

# Inca Minerals Limited

ACN 128 512 907

## Half Year Financial Report

For the half year ended 31 December 2020



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**CORPORATE PARTICULARS**

<b>Directors</b>	Mr Ross Brown - Managing Director Mr Gareth Lloyd Dr Jonathan West
<b>Company Secretary</b>	Malcolm Smartt
<b>Registered Office</b>	Suite 1, 16 Nicholson Road SUBIACO, WA, 6008, AUSTRALIA
<b>Corporate Office</b>	Suite 1, 16 Nicholson Road SUBIACO, WA, 6008, AUSTRALIA
<b>Share Registry</b>	Advanced Share Registry Ltd 110 Stirling Highway PERTH, WA, 6009, AUSTRALIA
<b>Auditor</b>	Stantons International Audit and Consulting Pty Ltd Level 2, 1 Walker Avenue WEST PERTH, WA, 6005, AUSTRALIA

**DIRECTORS' REPORT**

The Directors present their report on Inca Minerals Limited (**Inca** or **Company**) for the half year ended 31 December 2020.

**Directors**

The names of Directors who held office during or since the end of the half year are:

Mr Ross Brown  
Dr Jonathan West  
Mr Gareth Lloyd

Directors were in office since the start of the financial year to the date of this report unless otherwise stated.

**Review of Operations and Exploration Activities**

The profit attributable to members of Inca Minerals Limited for the half year ended 31 December 2020 (**report period**) was \$2,213,873 (2019: loss \$687,868). No dividends were paid or declared payable during or since the report period.

During the report period the Company conducted a number of capital raisings which included the issue of 169,109,555 fully paid ordinary shares to raise \$9,224,491 (before associated raising costs). Funds raised are to be used for drilling and exploration at the Group's Australian and Peru-based projects and for working capital.

On 25 August 2020, the Company completed a 20:1 capital consolidation. The pre and post consolidation number of fully paid shares and options is 4,078,233,994 (shares), 716,058,395 (options – class A) and 203,911,338 (shares) and 35,802,920 (options) respectively. A single capital raising campaign (rights issue with two attaching options, classes B and C) was conducted post consolidation, which included the issue of 171,056,346 fully paid ordinary shares to raise ±\$8.2M (after associated raising costs). Following the successful capital raising, the total number of shares and options currently on issue are 374,968,046 (shares), 35,802,744 (Class A options), 57,433,256 (Class B options) and 57,433,256 (Class C options). Funds raised are to be used for exploration at the Company's Peru-based and Australian-based projects and for working capital.

The principal focus of the Company during the report period was exploration at the Company's Greater Riqueza Project (**Riqueza**). The Share Subscription and Earn-in Agreement (**Earn-in Agreement**) with South32 Group Operations Pty Ltd (**South32**) to fund exploration at Riqueza via a Peruvian project company called Brillandino Minerals S.A.C. (**Brillandino**), was terminated by South32 at the time of the market turmoil associated with the COVID-19 pandemic. South32's withdrawal was prior to the completion of the independent review of exploration and drill target generation, which ultimately recommended more than 20 targets with over 20,000m's of drilling.

In the wake of the South32 withdrawal the Company focussed on the finalisation of its epithermal, porphyry and skarn related drill targets. This work was completed and drill permitting for the NE Area of Riqueza had become by the close of the report period.

**DIRECTORS' REPORT (continued)**

The report period also saw the completion of the generation of an Australian project portfolio. In addition to the MaCauley Creek Project (**MaCauley Creek**), in northeast Queensland, the Frewena Fable Project (**Frewena**) and the Lorna May Project (**Lorna May**) both in the Northern Territory, Frewena East and Frewena Far East were acquired, forming with Frewena Fable, the Frewena Group Project. Also acquired were the Jean Elson and Hay River projects, forming with Lorna May, the East Arunta Group Project.

At the Frewena Group Project, the Company completed a government co-funded airborne geophysics magnetic and radiometric survey. The 25,888 line-kilometre survey was co-funded by the Northern Territory Department of Primary Industry and Resources (**NTPIR**) for one hundred thousand dollars (\$100,000) under its Geophysics and Drilling Collaborations Program. At the end of the report period, the data is still being reviewed with the objective of delineating drill targets. Interim interpretations confirm the existence of known targets prospective for Iron Ore Copper Gold (**IOCG**) mineralisation.

A mapping and reconnaissance program was conducted the new Jean Elson Project. Known copper mineralisation and significant new occurrences of copper were discovered, which peak levels of copper at 10.3%. The mineralisation is associated with an array of iron-rich veins that occur over the width of 500m. This mineralised corridor is parallel to major structures in the area. Like Frewena, Jean Elson is highly prospective for IOCG, as well as orogenic gold.

**Events Subsequent to Reporting Date**

On 4 January 2021, the Company issued a total of 1,947,153 fully paid ordinary shares.

Other than as disclosed in this report, there have been no further material items, transactions or events subsequent to 31 December 2020 which, although they do not relate to conditions existing at that date, have not been dealt with in this report and which would cause reliance on the information shown in this report to be misleading.

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of the Directors' Report for the half year ended 31 December 2020.

Signed in accordance with a resolution of the Directors.

**Ross Brown**

Managing Director

Dated at Perth this 11<sup>th</sup> day of March 2021.

**Competent Person's Statement**

*The information in this report that relates to mineralisation for the Greater Riqueza and Cerro Rayas Projects 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 fulltime employee of Inca Minerals Limited and consents to the report being issued in the form and context in which it appears.*

11 March 2021

The Directors  
Inca Minerals Limited  
Unit 1, 16 Nicholson Road  
SUBIACO WA 6008

Dear Directors

**RE: INCA MINERALS LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Inca Minerals Limited.

As the Audit Director for the review of the financial statements of Inca Minerals Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
(Trading as Stanton International)  
(Authorised Audit Company)



**Samir Tirodkar**  
Director

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the half year ended 31 December 2020**

	Note	31 December 2020 \$	31 December 2019 \$
Government grants received		136,815	
Interest received		738	284
Total income		137,553	284
Write off loan payable to S32		2,946,615	-
Exploration and evaluation expenditure written off	3	(15,761)	-
Directors' fees		(39,062)	(35,145)
Salaries and wages		(76,769)	(76,861)
Administrative expenses		(198,301)	(312,080)
Professional fees		(93,352)	(63,340)
Listing and share registry expenses		(102,455)	(67,215)
Environmental rehabilitation		(37,161)	(33,075)
Depreciation		(8,786)	(17,092)
Foreign exchange losses		(238,036)	(5,405)
Provision for impairment related to Peruvian Value Added Tax		(60,612)	(77,939)
<b>Profit / (Loss) before income tax</b>		2,213,873	(687,868)
Income tax expense	12	-	-
<b>PROFIT / (LOSS) FOR THE PERIOD</b>		2,213,873	(687,868)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences arising on translation of foreign operations		(863,174)	(140,542)
<b>TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD</b>		1,350,699	(828,410)
Profit / (Loss) attributable to:			
- Members of Inca Minerals Limited		2,213,873	(687,868)
Total Comprehensive Profit / (Loss) attributable to			
- Members of Inca Minerals Limited		1,350,699	(828,410)
<b>LOSS PER SHARE</b>			
Basic and diluted profit / (loss) per share (cents per share)		0.16	(0.02)

*The accompanying notes form an integral part of these financial statements.*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2020**

	Note	31 December 2020 \$	30 June 2020 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		7,196,400	732,856
Trade and other receivables	2	<u>93,170</u>	<u>31,431</u>
<b>Total Current Assets</b>		<b><u>7,289,570</u></b>	<b><u>764,287</u></b>
<b>Non-Current Assets</b>			
Plant and equipment		174,358	207,841
Exploration and evaluation expenditure	3	9,194,490	9,118,246
Right-of-use asset		<u>35,389</u>	<u>42,467</u>
<b>Total Non-Current Assets</b>		<b><u>9,404,237</u></b>	<b><u>9,368,554</u></b>
<b>Total Assets</b>		<b><u>16,693,807</u></b>	<b><u>10,132,841</u></b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Lease liability		21,986	14,117
Trade and other payables		89,648	144,916
Funding in Advance		-	3,121,977
Provisions		<u>94,768</u>	<u>114,064</u>
<b>Total Current Liabilities</b>		<b><u>206,402</u></b>	<b><u>3,395,074</u></b>
<b>Non-Current Liabilities</b>			
Lease liability		<u>14,237</u>	<u>29,076</u>
<b>Total Non-Current Liabilities</b>		<b><u>14,237</u></b>	<b><u>29,076</u></b>
<b>Total Liabilities</b>		<b><u>220,639</u></b>	<b><u>3,424,150</u></b>
<b>Net Assets</b>		<b><u>16,473,168</u></b>	<b><u>6,708,691</u></b>
<b>Equity</b>			
Contributed equity	4	49,891,081	41,559,456
Accumulated losses		(32,535,026)	(34,748,899)
Foreign currency translation reserve		(997,891)	(134,717)
Share option reserve		<u>115,004</u>	<u>32,851</u>
<b>Total Equity</b>		<b><u>16,473,168</u></b>	<b><u>6,708,691</u></b>

*The accompanying notes form an integral part of these financial statements.*



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the half year ended 31 December 2020

	Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Share Option Reserve	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	39,543,924	(33,276,010)	244,294	-	6,512,208
Loss attributable to members of the Company	-	(687,868)	-	-	(687,868)
Other comprehensive income for the period	-	-	(140,542)	-	(140,542)
Total comprehensive income/(loss) for the period	-	(687,868)	(140,542)	-	(828,410)
Shares issued	2,265,890	-	-	-	2,265,890
Cost of share issue	(288,015)	-	-	-	(288,015)
Issue of Share Options	-	-	-	32,851	32,851
<b>Balance at 31 December 2019</b>	41,521,799	(33,963,878)	103,752	32,851	7,694,524
<b>Balance at 1 July 2020</b>	41,559,456	(34,748,899)	(134,717)	32,851	6,708,691
Profit attributable to members of the Company	-	2,213,873	-	-	2,213,873
Other comprehensive income for the period	-	-	(863,174)	-	(863,174)
Total comprehensive income/(loss) for the period	-	2,213,873	(863,174)	-	1,350,699
Shares issued	9,224,491	-	-	-	9,224,491
Cost of share issue	(892,866)	-	-	-	(892,866)
Issue of Share Options	-	-	-	82,153	82,153
<b>Balance at 31 December 2020</b>	49,891,081	(32,535,026)	(997,891)	115,004	16,473,168

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the half year ended 31 December 2020**

	31 December 2020 \$	31 December 2019 \$
<b>Cash flows from Operating Activities</b>		
Payments to suppliers and employees	(342,564)	(265,733)
Interest received	506	273
Government grants received	95,906	-
Net cash (used in) operating activities	<u>(246,152)</u>	<u>(265,460)</u>
<b>Cash flows from Investing Activities</b>		
Payments for exploration and evaluation expenditures	(1,436,571)	(1,806,704)
Payments for property, plant and equipment	(8,330)	(6,591)
Net cash (used in) investing activities	<u>(1,444,901)</u>	<u>(1,813,295)</u>
<b>Cash flows from Financing Activities</b>		
Proceeds from share issue	9,145,654	2,082,426
Costs of share issue	(811,758)	(256,697)
Proceeds from S32 under Share Subscription and Earn-in Agreement	-	879,116
Repayment of lease liability	(7,978)	-
Net cash provided by financing activities	<u>8,325,918</u>	<u>2,704,845</u>
Net increase in cash held	6,634,865	626,090
Effect of exchange rate changes on cash and cash equivalents	(171,321)	-
Cash and cash equivalents at the beginning of the half year	<u>732,856</u>	<u>1,377,481</u>
<b>Cash and cash equivalents at the end of the half year</b>	<b><u>7,196,400</u></b>	<b><u>2,003,571</u></b>

*The accompanying notes form an integral part of these financial statements.*

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2020**

**1. Basis of Preparation**

These general purpose interim financial statements for the half year reporting period ended 31 December 2020 (**report period**) have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company and its controlled entities (**Group** or **Consolidated Group**) are a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements for the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the report period within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the report period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

**a) New and Revised Accounting Requirements Applicable to the Current Half year Reporting Period**

*Standards and Interpretations applicable to 31 December 2020*

In the half-year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 July 2020. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2020 including:

**Conceptual Framework for Financial Reporting and relevant amending standards (Conceptual Framework)**

The Group has adopted the Conceptual Framework with the date of initial application being 1 July 2020.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

Amendments to References to the Conceptual Framework in IFRS Standards has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2020**

**a) New and Revised Accounting Requirements Applicable to the Current Half year Reporting Period (continued)**

At 1 July 2020 it was determined that the adoption of the Conceptual Framework had no impact on the Group.

**AASB 2018-7 Definition of Material (Amendments to AASB 101 and AASB 108)**

The Group has adopted AASB 2018-7 with the date of initial application being 1 July 2020.

This Standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

At 1 July 2020 it was determined that the adoption of AASB 2018-7 had no impact on the Group.

**b) Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Inca Minerals Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 11.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2020**

**(c) Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

For the half year ended 31 December 2020, the Group incurred a profit of \$2,213,873 and had net cash inflows of \$6,634,865.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The ability of the company to raise capital by the issue of additional shares under the *Corporations Act 2001*; and
- The ability to curtail administration and operational cash out flows as required.

**2. Trade and Other Receivables**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2020</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Other receivables	66,808	29,166
Prepayments	26,362	2,265
	<u>93,170</u>	<u>31,431</u>

**3. Exploration and Evaluation Expenditure**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2020</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>At cost</b>		
Balance at beginning of the period	9,118,246	6,871,149
Expenditure incurred (including foreign exchange rate movements)	92,005	2,268,883
Expenditure written off	(15,761)	(21,786)
Balance at end of the period	<u>9,194,490</u>	<u>9,118,246</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2020**

**4. Contributed equity**

	31 December 2020	30 June 2020
	\$	\$
<b>Ordinary shares</b>		
Issued and fully paid	49,891,081	41,559,456
<b>Movement in fully paid ordinary shares:</b>	<b>No. of Shares</b>	<b>31 December 2020</b>
At 1 July 2020	4,078,233,994	\$ 41,559,456
Consolidation of shares at 20:1 25 August 2020	(3,874,322,656)	-
Issued at \$0.055 per share 28 October 2020	148,657,611	8,176,169
Issued at \$0.055 per share 30 October 2020	16,142,167	887,819
Issued at 30 October 2020	1,446,477	44,236
Issued at 30 October 2020	1,229,966	34,600
Issued at \$0.05 per share 11 November 2020	1,633,334	81,667
Less: costs associated with issue of shares	-	(892,866)
At 31 December 2020	373,020,893	49,891,081

**5. Segment Information**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company operates in the segments of mineral exploration within Peru and Australia. In the report period, the Company operated in mineral exploration in Australia and in Peru.

The Company is domiciled in Australia. All revenue from external parties is generated from Australia only. Segment revenues are allocated based on the country in which the party is located. All the assets are located in Peru and Australia. Segment assets are allocated to countries based on where the assets are located.

<b>Reportable segments:</b>	<b>Australia</b>	<b>Peru</b>	<b>Consolidated</b>
	\$	\$	\$
Segment revenue			
December 2020	137,553	-	137,553
December 2019	284	-	284
Segment result			
December 2020	(403,051)	2,616,924	2,213,873
December 2019	(252,241)	(435,627)	(687,868)
Segment assets			
December 2020	8,025,290	8,668,517	16,693,807
June 2020	1,067,584	9,065,297	10,132,881
Segment liabilities			
December 2020	(147,621)	(73,018)	(220,639)
June 2020	(184,794)	(3,239,356)	(3,424,150)
Depreciation and amortisation expense			
December 2020	(7,448)	(1,338)	(8,786)
December 2019	(776)	(16,316)	(17,092)

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2020**

**6. Events Subsequent to Reporting Date**

On 4 January 2021, the Company issued a total of 1,947,153 fully paid ordinary shares.

Other than as disclosed in this report, there have been no further material items, transactions or events subsequent to 31 December 2020 which, although they do not relate to conditions existing at that date, have not been dealt with in this report and which would cause reliance on the information shown in this report to be misleading.

**7. Contingent Liabilities**

There are no contingent liabilities at the reporting date.

**8. Dividends**

No dividends were paid or declared payable during or since the half year.

**9. Expenditure Commitments**

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets in which it has an interest. These commitments are optional and only required if the Company wishes to maintain its rights of earn-in or rights of tenure. Outstanding exploration commitments for not later than one year and for between one and five years are as follows:

	<b>Consolidated 31 December 2020 \$</b>	<b>Consolidated 30 June 2020 \$</b>
Not later than one year	1,399,512	1,492,082
Between one and five years	6,075,321	5,993,580
	7,474,833	7,485,662

The exploration expenditure commitments above include commitments related to agreements for the acquisition of interests in mining concessions pertaining to the Group's Riqueza and Cerro Rayas projects in Peru. As at 31 December 2020 the Group has met all its obligations in respect of the agreements and all future exploration commitments are payable at the Group's discretion and dependent upon the Group acquiring the exclusive rights to the mining concessions. The key terms of the agreements pertaining to concessions within the Riqueza and Cerro Rayas projects are set out below.

**1. Riqueza Project:** A 5-year mining concession transfer option and assignment agreement granting the Group the exclusive option to acquire 100% interest in a mining concession called Nueva Santa Rita and referred to as the Riqueza Project. The Group has the exclusive right to terminate at any time during the transfer option and assignment period and any unpaid amounts are not payable to the vendor.

On 31 October 2018, 17 May 2019 and 7 July 2020, the Group executed addendums to the option and assignment agreement extending the payment timing. The total consideration payable has been increased in US\$15,000. The addendum extended the assignment period to 6 years from the commencement date.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2020**

**Note 10: Expenditure Commitments (continued)**

Other key terms are:

Total Mining Concession Transfer Option & Assignment ( <b>MCTOA</b> ) Consideration	US\$1,798,000: - US\$10,000 (Mining Assignment); and, - US\$1,788,000 (Mining Option).
Payment Timing of MCTOA Consideration	Mining Assignment Payment ( <b>MAP</b> ): MAP Payment on Execution Date (ED): US\$10,000* Mining Transfer Option Payments ( <b>MTOP</b> ): MTOP Payment on ED: US\$30,000* MTOP Payment 6 months from ED: US\$20,000* MTOP Payment 12 months from ED: US\$50,000* MTOP Payment 18 months from ED: US\$60,000* MTOP Payment 24 months from ED: US\$50,000* MTOP Payment on or before November 15, 2018: US\$31,500* MTOP Payment on or before December 15, 2018: US\$31,500* MTOP Payment on or before 20 May 2019: US\$10,000* MTOP Payment on or before 20 June 2019: US\$20,000* MTOP Payment on or before 20 July 2019: US\$70,000* MTOP Payment 42 months from ED: US\$100,000* MTOP Payment on or before 30 May 2020: US\$15,000* MTOP Payment on or before 30 September 2020: US\$30,000* MTOP Payment on or before 30 December 2020: US\$30,000* MTOP Payment on or before 30 January 2021: US\$30,000 MTOP Payment 60 months from ED: US\$170,000 MTOP Payment 66 months from ED: US\$520,000 MTOP Payment 72 months from ED: US\$520,000
Mining assignment period	6 years from the Execution Date (19 May 2016).
NSR Royalty	2% NSR. The Group has a 20-year option to buy back 50% of the NSR for US\$1,000,000 leaving a 1% NSR to the vendor.
Cancellability	The Group has the exclusive right to terminate at any time during the option and assignment period without cost or penalty. Any unpaid amounts are not payable to the vendor.

\* As at the date of the Directors' Declaration, the Group has met all applicable commitments under the agreement.

**2. Cerro Rayas Project - La Elegida Concession:** A 2-year mining concession transfer option and assignment agreement commencing 30 June 2017 granting the Group the exclusive option to acquire 100% interest in a mining concession known as La Elegida which forms part of the Group's Cerro Rayas Project. The Group has the exclusive right to terminate at any time during the transfer option and assignment period and any unpaid amounts are not payable to the vendor.

On 17 July 2017, 10 April 2019 and 2 July 2020, the Group executed addendums to the option and assignment agreement extending the payment timing. The total consideration payable remains unchanged. The addendum extended the assignment period to 38 months from the commencement date.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2020**

**Note 10: Expenditure Commitments (continued)**

In addition, on 28 April 2020, the Group notified the decision to exercise the Mining Option. On 2 July 2020, the Group acquired 100% of La Elegida Concession.

Other key terms are:

Total Mining Concession Transfer Option and Assignment ( <b>MCTOA</b> ) Consideration	- US\$245,000:US\$1,000 (Mining Assignment); and, - US\$244,000 (Mining Option).
Payment Timing of MCTOA Consideration	<p>Mining Assignment Payment (<b>MAP</b>):  MAP on Commencement Date (CD): US\$1,000*</p> <p>Mining Transfer Option Payment (<b>MTOP</b>):  MTOP on CD: US\$5,000*  MTOP on CD: US\$ 45,000*  MTOP on or before 6 months from CD: US\$11,000*  MTOP on or before 12 months from CD: US\$90,000*  MTOP on or before 13 – 19 months from CD: US\$4,000 per month. These payments total USD28,000*  MTOP on 2 April 2019: US\$4,000*  MTOP on or before 22 months from CD: US\$2,500*  MTOP on or before 23 months from CD: US\$2,500*  MTOP on or before 24 – 32 months from CD: US\$4,000 per month. These payments total USD36,000*  MTOP on or before 33 months from CD: US\$10,000*  MTOP on or before 34 months from CD: US\$5,000*  MTOP on or before 38 months from CD: US\$5,000*</p>
Mining assignment period	38 months from the Commencement Date (30 June 2017).

\* As at the date of the Directors' Declaration, the Group has met all applicable commitments under the agreement.

**3. Cerro Rayas Project - La Elegida I Concession:** A 2.5-year mining concession transfer option and assignment agreement commencing 10 October 2016 granting the Group the exclusive option to acquire 100% interest in a mining concession known as La Elegida I which forms part of the Group's Cerro Rayas Project. The Group had the exclusive right to terminate at any time during the transfer option and assignment period and any unpaid amounts are not payable to the vendor. The group exercised its right to early terminate the agreement, through a letter dated February 27, 2019. On 27 June 2019, the Group lodged with the Lima Registry Office the termination of the agreement and has no further rights or obligations pursuant to the agreement.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2020**

**Note 10: Expenditure Commitments (continued)**

In addition to exploration expenditure commitments the Group has certain operating commitments pertaining to non-cancellable operating leases and other non-cancellable agreements contracted for but not recognised in the financial statements:

	<b>Consolidated 31 December 2020</b>	<b>Consolidated 30 June 2020</b>
	\$	\$
Not later than one year	53,718	39,109
Between one and five years	27,986	35,102
	<b>81,704</b>	<b>74,211</b>

**11. Controlled Entities**

	<b>Country of Incorporation</b>	<b>Percentage Controlled (%)</b>	
		<b>31 December 2020</b>	<b>30 June 2020</b>
Subsidiaries of Inca Minerals Limited:			
Urcaguary Pty Ltd	Australia	100	100
Inca Minerales S.A.C.	Peru	100	100
Brillandino Minerales S.A.C.	Peru	100	100
Hydra Minerals Ltd	Australia	100	100
Dingo Minerals Pty Ltd	Australia	100	100

**12. Income Tax Expense**

The Company has received advice from its legal counsel in Peru regarding the income tax treatment pertaining to the written off loan payable to S32 amounting to Peruvian soles 7,785,238 (AUD\$2,946,615). The advice received is that there are sufficient carried forward losses to absorb any tax liability that may arise from the write off of the loan in Peru. Consequently, the Company has not recorded an income tax expense in relation to this.

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standard AASB 134 Interim Financial Reporting; and
  - (b) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**Ross Brown**  
Managing Director

Dated at Perth this 11<sup>th</sup> day of March 2021.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
INCA MINERALS LIMITED**

**Report on the Half-Year Financial Report**

*Conclusion*

We have reviewed the half-year financial report of Inca Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Inca Minerals Limited, does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 11 March 2021.

*Responsibility of the Directors for the Financial Report*

The directors of the Inca Minerals Limited, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*  
*Samir*

**Samir Tiroadkar**  
Director

West Perth, Western Australia

11 March 2021