extent of an underground working, which in turn, appears to extent cross the sub-surface extent of the target lithology. |
| | *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.* | No new drill results are referred to in this announcement. |
| **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.<br><br>Name: Two concessions: San Antonio 6 and 10 De Julio de Chanape.<br><br>Ownership: The concessions are 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 concessions. |
| | *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 concessions are all in good standing. |
| **Exploration done by other parties** | *Acknowledgement and appraisal of exploration by other parties.* | The samples were collected by Inca personnel – the samples were assays by ALS (laboratory located in Lima, Peru). |
| **Geology** | *Deposit type, geological setting and style of mineralisation.* | The geological setting of the area subject to sampling (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:*<br>• *Easting and northing of the drill hole collar*<br>• *Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar.*<br>• *Dip and azimuth of the hole.*<br>• *Down hole length and interception depth.*<br>• *Hole length.* | Coordinates of the five samples: Refer to Table 1 (in-text table). |
| | *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 to Table 1, in-text table). |
| **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. |

| CRITERIA | JORC CODE EXPLANATION | COMMENTARY |
|---|---|---|
| **Data aggregation methods cont…** | *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.* | N/A – No equivalents were used in this announcement. |
| **Relationship between mineralisation widths and intercept lengths** | *These relationships are particularly important in the reporting of Exploration Results.*<br>*If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>*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').* | Mineralisation subsequently referred to in this announcement pertains to five rock chip samples taken across the known extent of the new breccia body. No information was previously known of mineralisation within the breccia that might affect the orientation of sampling. |
| **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 has not been provided as the information is commercially sensitive. |
| **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 of the rock chip sample results. |
| **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 makes reference to results of CH-DDH012 which were announced on the 27 May 2014. |
| **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 has not been provided as the information is commercially sensitive. |

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