



ANNUAL REPORT
2023

Inca Minerals Limited

ACN 128 512 907

CORPORATE PARTICULARS

Directors

Mr Adam Taylor
Chairman

Mr Gareth Lloyd
Director

Dr Jonathan West
Director

Company Secretaries

Mr Mal Smartt
Ms Emma Curnow

Registered Office

Suite 1, 16 Nicholson Road
Subiaco WA 6008

Corporate Office

Suite 1, 16 Nicholson Road
Subiaco WA 6008

Share Registry

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

Auditor

Stantons
40 Kings Park Road
West Perth WA 6005



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Chairman's Summary

Dear Fellow Shareholders,

I would like to again thank shareholders for their support through what has been a challenging year for Inca but one that, with some housekeeping behind us, helps us look forward to the future.

Inca has had some significant changes within the business, and I thank all Inca staff for their continued efforts while Inca is running a very lean structure, putting in the extra where required to get Inca on a path to realising value for shareholders. I thank all staff members but give special mention to my fellow board members who are putting in significant additional effort over and above what a normal Non-Executive would be doing again as we work to push the company forward.

Inca will continue to move to position itself in commodities that will benefit from the tailwind that is the transition of the world's energy systems. I believe that this will be the key narrative that we will see for the next generation and that companies that are able to generate meaningful projects that tap into commodities required for energy transition put themselves in the best position to outperform. We are continually reviewing opportunities in this space and have chosen to pass on many, but shareholders may have seen some recent evidence of where Inca wants to head, and we will continue to make more moves in this direction in the future.

We are very frustrated not to have been able to drill at the Jean Elson Project yet and this is still very much a high priority in the thinking of the company. We hope to have cleared the hurdles from achieving this soon.



Whilst we are disappointed with the performance of Inca over the past couple of years, you can be assured that we are working as hard as possible to turn this around for shareholders. We are challenging ourselves internally and working well as a team to understand the failures of the past and make the necessary changes for the future. What has not changed is the calibre and prospectivity of the company's projects and we will do everything possible to try and ensure that this potential is realised for shareholders.

Thank you again for the support, it is not lost on us that we need to repay that support in the future.

Kind regards.

Adam Taylor
Chairman

Corporate Governance Plan / Statement

A copy of the Company’s Corporate Governance Plan and current Corporate Statement is set out on our website www.incaminerals.com.au/corporate-governance



Directors' Report

The Directors of Inca Minerals Limited (**Inca or Company**) present their financial report on the Company and its controlled entities (**Group**) for the year ended 30 June 2023.

Directors

The names of directors in office at any time during or since the end of the financial year are listed hereunder. Directors were in office since the start of the financial year to the date of this report unless otherwise stated.

- Adam Taylor, Non-Executive Chairman
- Gareth Lloyd, Director
- Jonathan West, Director
- Ross Brown, Managing Director (resigned 5 July 2022)

Information on Directors and Company Secretaries

MR ADAM TAYLOR

(Non-executive Chairman)

Adam was appointed as a director on 1 March 2022 and was appointed Non-Executive Chairman, in July 2022, when the Managing Director resigned. He is an experienced CEO heading up a family-owned group of businesses with a history in the civil construction and mining sectors of over 20 years. Adam currently oversees businesses within the Mining, Construction, Waste Management, Dewatering and Infrastructure Maintenance sectors, all currently within Western Australia and with a history of operations in New Zealand and the East Coast of Australia.

His core skills include business management, strategy development, contract negotiation and the implementation of innovation across a business. Mr Taylor has invaluable and direct mining industry experience and contacts for the Company. He is also a substantial shareholder. In the previous 3 years, Mr Taylor has not been a director of any other ASX listed companies.

GARETH LLOYD BSc (Hons)

Director

Mr Lloyd was appointed 14 September 2012, and has over 35 years' experience with mining and exploration companies and brings considerable technical, commercial and capital raising expertise to the Company. A mining engineer by training, he has operating experience in gold, base metals and coal operations in Australia, South Africa and the United Kingdom.

Mr Lloyd is a part owner of the Element group, a Perth-based boutique advisory and funds management group focused on the resources sector through which Mr Lloyd provides strategic advice and fund-raising services to both listed and unlisted companies. Prior to establishing Element (in 2008), Mr Lloyd was an Associate Director at the Rothschild Group where he helped establish the Golden Arrow Funds I and II, the latter fund becoming the ASX-listed LinQ Resources Fund. At the time of his departure from LinQ, the fund was one of Australia's largest listed resource funds with funds under management of over \$475m. He has held a number of senior positions at Australian resource-focused stockbroking firms including Research Director at Hartley's and Resources Analyst at Eyres Reed. In the previous 3 years, Mr Lloyd has not been a director of any other ASX listed companies.

DR JONATHAN WEST BSc (Hons), MSc (Exploration Geology), PhD.

Director

Dr Jonathan West was appointed as a Director on 21 January 2019, and has worked across a variety of resource and energy development and management areas, in both the private and public sector for over 45 years, both in Australia and overseas. He has extensive senior management experience with a particular focus on strategic planning, policy development, resource development and management, and corporate and organisational change management. He has extensive experience with shareholder/stakeholder engagement and in working directly with Traditional Owners on a range of resource management and economic development projects. In the previous 3 years, Mr West has not been a director of any other ASX listed companies.

DIRECTORS' REPORT (continued)

Information on Directors and Company Secretaries (continued)

ROSS BROWN BSc (Hons), M.Aus.IMM.
Managing Director (resigned 5 July 2022)

A geologist by profession, Mr Brown has over 30 years' experience in mineral exploration in Australia, Asia, Africa and South America and he has worked in a broad range of commodities, including gold, base metals, uranium, phosphate and diamonds. Mr Brown has a rare ability in recognising the commercial potential of exploration projects and geological process, and has a proven track record of bringing technical-based exploration concepts and projects to market.

Mr Brown was the co-founder Managing Director (who was appointed 8 March 2012) and of Urcaguary Pty Ltd (**Urcaguary**), the Company's fully owned subsidiary. In the previous 3 years, Mr Brown has not been a director of any other ASX listed companies. Mr Brown has been a member of AusIMM since 1988, and is also a member of GSA, SEG and AICD.

MALCOLM SMARTT BA (Accounting), Grad Dip Corporate Management, FCPA, FCIS, FCIM
Joint Company Secretary

Mr Smartt is a Corporate Consultant to listed and unlisted public companies. He is a qualified Accountant and Company Secretary having had considerable experience in Directorial, Financial and Company Secretary roles with a number of listed companies in the resource sector in Australia, South East Asia and Africa.

EMMA CURNOW B Com, CA Grad Dip Corporate Governance.
Joint Company Secretary

Ms Curnow is an experienced corporate finance executive who has worked in senior management roles for several listed exploration companies both in Australia and the UK, having commenced her career as a Chartered Accountant at Ernst & Young in 2003. She holds a Bachelor of Commerce from the University of Western Australia and is a member of both the Institute of Chartered Accountants and the Governance Institute of Australia.

Ms Curnow joined Inca in November 2021 as Chief Financial Officer. She assumed the role of Joint Company Secretary in addition to her role as CFO, as mentioned above, from 1 March 2022.

Operating Results

The Group's operating loss after income tax for the year ended 30 June 2023 was loss \$1,448,826 (2022: loss of \$11,858,499).

Principal Activities

The Company's principal activities during the year were conducting exploration at the Riqueza Project, located in Peru, at the greater Frewena Project and the Jean Elson project, both located in the Northern Territory, and at the MaCauley Creek Project, located in Queensland.

The overarching strategy of the Company is to explore for Tier-1 scale mineralisation focusing on copper and gold, porphyry, porphyry-related and iron oxide copper gold deposits. The principal purpose of our activities is to generate targets for drill-testing for economic forms of Tier-1 mineralisation.

Review of Operations

During the year ended 30 June 2023, the Company completed several important programs, including but not limited to, the maiden Australian drill program at Frewena Far East and Frewena East on the Barkly Tableland in the Northern Territory.

In addition, the results of completed geophysical surveys (GAIP, VTEM) at the Jean Elson project in the East Arunta region of the Northern Territory were assessed and several strong drill targets identified for follow up. These targets are now the subject of planned drilled programs at the Camel Creek and Spinifex pigeon prospects, which will likely take place in Q1, 2024.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

Frewena Project

The Frewena drilling program was finalised early in the reporting period and subsequently work involving core logging, cutting and sampling was completed in late 2022, together with an internal review of the geology, alteration and available assay results, from all the Frewena drill core.

Drillholes FW220002/2A, FW220006, FW220009 and FW220010 completed within the Mount Lamb gravity and magnetic trend, all return zones of subtle anomalous polymetallic geochemistry (Cu, Fe, Co, As, Pb, P and Zn) hosted in graphitic-pyritic shales and metasediments, correlating with pyrrhotite, silicification, carbonate and magnetite IOCG-style alteration. As well as highly anomalous copper results in a number of holes, the large intercepts of anomalous copper in holes FW20009 are considered most encouraging. FW220004 completed within the Jumping Spider Prospect returned patchy but anomalous levels of Cu, As, Co, Fe and Zn in hematite-chlorite-carbonate-biotite altered meta-volcanics, plus sediment-hosted phosphorus (P) within the Georgina Sedimentary Basin. These metal and alteration associations are considered very positive and demonstrate a fertile mineral system and are considered indicative of potential for discovery of IOCG and SEDEX mineral systems.

The geochemical signatures of the various sections of core sampled and assayed, which contain halos of gold, silver, copper, lead and zinc, in association with magnetite and haematite alteration, are unequivocal—they are indicative of an Iron Oxide Copper Gold (IOCG) system(s) being present at Mount Lamb. There is also some indication, in a number of holes at Mt Lamb, that SEDEX style geology is present.

The mineralised hydrothermal system identified at Mount Lamb bears strong resemblance to the classic IOCG model, including zonation of haematite, magnetite, and sodic alteration, enrichment of Au-Ag-Cu-Fe and associated metals Bi-Mo-As, together with significant veining, brecciation, and faulting of Proterozoic host lithologies. Pleasingly, the scale of magnetic and gravity anomalies at Mount Lamb compares favourably to known IOCG systems elsewhere in the Northern Territory, Queensland, and South Australia.

Inca continues to collate and review all recent exploration results for the Frewena project with a view to determining future exploration priorities. The potential for discovery of significant mineralisation is considered high, however the “buried” nature of the various identified targets means that the exploration needed to find a mineralised body will be both expensive and complex. Accordingly, the company remains focused on securing a joint venture with a party that has the technical and financial capacity to fast track this exploration.

Frewena East and Frewena Frontier tenements

Across the southern and eastern half of the Frewena Group Project (Frewena East and Frewena Frontier tenements), the Company received the results of the NT government co-funded airborne geophysics magnetic and radiometric (AMAGRAD) survey. The 29,385 line-kilometre survey was co-funded by the Northern Territory Department of Primary Industry and Resources (NTPIR) for \$100,000 under its Geophysics and Drilling Collaborations Program.

The AMAGRAD data identified a number of compelling targets for future exploration, most notably for phosphate mineralisation. In fact, the highlight of the first half of the year was the review of past exploration which has indicated the occurrence of significant amounts of potential phosphate mineralisation on Inca ground. Inca reviewed this gravity data and has recognised gravity anomalies interpreted as basin structures. Tellingly, these basin structures mimic the characteristics of the same basin structure that hosts the Wonarah Phosphate Deposit.

There are five basin structures wholly or partly within Inca ground that have been identified to date that warrant investigation. The most prominent of the five are two that are located northeast and north-northwest of Wonarah. The basin northeast of Wonarah (on Inca's Frewena Frontier Project) is particularly interesting in that it has not been drilled. It has an area roughly 50% - 75% larger than that of the basin that hosts Wonarah. The basin north-northwest of Wonarah is approximately 100% larger than the Wonarah basin. The Company investigated the potential of a JORC-compliant phosphate Exploration Target being present at Frewena and reported on this in January 2023. The reported phosphate Exploration Target is projected to be 452.9 to 761.1 million tonnes with a grade range of 14.7 to 17.9% P₂O₅. The phosphate Exploration Target sits in the Frewena East project area (EL 32587) and surrounds the phosphate resource that has been declared for the Arruwurra deposit owned by Avenira.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

In addition to the extensive phosphate potential identified at Frewena East, from both the AMAGRAD survey and a review of historical exploration results, a potential phosphate bearing basin was identified on the Frewena Frontier ground. This potential basin is larger than the area currently holding the significant Arruwurra deposit and represents an exciting target for the Company.

The phosphate occurrences at Frewena East were independently assessed in terms of qualifying as a JORC-compliant, clause 17, Exploration Target. The full criteria involved in the calculation of the Exploration Targets (past data descriptions, parameters and calculations, in accordance with the JORC Code 2012 Edition, clause 17) were provided in the ASX January release on 23 January 2023 where an exploration target range for the three areas reviewed was determined. The Company is not aware of any new information or data that may materially affect the information included in the relevant market announcement being this financial statement.

The company plans to drill this phosphate potential at both Frewena east and Frewena Frontier in the coming year and work is progressing to secure both the Cultural heritage Clearance Agreement with the relevant traditional owner group and a land access Agreement with the landowner to allow for application for the Mine management Plan (MMP) necessary for drilling.

Frewena Fable

During the reporting period the company was advised that it received a GDC co-funding grant, from the Northern Territory Government, for assistance in drilling a strong gravity target at the Alpaca Hill project. Planning for this drilling, which is scheduled for later 2023 was undertaken.

Jean Elson Project

Inca received an independent report, based on a number of geophysical surveys undertaken, outlining additional Tier-1 and Tier-2 scale targets at its 90%-owned Jean Elson Project in the Northern Territory. In addition to the two known mineralised targets at the Camel Creek (Ningaloo) Prospect and the Mt Cornish South Prospect, six new high-priority targets have been identified. Following this finding, the Company undertook further geophysical surveys at Jean Elson. A GAIP and VTEM geophysical surveys were completed at Jean Elson. Also, a co-funded VTEM geophysical survey, was undertaken and data interpreted, leading to the identification of drill targets at the Camel Creek and Spinifex Pigeon targets, which have now been scheduled for drill-testing in Q1, 2024.

During the year, Inca also expanded the Jean Elson Project area through the application of a 216-block (679km²) Exploration Licence (EL) and this tenure was granted in early 2023. The new EL33214 extends immediately west and north-west from the original project area, with the Jean Elson Project now covering some 2,142km² making Inca one of the largest tenure holders in the region.

A brief mapping and sampling program was completed at Jean Elson in November 2022, including parts of the new tenement EL33214, with a number of new mineral occurrences found and 44 rock chip samples collected for assay. The most promising Cu results are from the Bonya West Prospect where mineralised lodes (veins) were identified. The Bonya West prospect is located in Inca's new EL33214. The numerous historical mineral occurrences that are recorded within the vicinity of EL33214 was the compelling reason for the Oct-Nov 2022 fieldtrip. The fieldtrip was highly successful with the discovery of an array of mineralised lodes (veins) some 170m wide with five individual veins up to 20m true width.

Assay results were positive. Multiple possible new prospect areas in the new (western most) Exploration License (EL33214) and a new prospect area southeast of Camel Creek were also investigated. The Jean Elson October-November 2022 field trip resulted in a number of important results:

- The identification of strong copper mineralisation coinciding with known geophysical and mineralised prospects, Camel Creek and Whistling Kite.
- The identification of strong copper mineralisation in new areas on the new Jean Elson Exploration Licence EL33214.
- The geochemical association of Cu, Ag, Co, Pb, Zn, P, As, Bi, Cd, Mo, Fe, Mg, Ti, and U with low levels of REEs.

This geochemical association is indicative of skarn and/or skarnoid mineralisation.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

The company has also received approval for drilling with the receipt of a Mine management Plan (MMP) and subject to final clearance on Cultural heritage clearance, which is still being progressed, will be in a position to commence drilling in the 2023-2024 year.

MaCauley Creek Project

At the Company's MaCauley Creek project in Queensland, mapping and sampling programs were completed in the December quarter with 71 rock chips collected and assayed. Numerous new outcrops of copper mineralisation were also identified and mapped. Results of the 71 rock chip samples were reported to the market, and many samples returned strong copper results. An AMAGRAD survey that was previously commenced at MaCauley Creek was completed in the 2022 December quarter with AMAGRAD interpretations identifying a strong magnetic anomaly at the Wallaroo prospect in EPM 27163.

Following data modelling and collation of geological, geochemical and geophysical information, a 10-hole RC drill program was completed at the Wallaroo prospect in late July to early August 2023, targeting outcropping copper mineralisation mainly as malachite and azurite coincident with magnetics and chlorite-epidote-biotite alteration. Samples from the program were submitted to ALS Townsville for multi-element analysis and results are pending.

Peru

In Peru, at Riqueza, additional ground was acquired towards the south, following the identification of bonanza grade silver and percentage level copper mineralisation in mapping and sampling. Now referred to as Riqueza South, two key mining concessions (concessions) that form a central part of the Company's highly prospective Riqueza South Project were granted in late 2022. The Occorccocho II and Ccarhua II concessions were granted after a prolonged approval process which followed Inca's award of mining concession closed bids (competing against Anglo American). The protracted granting phase following the award was entirely procedural. Anglo American, that was also awarded concessions in the immediate area, has no claim over the Occorccocho II and Ccarhua II concessions.

Occorccocho II and Ccarhua II are located immediately south of Riqueza (the Uchpanga III concession is the southern-most that makes up Riqueza). They occupy a central and strategic position along the well-established northwest-southeast trending epithermal-porphyry-skarn Chonta-Fault mineralised corridor. The twin copper-gold epithermal and copper-gold porphyry Huancullo deposits occur immediately adjacent to Inca's granted Ccarhua I concession.

Reconnaissance mapping identified multiple zones of mineralisation associated with pervasive epithermal style alteration; breccias and/or structures. The conclusion was that Inca had delineated a 14km strike length of contiguous epithermal-related copper and silver mineralisation associated with the Chonta Fault System. The volcanic rocks of the Castrovirreyna Formation and Sacsaquero Group dominate the geology of Riqueza South. The entire sequence is affected by several rhyolitic-rhyodacitic domes (sub-volcanic intrusions, or stocks) which are believed to be controlled by the northwest-southeast regional structures of the Chonta Fault System. The occurrence of intrusive domes makes this area similar to the Alternation Ridge Prospect at Riqueza, which hosts a very large and altered rhyolitic dome. Broad alteration zones were identified during mapping (confirming satellite interpretations) which are believed to be related to northeast-southwest trending structures and intrusive stocks. These argillic alteration zones host Fe-oxides and Mn-oxides as well as visible secondary copper mineralisation (malachite, azurite and chrysocolla), and "non-visible" bonanza-grade silver mineralisation, elevated levels of lead, zinc, molybdenum and gold.

The occurrence of copper-silver mineralisation in cross-cutting northeast-southwest structures makes this area similar to the Cuncayoc Copper and Huasijaja prospects at Riqueza, and importantly, makes the various Riqueza South prospects, similar to the Huancullo epithermal and porphyry deposits, that both have topographic NE-SW orientations, NE-SW geology and structural alignment. The large structures that cut across the Chonta Fault System are believed to be fertile locations for intrusives and therefore intrusive-related mineralisation (epithermal, porphyry and skarn styles).

Huancullo and other prospects in the vicinity along the Chonta system, are currently being explored by Anglo American and First Quantum. Interestingly, BHP, that once owned the Kenita copper-molybdenum prospect immediately northwest of Riqueza, is set to now expand its exploration effort in Peru.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

During the year, the Company's payments to suppliers and employees combined with payments for exploration and payments for project acquisitions totalled \$4.597 million, of which \$2.700 million (58.7%) represents cash flows on exploration, and \$1.897 million (41.3%) represents cash outflows on administrative staff and administration. As in previous years, these figures highlight the Company's continued focus on the deployment of funds for exploration purposes to extract value through mineral discovery at its projects. The value-proposition this year now also extends to developing partnerships for extant and new projects alike.

Financial Position

The net assets of the Group were \$12,930,458 as at 30 June 2023 (\$13,985,476 as at 30 June 2022).

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend and no dividends have been paid or declared since the start of the financial year.

Significant Events After Reporting Date

On 5th July 2023, the Company issued to directors and consultants a total of 1,495,508 fully paid shares for non cash. 716,853 shares were issued at a deemed price of \$0.0218 per share, being for remuneration sacrifice to directors. 778,655 shares were issued at a deemed price of \$0.0218 per share, being for consultant fees.

On 3rd August 2023, the Company's sale of its Mt Isa property settled. This meant a receipt of \$668,540 (after sales commission and other related costs). The contract was a sale and lease back agreement where the Company is still able to use the property under the lease to 30 April 2026.

On 4th September 2023, the Company announced the signing of a tenement sale and purchase agreement with North West Iron Pty Ltd for the acquisition of EL 80/5904 which is currently under application with the WA Department of Mines, Industry Regulation and Safety. As consideration, Inca will issue 6 million ordinary shares of which 1 million were issued on 6th September 2023 with the remaining to be issued within 30 days of signing of the agreement. The shares issued and to be issued are at a deemed price of \$0.018 per share.

Likely Developments and Expected Results

The Company expects to maintain the present status and level of operation and hence there is no likely unwanted developments in the entities operations.

Environmental Issues

The Company is subject to environmental regulation in respect of its exploration activities in Australia and Peru. The Company ensures that appropriate standard of environmental care is achieved and, in doing so, that it is aware of, and it is in compliance with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation of the year.

Proceedings on Behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

However, the Company is currently in dispute with Bullseye Mining Limited regarding Bullseye's obligations under the Dingo Range Nickel Rights Agreement (3 February 2016) (NRA) and the Company's rights under the NRA. The NRA applies to E37/1124, E53/1377, E53/1352, E53/1380 and E53/1407, including any mining tenement(s) applied for or granted in lieu of, renewal, extension or substitution of any of the above-mentioned tenements. At the date of this report, the dispute is on-going but it has not reached a decision to proceed with Court.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

Material Business Risks

- Access to and dependence on Capital Raisings

Inca Minerals Limited is currently an exploration company where it relies mainly on funding in the form of capital raisings from shareholders, government funding in terms of grants for exploration work conducted and joint venture funding when sharing the costs of exploring an area of interest. There are outside market factors involved in capital raising and thus it is dependent on various factors for investors to commit funds and thus support the Company in doing so.

- No guarantees with an exploration company of profitability

There is no guarantee of discovering resources on a scale that makes development and production feasible and therefore there is no guarantee that the Company will become or remain profitable.

- Exploration Risks

The projects that the Company holds are exciting (see Operations Review) and it continues to explore for tier-1 mineralisation. However the current and future operations of the Company including exploration, appraisal and possible production activities may be affected by a range of factors including: (i) geological conditions; (ii) limitations on activities due to seasonal weather patterns; (iii) unanticipated operational and technical difficulties encountered in drilling and production activities; (iv) mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental incidents and other force majeure events; (v) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment

- Share price fluctuations

Specifically, share market conditions may affect the securities irrespective of operating performance. This can be the general economic climate, acts of war or terrorism impacting on market confidence, movements in interest rates, fluctuations in currency rates and commodity prices, changes in market sentiment and the requirement of the Company from time to time for capital.

- Geopolitics

With operations in Peru, the Company is affected by the in-country risks of Peru. The country has faced severe political instability and civil unrest since 2017, an election is due to take place in 2024 which could affect business environments. The areas where Inca's tenements are and our office and employees have not been affected by this but it is still a risk for the Group.

Indemnification of Officers and Insurance premiums

The Company has paid premiums to insure the directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid in respect of Directors' and Officers' insurance during the year amounted to \$22,854 (2022: \$23,133). Insurance premiums have not been allocated to individual directors or key management personnel.

Options

At the date of this report, there are 68,266,588 unissued ordinary shares of Inca Minerals Limited under option.

Risk Management

The Board is responsible for ensuring that risks and opportunities are identified in a timely manner and that activities are aligned with the risks and opportunities identified by the Board.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

Meetings of Directors

During the financial year, 6 meetings of directors were held. Attendances by each director were as follows:

	Board Meetings	
	No. of meetings eligible to attend	Number attended
Mr Ross Brown	1	1
Mr Gareth Lloyd	6	6
Mr Jonathan West	6	6
Mr Adam Taylor	6	6

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of the Company.

Remuneration Policy

The remuneration policy of Inca Minerals Limited aligns director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and, where the Board believes it appropriate, may also include specific long-term incentives based on key performance areas affecting the Company's ability to attract and retain the best executives and directors to run and manage the Company.

The remuneration policy setting out the terms and conditions for the executive directors and other senior executives was developed by the Board. All executives receive a base salary (which is based on factors such as ability and experience). The Board reviews executive packages annually by reference to the economic entity's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries. The performance of the executive directors is measured against the objective of promoting growth in shareholder value.

The Board may exercise discretion in relation to approving incentives, bonuses, and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives may, where the Board believes it appropriate, participate in employee share and option arrangements.

The Board policy is to remunerate directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to directors and regularly reviews their remuneration based on market practice, duties and accountability. Independent external advice is sought when required. No external advice was sought during the report period. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders in a general meeting (currently \$240,000 per annum).

Performance Based Remuneration

For the year ended 30 June 2022, Ross Brown received a bonus of 170,879 fully paid ordinary shares to be issued at a deemed price of 10.37 cents per share, with the issue being in relation to the realisation of a number of milestones contained within his employment contract. There was no bonus issued for the year end 30 June 2023.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

Key management personnel service agreements

Details of the key conditions of service agreements for key management personnel are as follows:

	Commencement Date	Notice Period Base Salary	Base Salary	Termination Payments Provided
Ross Brown ¹	1 March 2012	6 months	\$268,492 per annum	The Company may terminate employment at any time within the initial term by giving 12 months' notice or 12 months payment in lieu
Gareth Lloyd	14 September 2012	Nil	\$50,000 per annum director fees	None
Jonathan West	21 January 2019	Nil	\$50,000 per annum director fees	None
Adam Taylor	1 March 2022	Nil	\$50,000 per annum director fees	None

¹ Mr Brown was engaged under a contract of employment with the Company. The contract was not extended beyond 1 March 2023. A bonus in the form of 170,879 fully paid ordinary shares at \$0.1037 per share were issued on 5 July 2022 (\$17,720) to Mr Brown in relation to the 2022 financial year.

At a General Meeting of the Company held on 31 May 2019 and 23 November 2022 (for Mr Taylor), shareholders approved the ability for the Company to undertake a future issue of directors' remuneration-sacrifice shares. Any shares are to be issued in accordance with the Company's Directors' Remuneration-Sacrifice Share Plan (**Share Plan**). Under the Share Plan, the Company's directors agreed to reduce their cash remuneration by up to 50% through the issue of shares, in lieu of cash consideration. The reduction in cash consideration is for an amount up to \$25,000 for Mr Taylor, Mr Lloyd and for Mr West.

There are no other agreements with key management personnel.

(a) Key management personnel compensation

2023	Short-term benefits				Post-employment benefits		Performance related compensation as % of total remuneration	Total
	Name	Salary and fees	Performance Bonus	Other (Annual Leave)	Non-monetary benefits	Super-annuation		
	\$	\$	\$	\$	\$	\$		\$
Directors								
Ross Brown	166,945	-	7,667	-	18,334	44,750	-	237,696
Gareth Lloyd	50,000	-	-	-	5,250	-	-	55,250
Jonathan West	50,000	-	-	-	5,250	-	-	55,250
Adam Taylor	50,000	-	-	-	5,250	-	-	55,250
Totals	316,945	-	7,667	-	34,084	44,750	-	403,446

The salary and fees plus super of Ross Brown is for the period 1 July 2022 to 28 February 2023.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

2022	Short-term benefits				Post-employment benefits		Performance related compensation as % of total remuneration	Total
	Name	Salary and fees \$	Performance Bonus \$	Other \$	Non-monetary benefits \$	Super-annuation \$		
Directors								
Ross Brown	268,489	17,720	-	-	26,849	4,922	5.5%	317,980
Gareth Lloyd	50,000	-	-	-	5,000	-	-	55,000
Jonathan West	50,000	-	-	-	5,000	-	-	55,000
Adam Taylor	16,667	-	-	-	1,667	-	-	18,334
Totals	385,156	17,720	-	-	38,516	4,922	4.0%	446,314

b) Options and rights granted as remuneration

No options or rights were granted as remuneration during the year (2022: \$nil).

During the year ended 30 June 2023, shares received by directors in lieu of cash consideration have been issued as follows.

Director	Total \$ Value of Shares Issued	Accrued Salary & Fees at 30 June 2023 to be Received in Shares	Shares to be issued at 30 June 2023
Ross Brown	\$17,720	-	-
Gareth Lloyd	\$25,000	\$6,250	286,741
Jonathan West	\$12,500	\$3,125	143,371
Adam Taylor	\$25,000	\$6,250	286,741

During the year ended 30 June 2022, shares received by directors in lieu of cash consideration have been issued as follows.

Director	Total \$ Value of Shares Issued	Accrued Salary & Fees at 30 June 2022 to be Received in Shares	Shares Issued (or to be issued at 30 June 2022)
Ross Brown	\$37,720	\$17,720*	370,879
Gareth Lloyd	\$25,000	\$6,250	213,550
Jonathan West	\$25,000	\$6,250	213,550

*Performance-based remuneration (excluding superannuation)

No other share-based payments were issued as key management personnel remuneration during the year (2022: \$nil).

Key Management Personnel Relevant Interests

The relevant interests of key management personnel in the capital of the Company at the date of this report is as follows:

KMP	Number of Ordinary Shares	Number of Options over Ordinary Shares
Gareth Lloyd	2,313,659	62,139
Jonathan West	4,410,545	150,000
Adam Taylor	29,900,275	5,397,172

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

The following tables show the movements in the relevant interests of key management personnel in the share capital of the Company:

2023				
Name	Opening balance 1 July 2022	Additions (through salary sacrifice and purchases)	Director Resignation	Closing balance 30 June 2023
Ross Brown	3,694,313	-	(3,694,313)	-
Gareth Lloyd	1,378,521	648,397	-	2,026,918
Jonathan West	3,912,840	354,334	-	4,267,174
Adam Taylor	25,238,482	4,375,052	-	29,613,534
Totals	34,224,156	5,377,783	(3,694,313)	35,907,626

2022				
Name	Opening balance 1 July 2021	Additions / Director Appointment	Disposals / Director Resignation	Closing balance 30 June 2022
Ross Brown	3,419,122	275,191	-	3,694,313
Gareth Lloyd	1,102,832	275,689	-	1,378,521
Jonathan West	3,699,290	213,550	-	3,912,840
Adam Taylor	-	25,238,482	-	25,238,482
Totals	8,221,244	26,002,912		34,224,156

END OF REMUNERATION REPORT

Non-Audit Services

The Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No non-audit services were provided by the entity's auditor, Stantons, as shown at Note 18.

Auditor's Independence Declaration

We have obtained an Auditor's Independence Declaration. Please refer to "Auditor's Independence Declaration" included on page 45 of the financial statements.

The Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Adam Taylor
Chairman

Dated at Perth this 15th day of September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue	2	106,634	194,036
Management and directors' fees		(150,000)	(116,667)
Wages and salaries		(113,616)	(136,839)
Administrative expenses		(543,942)	(657,337)
Advertising and promotional costs		(46,112)	(62,755)
Professional fees		(295,255)	(244,847)
Listing and share registry expenses		(83,745)	(103,339)
Depreciation		(113,152)	(30,678)
Impairment of Peruvian Value Added Tax receivable		(54,978)	(666,223)
Foreign exchange (loss) / gain		(7,631)	19,747
Environmental rehabilitation		(13,405)	(49,567)
Exploration and evaluation expenditure written off	8	(133,624)	(10,004,030)
Profit / (Loss) before income tax		(1,448,826)	(11,858,499)
Income tax benefit	3	-	-
Profit / (Loss) after income tax		(1,448,826)	(11,858,499)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations, net of tax		303,878	418,347
Total comprehensive profit / (loss)		(1,144,948)	(11,440,152)
Profit / (Loss) for the year attributable to members of Inca Minerals Limited		(1,448,826)	(11,858,499)
Total comprehensive profit / (loss) attributable to members of Inca Minerals Limited		(1,144,948)	(11,440,152)
Basic and profit / (loss) per share (cents)	15	(0.30)	(2.49)
Diluted profit / (loss) per share (cents)	15	(0.30)	(2.49)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	16 (b)	795,186	4,920,053
Trade and other receivables	5	84,476	250,867
Held for sale asset	6	520,136	-
Total Current Assets		<u>1,399,798</u>	<u>5,170,920</u>
Non-Current Assets			
Plant and equipment	7	316,030	942,321
Exploration and evaluation expenditure	8	11,851,809	8,940,720
Right-of-use asset	9(a)	31,857	14,156
Total Non-Current Assets		<u>12,199,696</u>	<u>9,897,197</u>
TOTAL ASSETS		<u>13,599,494</u>	<u>15,068,117</u>
LIABILITIES			
Current Liabilities			
Lease liability	9(e)	16,274	14,237
Trade and other payables	10(a)	116,412	928,740
Provisions	10(b)	17,580	139,664
Loan payable	11	500,000	-
Total Current Liabilities		<u>650,266</u>	<u>1,082,641</u>
Non-Current Liabilities			
Lease liability	9(e)	15,648	-
Provisions	10(b)	3,122	-
Total Non-Current Liabilities		<u>18,770</u>	<u>-</u>
TOTAL LIABILITIES		<u>669,036</u>	<u>1,082,641</u>
NET ASSETS		<u>12,930,458</u>	<u>13,985,476</u>
EQUITY			
Contributed equity	12	59,675,531	59,585,601
Accumulated losses		(46,462,111)	(45,152,001)
Foreign currency translation reserve		(463,250)	(767,128)
Share Option Reserve		180,288	319,004
TOTAL EQUITY		<u>12,930,458</u>	<u>13,985,476</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Share Option Reserve	Total
	\$	\$	\$	\$	\$
2022					
Balance at 1 July 2021	53,671,191	(33,293,502)	(1,185,475)	319,004	19,511,218
Loss attributable to members of the Company	-	(11,858,499)	-	-	(11,858,499)
Other comprehensive income for the year	-	-	418,347	-	418,347
Total comprehensive loss for the year	-	(11,858,499)	418,347	-	(11,440,152)
Shares issued during the year	5,930,036	-	-	-	5,930,036
Cost of equity issue	(15,626)	-	-	-	(15,626)
Balance at 30 June 2022	59,585,601	(45,152,001)	(767,128)	319,004	13,985,476
2023					
Balance at 1 July 2022	59,585,601	(45,152,001)	(767,128)	319,004	13,985,476
Loss attributable to members of the Company	-	(1,448,826)	-	-	(1,448,826)
Other comprehensive income for the year	-	-	303,878	-	303,878
Total comprehensive loss for the year	-	(1,448,826)	303,878	-	(1,144,948)
Shares issued during the year	89,930	-	-	-	89,930
Expiry of share options	-	138,716	-	(138,716)	-
Balance at 30 June 2023	59,675,531	(46,462,111)	(463,250)	180,288	12,930,458

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,896,804)	(1,092,780)
Interest received		22,401	1,518
Government grants received		90,909	181,818
Net cash (used in) operating activities	16	<u>(1,783,494)</u>	<u>(909,444)</u>
Cash flows from investing activities			
Payments for exploration expenditures		(2,699,769)	(8,154,207)
Payments for plant and equipment		-	(724,459)
Net cash (used in) investing activities		<u>(2,699,769)</u>	<u>(8,878,666)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	5,781,632
Repayment of lease liability		(16,084)	(15,956)
Proceeds received from loan facility drawn down		500,000	-
Net cash from financing activities		<u>483,916</u>	<u>5,765,676</u>
Net increase/ (decrease) in cash held		<u>(3,999,347)</u>	<u>(4,022,434)</u>
Cash and cash equivalents at the beginning of the financial year		4,920,053	9,264,004
Effect of exchange rate changes on cash and cash equivalents		<u>(125,520)</u>	<u>(321,517)</u>
Cash and cash equivalents at the end of the financial year	16 (b)	<u>795,186</u>	<u>4,920,053</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1: Statement of Significant Accounting Policies

The financial report covers the Company of Inca Minerals Limited, a listed public company incorporated and domiciled in Australia, and its controlled entities. The financial report was authorised for issue on 15th September 2023 by the Board of Directors.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The financial statements have been prepared on the 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 year ended 30 June 2023, the Group incurred after tax loss of \$1,448,826 (2022: loss of \$11,858,499) and the Group had net cash outflows of \$3,999,347 (2022: net cash outflows of \$4,022,434).

The Directors believe that it is reasonably foreseeable that the Company and Group 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 Group has cash at bank at the reporting date of \$795,186, net working capital of \$749,532 and net assets of \$12,930,458; and
- The ability of the Group to raise capital by the issue of additional shares under the Corporation Act 2001, the Company will endeavour to raise capital in the short to medium term and based on its previous results, the Company is confident in doing so; and
- The ability to curtail administration, operational and investing cash outflows as required.

Accounting Policies

New and Amended Accounting Policies Adopted by the Group

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

The Entity adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021- 7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.

AASB 2020-7a: makes various additional corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1: Statement of Significant Accounting Policies (continued)

New and Amended Accounting Policies Not Yet Adopted by the Entity

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Group plans on adopting the amendment for the reporting period ending 30 June 2024 along with the adoption of AASB 2022-6. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8). The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment amends the initial recognition exemption in AASB 112: Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

AASB 2021-7c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7c defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018. The Group plans on adopting the amendments for the reporting periods ending 30 June 2024 and 30 June 2026. The impact of initial application is not yet known.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standard

AASB 2022-7 makes editorial corrections to the following standards: AASB 7, AASB 116, AASB 124, AASB 128, AASB 134 and AASB as well as to AASB Practice Statement 2. It also formally repeals superseded and redundant Australian Accounting Standards as set out in Schedules 1 and 2 to the Standard. The Group plans on adopting the amendments for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1: Statement of Significant Accounting Policies (continued)

a) 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 21.

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 comprehensive income.

b) Revenue Recognition

Under AASB 15 Revenue from contracts with customers, revenue is recognised when a performance obligation is satisfied, being when control of the goods or services underlying the performance obligations is transferred to the customer.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

c) Income Tax

The income tax expense / (benefit) charged to the profit of loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited directly to equity instead of profit or loss when the tax related to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1: Statement of Significant Accounting Policies (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a largely enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

a) Mining Tenements and Exploration and Evaluation Expenditure

Mining tenements are carried at cost, less accumulated impairment losses.

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development and/or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided for over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1: Statement of Significant Accounting Policies (continued)

e) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1: Statement of Significant Accounting Policies (continued)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1: Statement of Significant Accounting Policies (continued)

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

f) Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1: Statement of Significant Accounting Policies (continued)

g) Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of fixed asset

Plant and equipment	10–33%
Motor vehicles	20–33%
IT equipment	10–33%
Leasehold improvements	20%
Buildings	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1: Statement of Significant Accounting Policies (continued)

j) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

k) Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

l) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

m) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

n) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

o) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1: Statement of Significant Accounting Policies (continued)

p) Non-current assets held for sale,

Non-current assets and disposal groups are classified as held for sale and generally measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as “held for sale” occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

q) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

r) Foreign Currency Transactions Balances

Functional and presentation currency

The functional currency of each of the Group’s entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity’s functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group’s presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- the Company raised an additional \$4,384,485 as from 1 July 2021 in relation to options being converted in to shares at \$0.09 per share; and
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 1: Statement of Significant Accounting Policies (continued)

Foreign Currency Transactions Balances continued

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

s) Critical Accounting Estimates and Other Accounting Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company is of the view that there are no critical accounting estimates and judgements in this financial report, other than accounting estimates and judgements in relation to the carrying value of mineral exploration expenditure.

Key judgements

Deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, or alternatively, are expected to be sold. Refer to the accounting policy stated in Note 1(d).

Deferred taxation

The potential deferred tax asset arising from the tax losses and temporary differences have not been recognised as an asset because in the directors' judgement, it is not probable that the Company will make taxable profits against which the tax losses can be recovered.

t) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 2: Revenue

	Consolidated	
	2023	2022
	\$	\$
Interest received	22,401	1,518
Government grant received	90,909	181,818
Sale of fixed assets ¹	(6,676)	10,700
	<u>106,364</u>	<u>194,036</u>

¹ The amount shown in FY 2023 relates to expenses incurred pre-sale of the property at Mt Isa. The sale of the property was completed on 3 August 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 3: Income Tax

(a) Income tax recognised in profit

No income tax is payable by the Company as it recorded losses for income tax purposes for the year.

(b) Numerical reconciliation between income tax expense and the loss before income tax.

	Consolidated	
	2023	2022
	\$	\$
Profit / (loss) before income tax	(1,448,826)	(11,858,501)
Income tax expense / (benefit) at 25% (2022: 25%)	(362,206)	(2,964,625)
Tax effect of:		
Deferred tax asset not recognised	989,643	3,668,198
Movement in unrecognised temporary differences	(631,331)	(703,680)
Tax effect of permanent differences	(3,894)	107
Income tax benefit	-	-

(c) Unrecognised deferred tax balances

Revenue tax losses available to the Company	45,479,594	41,521,025
Capital tax losses available to the Company	1,235	1,235
Total tax losses available to the Company	45,480,829	41,522,260
Potential tax benefit at 25% (2022: 25%)	11,370,207	10,380,565

A deferred tax asset attributable to income tax losses has not been recognised at reporting date as the probability criteria disclosed in Note 1(c) is not satisfied and such benefit will only be available if the conditions of deductibility, also disclosed in Note 1(c), are satisfied.

Note 4: Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Note 5: Trade and Other Receivables

	Consolidated	
	2023	2022
	\$	\$
Current		
Other receivables	71,331	235,533
Prepayments	13,145	15,334
	84,476	250,867

None of the trade and other receivables are past due date. There are no expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 6: Held for Sale Asset

	Consolidated	
	2023	2022
	\$	\$
Current		
Land and Buildings	520,136	-
	<hr/>	<hr/>
	520,136	-

On 11 May 2023, the Company announced that it has listed its Mount Isa property under a sale and leaseback arrangement. The lease terms for the Company (once Inca becomes the lessor) are at a commercial rate. The sale is expected to unlock additional short-term liquidity.

On 9th June 2023, via an ASX announcement, the Company confirmed that a contract had been signed at an agreed sale price of \$700,000 (before sales commission and other related costs). The deposit has been received whilst at the time of the announcement the contract was pending finance being secured by the buyer and settlement of final funds was expected in mid to late July 2023.

Thus, by applying AASB 5, as at 30 June 2023, the land and buildings which were previously recorded as “plant and equipment” were recorded as “an asset held for sale”. The sale was completed on 3 August 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 7: Plant and Equipment

	Plant and Equipment	IT equipment	Motor Vehicles	Land	Buildings	Total
Balance at 1 July 2021	254,684	729	-	-	-	255,413
Additions / (disposals) and writeoffs	138,272	15,065	76,684	195,000	338,159	763,180
Depreciation/ writeback on disposals*	(64,390)	(1,579)	(5,734)	-	(4,569)	(76,272)
Balance at 30 June 2022	328,566	14,215	70,950	195,000	333,590	942,321
At cost	544,534	39,091	76,684	195,000	338,159	1,193,468
Accumulated depreciation	(215,968)	(24,876)	(5,734)	-	(4,569)	(251,147)
Balance at 30 June 2022	328,566	14,215	70,950	195,000	333,590	942,321
Balance at 1 July 2022	328,566	14,215	70,950	195,000	333,590	942,321
Additions / (disposals) and transfers	(10,257)	-	-	(195,000)	(325,136)	(530,393)
Depreciation/ writeback on disposals*	(63,302)	(4,971)	(19,171)	-	(8,454)	(95,898)
Balance at 30 June 2023	255,007	9,244	51,779	-	-	316,030
At cost	534,277	39,091	76,684	195,000	338,159	1,183,211
Accumulated depreciation	(279,270)	(29,847)	(24,905)	-	(13,023)	(347,045)
Additions / (disposals) and transfers	-	-	-	(195,000)	(325,136)	(520,136)
Balance at 30 June 2023	255,007	9,244	51,779	-	-	316,030

* Inclusive of depreciation capitalised to exploration and evaluation expenditure.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 8: Exploration and Evaluation Expenditure

Costs carried forward in respect of areas of interest in the following phases:

	Consolidated	
	2023	2022
	\$	\$
Exploration and evaluation phase – at cost		
Balance at 1 July	8,940,720	10,721,723
Expenditure incurred (including exchange rate movements)	3,044,713	8,223,027
Expenditure written off	(133,624)	(10,004,030)
	<hr/>	<hr/>
Balance at 30 June	11,851,809	8,940,720

Note 9: Right-of-use Asset and Lease Liability

The Company's lease portfolio includes the Perth office lease. The average term of the lease is 1-2 years with an option to extend for an additional 2 years. On 6 June 2023, the lease was extended for 2 years to 6 June 2025.

(a): Carrying value

	Consolidated	
	2023	2022
	\$	\$
Balance at inception of the lease	14,156	56,623
Addition to Right-of-use Asset (extension)	33,242	-
Accumulated depreciation	(15,541)	(42,467)
	<hr/>	<hr/>
	31,857	14,156

(b): AASB 16 related amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income

	Consolidated	
	2023	2022
	\$	\$
Depreciation expense	15,541	14,155
Interest expense (included in administrative expenses)	527	1,117
	<hr/>	<hr/>
	16,068	15,272

(c): Total cash outflows for leases

	Consolidated	
	2023	2022
	\$	\$
Repayment of lease liabilities	(16,084)	(15,956)

(d): Option to extend or terminate

The Company uses high sight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

(e): Lease liability

	Consolidated	
	2023	2022
	\$	\$
Opening balance	14,237	29,076
Addition to Right-of-Use Asset (extension)	33,242	-
Less: principal repayments	(16,084)	(15,956)
Add: interest expense on lease liability	527	1,117
	<u>31,922</u>	<u>14,237</u>
Current lease liability	16,274	14,237
Non-current lease liability	<u>15,648</u>	<u>-</u>

Note 10(a): Trade and Other Payables (current)

	Consolidated	
	2023	2022
	\$	\$
Trade and other creditors	75,787	395,298
Accrued liabilities	40,625	553,442
	<u>116,412</u>	<u>948,740</u>

None of the payables are past due date.

Note 10(b): Provisions

	Consolidated	
	2023	2022
	\$	\$
Current		
Annual leave	17,580	88,770
Long service leave	-	50,894
	<u>17,580</u>	<u>139,664</u>
Non-current		
Annual leave	-	-
Long service leave	3,122	-
	<u>3,122</u>	<u>-</u>

Note 11: Loan Payable

	Consolidated	
	2023	2022
	\$	\$
Related party Loan - Director	500,000	-
	<u>500,000</u>	<u>-</u>

On 11 May 2023, the Company announced that a director related entity had agreed to provide the Company with a loan facility of A\$500,000. On 30 June 2023, the Company completed a draw-down of the full amount of the loan facility being \$500,000. The interest will be charged from this date.

The loan funds will be used towards the planned exploration activities in the 2023 field season.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 11: Loan Payable continued.

The facility description is as follows:

Loan amount	\$500,000
Maturity date	11 May 2024
Security	Unsecured
Interest rate	RBA rate plus 4% on a compound interest basis
Repayment date	The repayment date is 12 months from the first draw-down.
Lender	Adam Taylor

Note 12: Contributed Equity

	Consolidated	
	2023	2022
	\$	\$
a) Paid up capital		
483,514,473 ordinary shares (30 June 2022: 481,559,927 ordinary shares)	59,675,531	59,585,601
b) Movements in shares on issue	No of shares	Paid up capital
		\$
Balance at 30 June 2021	415,976,672	53,671,191
Issued 6 July 2021	189,851	24,737
Issued 6 July 2021	200,000	20,000
Issued 6 July 2021	4,388,543	394,969
Issued 14 July 2021	4,518,597	406,674
Issued 22 July 2021	10,109,427	909,848
Issued 28 July 2021	16,902,750	1,521,248
Issued 4 August 2021	12,797,187	1,151,747
Issued 6 August 2021	14,197,423	1,277,768
Issued 13 August 2021	1,500,000	135,000
Issued 1 October 2021	164,467	18,749
Issued 4 January 2022	266,731	30,546
Issued 1 April 2022	348,279	38,750
Transaction costs from issue of shares	-	(15,626)
Balance at 30 June 2022	481,559,927	59,585,601
Issued 5 July 2022	334,812	34,720
Issued 1 October 2022	168,098	9,375
Issued 25 November 2022	261,478	14,585
Issued 3 rd January 2023	529,058	15,625
Issued 3 rd April 2023	661,100	15,625
Balance at 30 June 2023	483,514,473	59,675,531
c) Movements in options on issue		

In relation to listed options (ASX: ICGOC) exercisable at \$0.20 per option at any time up to 31 October 2023, there is 68,266,588 options outstanding over unissued ordinary shares on issue at 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 12: Contributed Equity continued.

d) Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Note 13: Interests of Key Management Personnel

a) Key management personnel compensation

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid to each member of the Company's key management personnel for the year ended 30 June 2023. The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits (i)	324,612	402,876
Post-employment benefits (ii)	78,834	43,438
	<u>403,336</u>	<u>446,314</u>

(i) Includes payments for salaries, director fees, consulting fees and allowances.

(ii) Includes superannuation contributions and long service leave entitlements.

b) Key management personnel shareholdings

The number of ordinary shares in Inca Minerals Limited held by key management personnel of the Company during the financial year is as follows.

2023				
Name	Opening balance 1 July 2022	Additions (through salary sacrifice and purchases)	Director Resignation	Closing balance 30 June 2023
Ross Brown	3,694,313	-	(3,694,313)	-
Gareth Lloyd	1,378,521	648,397	-	2,026,918
Jonathan West	3,912,840	354,334	-	4,267,174
Adam Taylor	25,238,482	4,375,052	-	29,613,534
Totals	34,224,156	5,377,783	(3,694,313)	35,907,626

2022				
Name	Opening balance 1 July 2021	Additions / Director Appointment	Disposals / Director Resignation	Closing balance 30 June 2022
Ross Brown	3,419,122	275,191	-	3,694,313
Gareth Lloyd	1,102,832	275,689	-	1,378,521
Jonathan West	3,699,290	213,550	-	3,912,840
Adam Taylor	-	25,238,482	-	25,238,482
Totals	8,221,244	26,002,912	-	34,224,156

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 14: Related Party Transactions

During the year ended 30 June 2023, shares received by directors in lieu of cash consideration have been issued as follows:

Director	Total \$ Value of Shares Issued	Accrued Salary & Fees at 30 June 2023 to be Received in Shares	Shares to be issued at 30 June 2023
Ross Brown	\$17,720	-	-
Gareth Lloyd	\$25,000	\$6,250	286,741
Jonathan West	\$12,500	\$3,125	143,371
Adam Taylor	\$25,000	\$6,250	286,741

*\$17,720 performance-based remuneration

The Company has joint ventures with Jonathan West (5%) and MRG (5%) covering the Frewena tenements, these were agreed upon in 2019.

During the year, the Company obtained a loan from an entity related to Adam Taylor. Refer to Note 11 for further details.

There were no other transactions and balances with directors and other key management personnel.

Note 15: Loss Per Share

	Consolidated	
	2023	2022
	\$	\$
a) Basic Earnings Per Share		
Profit / (loss) used in calculating basic and diluted earnings per share	(1,448,826)	(11,858,499)
Weighted average number of ordinary shares on issue during the year used as the denominator in calculating basic loss per share	482,171,856	476,113,245
Basic profit / (loss) per share (cents)	(0.30)	(2.49)
b) Diluted profit / (loss) per share (cents)		
Weighted average number of ordinary shares and share options on issue during the year used as the denominator in calculating diluted loss per share	482,171,856	476,113,245
Diluted profit / (loss) per share (cents)	(0.30)	(2.49)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 16: Cash Flow Information

	Consolidated	
	2023	2022
	\$	\$
a) Reconciliation of the net profit / (loss) after income tax to the net cash flows from operating activities		
Net profit / (loss) for the year	(1,448,826)	(11,858,499)
Depreciation	111,441	76,272
Impairment of Peruvian value added tax	54,978	666,223
Shares issued for non cash	89,930	132,780
Foreign exchange (gains) / losses	7,631	19,747
Exploration and evaluation expenditure written off	133,624	10,004,321
Interest on lease liability	527	1,117
Write off of PPE	32,100	-
Changes in assets and liabilities		
Decrease / (increase) in trade and other receivables	166,391	(227,599)
Increase / (decrease) in trade and other payables	(812,328)	292,295
Increase / (Decrease) in provisions	(118,962)	23,684
Net cash outflow from operating activities	<u>(1,783,494)</u>	<u>(909,444)</u>
(b) Reconciliation of cash and cash equivalents		
Cash balance comprises: cash assets	<u>795,186</u>	<u>4,920,053</u>

(c) Non-cash financing activities

During the year ended 30 June 2023, the Company did not have any non-cash financing.

During the year ended 30 June 2022, the Company did not have any non-cash financing.

Note 17: 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:

	Consolidated	Consolidated
	2023	2022
	\$	\$
Not later than one year	1,533,714	1,277,377
Between one and five years	1,107,804	7,880,510
	<u>2,641,518</u>	<u>9,157,887</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 17: Expenditure Commitments Continued.

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

	Consolidated 2023 \$	Consolidated 2022 \$
Not later than one year	46,774	43,950
Between one and five years	16,042	-
	<hr/> 62,816	<hr/> 43,950

Note 18: Auditor's Remuneration

	Consolidated 2023 \$	Consolidated 2022 \$
Statutory audit by auditor of the parent company		
Audit and review of financial statements of parent entity	40,000	40,000
Audit and review of financial statements of subsidiary entity	3,000	-
	<hr/> 43,000	<hr/> 40,000
Statutory audit by auditor of Inca Minerales S.A.C. and Brillandino Minerales S.A.C.	18,584	19,307
Other services by auditor of Inca Minerales S.A.C. and Brillandino Minerales S.A.C.	-	-
	<hr/> 18,584	<hr/> 19,307
	<hr/> 61,584	<hr/> 59,307

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 19: 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. The Company is domiciled in Australia. Segment revenues are allocated based on the country in which the party is located. Operating revenues of approximately Nil (2022: Nil) are derived from a single external party. All the assets are located in Peru and Australia. Segment assets are allocated to countries based on where the assets are located.

Reportable segments:	Australia	Peru	Consolidated
	\$	\$	\$
Segment revenue			
2023	106,634	-	106,634
2022	194,036	-	194,036
Segment result			
2023	(777,744)	(671,082)	(1,448,826)
2022	(814,256)	(11,044,243)	(11,858,499)
Segment assets			
2023	9,378,311	4,221,183	13,599,494
2022	11,523,656	3,544,460	15,068,117
Segment liabilities			
2023	(653,201)	(15,835)	(669,036)
2022	(1,005,056)	(77,585)	(1,082,641)
Depreciation and amortisation expense			
2023	(63,822)	(49,330)	(113,152)
2022	(28,972)	(1,706)	(30,678)

Note 20: Financial Risk Management Objectives and Policies

(a) Interest rate risk

The Company's exposure to interest rate risk which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities as set out below:

	Weighted average interest rate (%)	Non-interest bearing	Floating interest rate	Fixed interest maturing 1 year or less	Fixed interest maturing 1 to 5 years	Total
		\$	\$	\$	\$	\$
30 June 2023						
Cash and cash equivalents	0.78	525,836	208,950	60,400	-	795,186
30 June 2022						
Cash and cash equivalents	0.01	4,815,632	84,411	20,000	-	4,920,053

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 20: Financial Risk Management Objectives and Policies Continued.

(b) Interest rate sensitivity analysis

At 30 June 2023, if interest rates had changed by 25 basis points during the entire year with all other variables held constant, profit for the year and equity would have been \$32,326 higher/lower (2022: \$12,300)

A 25-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

(c) Credit risk

The maximum exposure to credit risk at reporting date on financial assets of the Company is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

(d) Commodity price risk

The Company is not exposed to commodity price risk as the operations of the Company are not yet at the production stage.

(e) Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances will not necessarily agree with the amounts disclosed in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 20: Financial Risk Management Objectives and Policies (continued)

	Less than 6 months \$	6 months to 1 year \$	1 to 5 years \$	Total \$
30 June 2023				
Financial liabilities due for payment				
Trade and other payables	(116,412)	-	-	(116,412)
Lease liabilities	(8,036)	(8,238)	(15,648)	(31,922)
Loan Payable	-	(500,000)	-	(500,000)
	<u>(124,448)</u>	<u>(508,238)</u>	<u>(15,648)</u>	<u>(648,334)</u>
Financial assets – cash flows realisable				
Cash assets	734,786	60,400	-	795,186
Trade and other receivables	84,476	-	-	84,276
	<u>819,262</u>	<u>60,400</u>	<u>-</u>	<u>879,662</u>
Net (outflow)/inflow on financial instruments	694,814	(447,838)	(15,648)	231,328
30 June 2022				
Financial liabilities due for payment				
Trade and other payables	(928,740)	-	-	(928,740)
Lease liabilities	(14,237)	-	-	(14,237)
	<u>(942,977)</u>	<u>-</u>	<u>-</u>	<u>(942,977)</u>
Financial assets – cash flows realisable				
Cash assets	4,900,053	20,000	-	4,920,053
Trade and other receivables	235,533	-	-	235,533
	<u>5,135,586</u>	<u>20,000</u>	<u>-</u>	<u>5,155,586</u>
Net (outflow)/inflow on financial instruments	4,192,609	20,000	-	4,212,609

There were no other Level 2 or Level 3 financial instruments.

(f) Foreign exchange risk

The Company is exposed to foreign exchange risk as certain transactions are denominated in United States Dollars and Peruvian Nuevos Soles as a result of operating in Peru.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, is mainly in relation to its cash and cash equivalents and exploration and evaluation expenditure, and was as follows.

	USD \$	PEN \$
30 June 2023		
Cash and cash equivalents,	14,089	30,569
Exploration and evaluation expenditure	-	2,922,687
30 June 2022		
Cash and cash equivalents	1,776	64,076
Exploration and evaluation expenditure	-	2,210,053

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 28: Financial Risk Management Objectives and Policies (continued)

(g) Net fair value of financial assets and liabilities

The carrying amounts of financial instruments included in the statement of financial position approximate their fair values due to their short terms of maturity.

Note 21: Events Subsequent to Reporting Date

On 5th July 2023, the Company issued to directors and consultants a total of 1,495,508 fully paid shares for non cash. 716,853 shares were issued at a deemed price of \$0.0218 per share, being for remuneration sacrifice to directors. 778,655 shares were issued at a deemed price of \$0.1037 per share, being for consultant fees.

On 3rd August 2023, the Company's sale of its Mt Isa property settled. This meant a receipt of \$ 668,540 (after sales commission and other related costs). The contract was a sale and lease back agreement where the Company is still able to use the property under the lease to 30 April 2026.

On 4th September 2023, the Company announced the signing of a tenement sale and purchase agreement with North West Iron Pty Ltd for the acquisition of EL 80/5904 which is currently under application with the WA Department of Mines, Industry Regulation and Safety. As consideration, Inca will issue 6 million ordinary shares of which 1 million were issued on 6th September 2023 with the remaining to be issued within 30 days of signing of the agreement. The shares issued and to be issued are at a deemed price of \$0.018 per share.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the Company's operations or the state of affairs of the Company in future financial years.

Note 22: Contingent Liabilities

There are no contingent liabilities at reporting date.

Note 23: Controlled Entities

	Country of Incorporation	Percentage Controlled (%)	
		2023	2022
Subsidiaries of Inca Minerals Limited:			
Urcaguay Pty Ltd	Australia	100	100
Inca Minerales S.A.C.	Peru	100	100
Brillandino S.A.C.	Peru	100	100
Hydra Minerals Ltd	Australia	100	100
Dingo Minerals Pty Ltd	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

Note 24: Share-based Payments

In accordance with the Company's Directors' Remuneration-Sacrifice Share Plan (Plan), from time to time and subject to shareholder approval, the Board may seek to reduce their cash remuneration through the issue of fully paid ordinary shares (Shares) in the Company, in lieu of cash remuneration, to Directors.

During the year ended 30 June 2023, Shares received by directors under the terms of the Plan in lieu of cash consideration have been issued as follows. The deemed issue price of the Shares was the volume weighted average share price of shares sold on the ASX during the 90 days prior to the expiration of the relevant quarter for which the director elected to sacrifice the remuneration.

Director	Total \$ Value of Shares Issued	Accrued Salary & Fees at 30 June 2023 to be Received in Shares	Shares to be issued at 30 June 2023
Ross Brown	\$17,720 *	-	-
Gareth Lloyd	\$25,000	\$6,250	286,741
Jonathan West	\$12,500	\$3,125	143,371
Adam Taylor	\$25,000	\$6,250	286,741

*: Performance based remuneration paid issued in this financial year but related to the previous year.

Note 25: Parent Information

	2023	2022
	\$	\$
<i>Financial position</i>		
<i>Assets</i>		
Current assets	1,316,375	5,096,891
Non-current assets	22,123,628	19,424,182
Total assets	23,440,003	24,521,073
<i>Liabilities</i>		
Current liabilities	(621,702)	(1,005,057)
Non-current liabilities	(31,499)	-
Total liabilities	(653,201)	(1,005,057)
Net Assets	22,786,802	23,516,016
<i>Equity</i>		
Issued capital	59,675,531	59,585,603
Share Option Reserve	180,288	319,004
Accumulated Losses	(37,069,017)	(36,388,591)
Total equity	22,786,802	23,516,016
<i>Financial performance</i>		
(Loss) for the year	(819,144)	(814,257)
Other comprehensive income	-	-
Total comprehensive income	(819,144)	(814,257)

There are no guarantees entered into by the parent entity in relation to the debts of its subsidiaries. There are no contingent liabilities of the parent entity as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment as at the reporting date.

The Company has certain operating commitments pertaining to non-cancellable operating leases and agreements contracted for but not recognised in the financial statements:

	2023	2022
	\$	\$
Not later than one year	17,500	17,551
Between one and five years	16,042	-
	<hr/> 33,542	<hr/> 17,551

Note 26: Company Details

The principal place of business of the Company is:

Inca Minerals Limited
Suite 1, 16 Nicholson Road
Subiaco, WA, 6008
Australia

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 13 to 43, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS);
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Group;
2. the Directors have been given the declarations required by s295A of the *Corporations Act 2001* that:
 - a. the financial records of the Group for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Group 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.

On behalf of the Directors:

A handwritten signature in blue ink, appearing to be 'AT', is written on a light blue rectangular background.

Adam Taylor
Director

Dated at Perth this 15th day of September 2023

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS
ACT 2001
TO THE DIRECTORS OF INCA MINERALS LIMITED**



PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188

Fax: +61 8 9321 1204

ABN: 84 144 581 519

www.stantons.com.au

15 September 2023

Board of 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 Mineral Limited.

As Audit Director for the audit of the financial statements of Inca Mineral Limited for the year ended 30 June 2023, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Eliya Mwale
Director

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PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Inca Mineral Limited ("the Company"), and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without modifying our audit opinion expressed above, attention is drawn to the following matter:

As referred to in Note 1 to the financial statements, the financial statements have been prepared on the going concern basis. At 30 June 2023 the Group had cash and cash equivalents totalling \$795,186, had net cash outflows from operating, investing and financing activities of \$3,999,347 and incurred a loss before tax for the period of \$1,448,826. The Group's ability to continue operations is dependent upon the Company's ability to raise capital through issue of additional shares, curtailing administration and operational cashflows and/or developing the Group's mineral assets. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

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Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be Key Audit Matter to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the Matter was Address in the Audit
<p>Carrying Value of Capitalised Exploration and Evaluation Expenditure</p> <p>As at 30 June 2023, Capitalised Exploration and Evaluation expenditure totals \$11,851,809. (Refer to Note 1(d) and note 8 to the financial report).</p> <p>The carrying value of Capitalised Exploration and Evaluation expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the total balance (92% of total assets); • The necessity to assess management’s application of the requirements of the accounting standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> (“AASB 6”), in light of any indicators of impairment that may be presented; and • The assessment of significant judgements made by management in relation to the Capitalised Exploration and Evaluation Expenditure. 	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> i. Assessing the management’s determination of its areas of interest to ensure consistency with the definition in AASB 6; ii. Where the right of tenure expired or the management intends not to renew the right of tenure, ensured that the exploration costs are written off; iii. Evaluating costs capitalised during the year and testing on sample basis; iv. Reviewing the directors’ assessment of the carrying value of the exploration and evaluation expenditure, ensuring the veracity of the data presented and that management has considered the effect of potential impairment indicators, commodity prices and the stage of the Group’s projects against AASB 6 and AASB 136 <i>Impairment of Assets</i>; v. Evaluation of Group documents for consistency with the intentions for the continuing of exploration and evaluation activities in certain areas of interest and corroborated with enquiries of management. Inter alia, the documents we evaluated included: <ul style="list-style-type: none"> • Minutes of meetings of the board and management; • Announcements made by the Group to the Australian Securities Exchange; and • Cash flow forecasts; and vi. Assessing the appropriateness of the related disclosures in the financial statements in accordance with AASB 6.



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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



We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Inca Minerals Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd
Eliya Mwale

Eliya Mwale
Director
West Perth, Western Australia
15 September 2023

Shareholder Information

The shareholder information set out below is applicable as at 15 September 2023 unless otherwise stated.

CAPITAL STRUCTURE

The Company currently has issued capital of 486,009,981 fully paid ordinary shares. The Company has also issued 68,266,589 options with an exercise price of \$0.20 and an expiry date of 31 October 2023. The Company has no other class of security or options on issue.

VOTING RIGHTS

The Company's Constitution provides that at a meeting of shareholders, and on a show of hands, each shareholder present in person and each other person present as a proxy, attorney or representative of a shareholder has one vote. On a poll, each shareholder present in person has one vote for each fully paid ordinary share held by the shareholder and each person as a proxy, attorney or representative of a shareholder has one vote for each fully paid ordinary share held by the shareholder that person represents.

DISTRIBUTION OF EQUITY SECURITIES as at 15 September 2023

The number of holders by size of their holding of fully paid ordinary issued shares in the Company is as follows:

SPREADS OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL ISSUED CAPITAL
1 - 1,000	84	19,736	0.00%
1,001 - 5,000	126	435,952	0.09%
5,001 - 10,000	348	2,670,384	0.55%
10,001 - 100,000	980	39,693,357	8.17%
100,001 - 999,999,999,999	579	443,190,552	91.19%
TOTAL	2,117	486,009,981	100%

SUBSTANTIAL SHAREHOLDERS

Adam Taylor and his associated companies and superfund are considered a substantial shareholder of the Company and the total number of shares held as at 15 September 2023 was 29,900,275 (6.15%). A substantial shareholder notice was released by the Company on 20 October 2021.

ESCROW

There are no Company securities subject to voluntary escrow.

UNMARKETABLE PARCELS

As at 15 September 2023 there were 918 shareholders with an unmarketable share parcel of less than 23,809 shares at the prevailing share price of 2.1 cents per share.

RESTRICTED SECURITIES

There are no restricted securities.

DIVIDENDS

The Company has not paid any dividends in the period.

VOTING RIGHTS

Each ordinary share is entitled to one vote when a poll is called and has one vote if present at a meeting with a show of hands.

Shareholder Information (continued)

TWENTY LARGEST SHAREHOLDERS

The names and details of the twenty largest quoted shareholdings in the Company as at 15 September 2023 are as follows:

Rank	Name	Units	% of Units
1	ADAM TAYLOR	29,900,275	6.15
2	MR CHRISTOPHER ERROL SCHUH	12,374,309	2.55
3	BNP PARIBAS NOMS PTY LTD	11,015,115	2.27
4	MR STEPHEN PHILIP CHEWTER + MRS MARGARET ELIZABETH CHEWTER	8,461,096	1.74
5	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	8,243,316	1.7
6	MRS LORIS JOYCE FISHER + MR PETER JOHN FISHER	8,225,000	1.69
7	MS GIOVANNA LINA GAN	8,000,000	1.65
8	MR ALLEN JAMES WILSON	7,898,003	1.63
9	JOHN HAZELDENE NOMINEE COMPANY PTY LTD <JOHN HAZELDENE FT A/C>	7,647,728	1.57
10	MR CRAIG MICHAEL LAKE + MRS JUDITH MAY LAKE	7,350,000	1.51
11	EXCEL SHARES PTY LTD <EXCEL SUPER FUND A/C>	5,600,000	1.15
12	CITICORP NOMINEES PTY LIMITED	5,497,886	1.13
13	MR PETER JOHN FISHER + MRS LORIS JOYCE FISHER	5,075,000	1.04
14	MR ANTONY CHAMBERS	4,799,528	0.99
15	MR STEVEN LOUGHREY	4,500,000	0.93
16	MRS SANDRA COLLI	4,420,662	0.91
17	DR JONATHAN WEST + MS JANET MARGARET STONE <WEST STONE SUPER FUND A/C>	4,410,545	0.91
18	CEDARFORD PTY LTD <HORONDA SUPER FUND A/C>	4,285,000	0.88
19	WHATLEY PTY LTD	4,000,000	0.82
20	ROSS CURTIS BROWN	3,865,192	0.8
Totals: Top 20 holders of ICG ORDINARY FULLY PAID		155,568,655	32.01
Total Remaining Holders Balance		330,441,326	67.99
Total Holders Balance		486,009,981	100

Shareholder Information (continued)

TWENTY LARGEST OPTION HOLDERS - ICGOC

The names and details of the twenty largest quoted option holders in the Company as at 15 September 2023 are as follows:

Rank	Name	Units	% of Units
1	FORTE EQUIPMENT PTY LTD	4,444,445	6.51
2	PROSPERITY FUND PTY LTD <PROSPERITY SUPERFUND A/C>	4,175,220	6.12
3	MR ANDREW PETER FISHER + MRS LORIS JOYCE FISHER	3,333,333	4.88
4	ZAMAN PERAK PTY LTD <ANDREW FLEISCHER S/F A/C>	2,550,000	3.74
5	MR CHRISTOPHER ERROL SCHUH	2,424,243	3.55
6	MR JEREMY RICHARD SHARMAN	2,010,785	2.95
7	MR PAUL ROBERT HAYNES	1,956,473	2.87
8	JOHN HAZELDENE NOMINEE COMPANY PTY LTD <JOHN HAZELDENE FT A/C>	1,818,182	2.66
9	MINTON TRADING PTY LTD <MINTON SUPERFUND A/C>	1,500,000	2.2
10	HBTM PTY LTD <HEFF INVESTMENT A/C>	1,350,000	1.98
11	BUSINESS SUPER PTY LTD	1,295,890	1.9
12	MRS SWETHA ORAMPADU	1,011,110	1.48
13	MR TIM SHANE WESTON + MRS JOANNE CLARE WESTON	1,000,454	1.47
14	MR JOHN EDMUND SAINSBURY	1,000,000	1.46
15	HEFF SUPER PTY LTD <J & A HEFF SUPER FUND A/C>	1,000,000	1.46
16	MR STEVEN LOUGHREY	1,000,000	1.46
17	T C DRAINAGE (WA) PTY LTD	952,727	1.4
18	GOFFACAN PTY LTD <KMM FAMILY A/C>	949,614	1.39
19	MR PAUL JAMES GILLINGHAM	888,081	1.3
20	MR PAUL CAREW FLINT	863,176	1.26
Totals: Top 20 holders of ICGOC 31102023/\$0.20		35,523,733	52.04
Total Remaining Holders Balance		32,742,855	47.96
Total Holders Balance		68,266,588	100

Tenement Schedule

Location		Project Name		Project Status	Tenement	Ownership	
Country	State	Project Name	Tenement Name				
Australia	QLD	MaCauley Creek	MaCauley Creek South	Granted	EPM27124	Earning 90% ¹	Inca Minerals Limited
Australia	QLD	MaCauley Creek	MaCauley Creek North	Granted	EPM27163	Earning 90% ¹	Inca Minerals Limited
Australia	NT	Frewena Fable	Frewena Fable	Granted	EL31974	Earning 90% ²	Inca Minerals Limited
Australia	NT	Frewena Fable	Frewena Fable North	Granted	EL32287	Earning 90% ²	Inca Minerals Limited
Australia	NT	Frewena East	Frewena East SouthEast (EL32580+EL32856)	Granted	EL33258	Earning 90% ²	Inca Minerals Limited
Australia	NT	Frewena East	Frewena East (Near Frontier)	Granted	EL32857	Earning 90% ²	Inca Minerals Limited
Australia	NT	Frewena East	Frewena East	Granted	EL32795	Earning 90% ²	Inca Minerals Limited
Australia	NT	Frewena Far East	Frewena Far East (EL32293+EL32808)	Granted	EL33282	Earning 90% ²	Inca Minerals Limited
Australia	NT	Frewena Frontier	Frewena Frontier North	Granted	EL32688	Earning 90% ²	Inca Minerals Limited
Australia	NT	Frewena Frontier	Frewena Frontier South Central	Granted	EL32689	Earning 90% ²	Inca Minerals Limited
Australia	NT	Frewena Frontier	Frewena Frontier South	Granted	EL32690	Earning 90% ²	Inca Minerals Limited
Australia	NT	Lorna May	Lorna May	Application	EL32107	Earning 95% ³	Inca Minerals Limited
Australia	NT	Lorna May	Lorna May (non-consent area)	Application	ELA33151	Earning 95% ³	Inca Minerals Limited
Australia	NT	Jean Elson	Jean Elson West	Granted	EL32485	Earning 90% ⁴	Inca Minerals Limited
Australia	NT	Jean Elson	Jean Elson East	Granted	EL32486	Earning 90% ⁴	Inca Minerals Limited
Australia	NT	Jean Elson	Jean Elson Northwest	Granted	EL33214	Earning 90% ⁴	Inca Minerals Limited
Australia	NT	Hay River	Hay River West	Application	EL32579	Earning 90% ⁵	Inca Minerals Limited
Australia	QLD	Hay River	Hay River East	Granted	EPM27747	Earning 90% ³	Inca Minerals Limited
Australia	WA	Dingo Range Nickel	Dingo Range Nickel	Granted	E53/1377	Ni-rights	Bullseye Mining Limited
Australia	WA	Dingo Range Nickel	Dingo Range Nickel	Granted	E53/1380	Ni-rights	Bullseye Mining Limited
Australia	WA	Dingo Range Nickel	Dingo Range Nickel	Granted	E53/1407	Ni-rights	Bullseye Mining Limited
Australia	WA	Dingo Range Nickel	Dingo Range Nickel	Application	E53/2125	Ni-rights ⁶	Bullseye Mining Limited
Australia	WA	Dingo Range	Dingo Range South	Application	E37/1478	100% ⁷	Inca Minerals Limited
Australia	WA	Dingo Range	Dingo Range North	Application	E37/1348	Ni-rights ⁸	Bullseye Mining Limited
Australia	WA	Bramhill Hills	Bramall Hills	Application	E80/5904	100%	Inca Minerals Limited

Note 1: JV Agreement and Royalty Deed between Inca (90%), MRG Resources (10%) free-carried to feasibility and with residual 5% NSR.

Note 2: JV Agreement and Royalty Deed between Inca (90%), MRG Resources (5%) and Dr J. West (5%) free-carried to feasibility and with residual 5% NSR.

Note 3: JV Agreement and Royalty Deed between Inca (95%) and MRG Resources (5%) free-carried to feasibility and with residual 5% NSR.

Note 4: JV Agreement and Royalty Deed between Inca (90%) and MRG Resources (10%) free-carried to feasibility and with residual 5% NSR.

Note 5: JV Agreement and Royalty Deed between Inca (90%) and MRG Resources (10%) free-carried to feasibility and with residual 5% NSR.

Note 6: Inca claims an interest over the tenement by virtue of Bullseye's failure to make an Offer to Inca under clause 3.2(c) in relation to the surrender of E53/1352.

Note 7: Tenement covers the ground the subject of surrendered E37/1124.

Note 8: Tenement covers part of the ground the subject of surrendered E37/1124. Inca claims an interest in the application by virtue of Bullseye's failure to make an Offer to Inca under clause 3.2(c) in relation to the surrender of E37/1124.

Tenement Schedule (continued)

Location		Project Name		Project Status	Tenement Number	Ownership	
Country	State	Project Name	Tenement Name				
Peru		Riqueza	Rita Maria	Granted	010171016	100%	Brillandino Minerals S.A.C.
Peru		Riqueza	Uchpanga	Granted	010170916	100%	Brillandino Minerals S.A.C.
Peru		Riqueza	Uchpanga II	Granted	010251716	100%	Brillandino Minerals S.A.C.
Peru		Riqueza	Uchpanga III	Granted	010251616	100%	Brillandino Minerals S.A.C.
Peru		Riqueza	Picuy	Granted	010171116	100%	Brillandino Minerals S.A.C.
Peru		Riqueza South	Ccarhua I	Granted	010123020	100%	Brillandino Minerals S.A.C.
Peru		Riqueza South	Gutiérrez II	Granted	010123120	100%	Brillandino Minerals S.A.C.
Peru		Riqueza South	Ccarhua II	Granted	010215320	100%	Brillandino Minerals S.A.C.
Peru		Riqueza South	Occorcocha I	Application	010215520	100%	Brillandino Minerals S.A.C.
Peru		Riqueza South	Occorcocha II	Granted	010215620	100%	Brillandino Minerals S.A.C.
Peru		Cerro Rayas	La Elegida	Granted	010109205	100%	Inca Minerales S.A.C.
Peru		Cerro Rayas	Puyuhuan	Granted	010336917	100%	Inca Minerales S.A.C.
Peru		Cerro Rayas	Huaytapata	Granted	010337017	100%	Inca Minerales S.A.C.
Peru		Cerro Rayas	Huaytapata Sur	Granted	010221018	100%	Inca Minerales S.A.C.
Peru		Cerro Rayas	Vicuna Puquio	Granted	010221018	100%	Inca Minerales S.A.C.
Peru		Cerro Rayas	Vicuna Puquio II	Granted	010221018	100%	Inca Minerales S.A.C.
Peru		Cerro Rayas	Tablamachay	Granted	010221018	100%	Inca Minerales S.A.C.
Peru		Cerro Rayas	Yacuna	Granted	010221318	100%	Inca Minerales S.A.C.
Peru		Cerro Rayas	Intihuanunan	Granted	010221418	100%	Inca Minerales S.A.C.

END OF REPORT