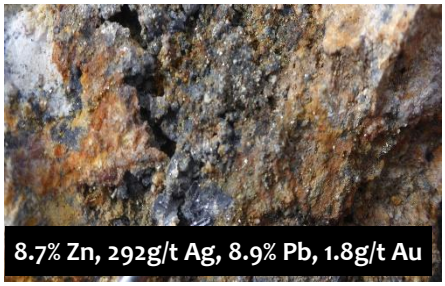
HIGHLIGHTS THIS QUARTER

EXPLORATION

- Further zinc (Zn), silver (Ag) and lead (Pb) discoveries at Humaspunco including additional veins and extensions of mantos
- High grade Zn, Ag, Pb and gold (Au) confirmed in vein (or dyke) material at Uchpanga at **8.67% Zn, 292g/t Ag, 8.93% Pb, 1.78g/t Au**
- Reconnaissance mapping and sampling completed at Riqueza this quarter in readiness for drilling
- **DIA drill permit granted at Riqueza**
- High grade Zn identified at Cerro Rayas in first pass exploration
  - Peak values: **42.77% Zn, 258g/t Ag, 26.1% Pb**
  - Wari Mine working sample averages: **30.55% Zn, 177.3g/t Ag, 21.21% Pb**
  - Vilcapuquio Mine working sample averages: **18.78% Zn, 3.2g/t Ag, 2.60% Pb**



CORPORATE

- Company raises $2.45 million (after costs) this quarter to partially fund upcoming drilling campaign
- Inca 2016 AGM completed

PROJECT ACTIVITIES

Riqueza Zinc-Silver-Lead Project

Exploration Results

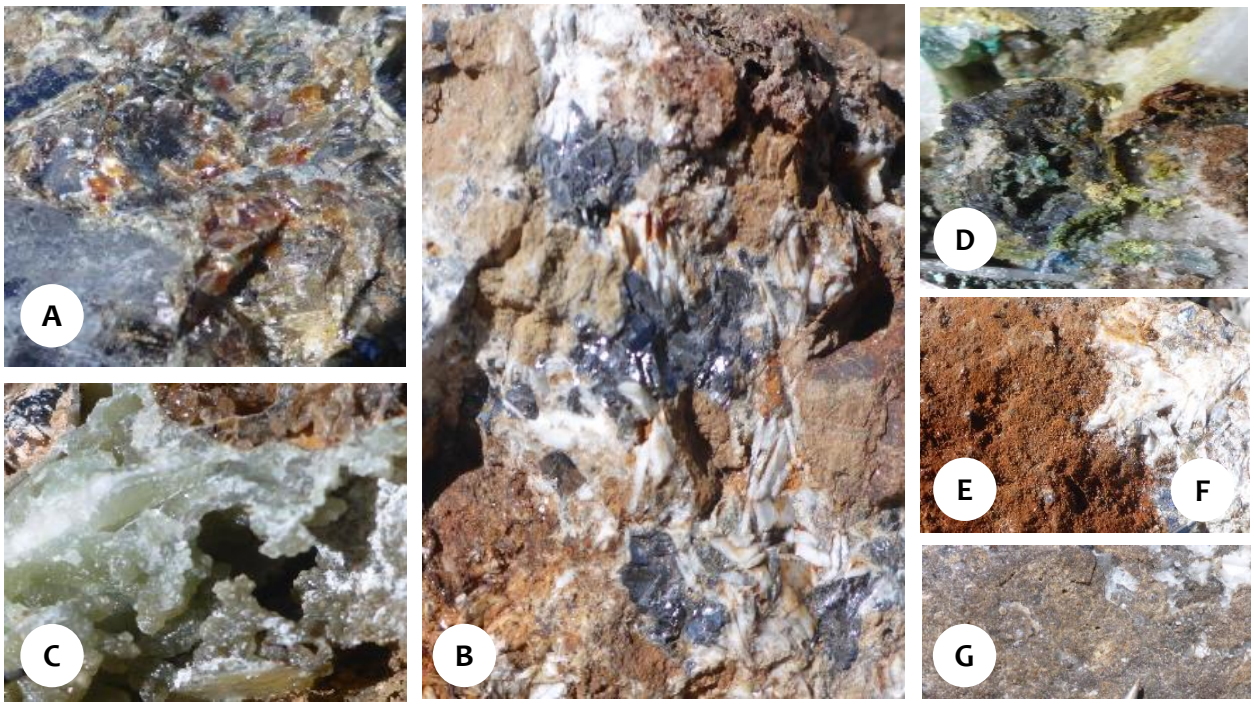
During the December 2016 quarter (**Quarter**) Inca Minerals Limited (**Inca** or **Company**) completed its four-phase reconnaissance mapping and sampling program (**Program**) at its Riqueza Zn-Ag-Pb-(Au) project in Peru. Reconnaissance exploration prior to and during the Quarter netted the Company multiple successes resulting in an extensive inventory of exemplary Zn-Ag-Pb (and Au) drill targets that will be tested in 2017.

Synopsis of Results from all Programs

The following is a summary of exploration achievements at Riqueza:

- Discovery of over 60 mineralised mantos, veins and breccias at Humaspunco and Pinta:
  - 36 (named) veins at Humaspunco (HV1-HV36) (Programs 1-3)
  - 5 (named) veins at Pinta (PV1-PV5) (Programs 2-3)
  - More than 20 manto occurrences representing a minimum of 4 manto horizons (Programs 1-4)
  - Innumerable veinlets (Program 4 and 1:2,000 scale mapping program)

- Detailed knowledge of mineralisation and alteration (Humaspunco-Pinta):
  - Blebby aggregates of generally fine-grained sphalerite (zinc sulphide) ***pictured below*** **A**
  - Blebby aggregates of generally coarse-grained galena (lead sulphide) **B**
  - Secondary zinc as smithsonite **C;** secondary copper as azurite/malachite **D**
  - Development of gossan/semi-gossanous zones after sulphides **E**
  - Coarse to very coarse-grained barite and calcite as gangue material **F**
  - Very fine-grained dolomite as thin alteration selvedges along vein/manto contacts **G**
- Detailed knowledge of mineralisation and alteration (Uchpanga):
  - Fine grained disseminated galena, sphalerite and pyrite (iron sulphide)
  - Fine veins/stockwork galena, chalcopyrite (iron, copper sulphide)
  - Secondary zinc as smithsonite, secondary copper as azurite/malachite
  - Development of gossan/semi-gossanous zones after sulphides
  - Pervasive argillic and phyllic alteration as broad zones associated with vein(s) or dyke(s)



Permitting and Drill Set-up

The Company applied for a DIA drill permit in mid-2016. During the Quarter the DIA permit was granted. The DIA drill allowance is 14,000m with 20% extra drilling capacity permissible automatically under DIA regulations (for a total of 16,800m). Subject of ongoing review, Inca intends dividing the 14,000m DIA capacity into 3 programs: Drill Phase 1 (**DP1**) of ±5,500m, will be a broad-spaced assessment of the Humaspunco-Pinta and Uchpanga prospects. DP2 (±4,000m) and DP3 (±4,500m) will be a combination of extension drilling and in-fill drilling in a bid to commence the resource-build process. The DIA has a term of 2 years, which may be extended by 1 year. The DIA also has an allowance of 3,070m of trenching.

Having been granted the DIA permit, the Company is now waiting on Peruvian authorities to complete the approvals process by formally advising the official date on which Inca may commence drilling - a perfunctory government process expected shortly.

The Company expects to award the drill contract in the next days, followed by rig mobilisation on-site. The Riqueza drill camp has already been established.

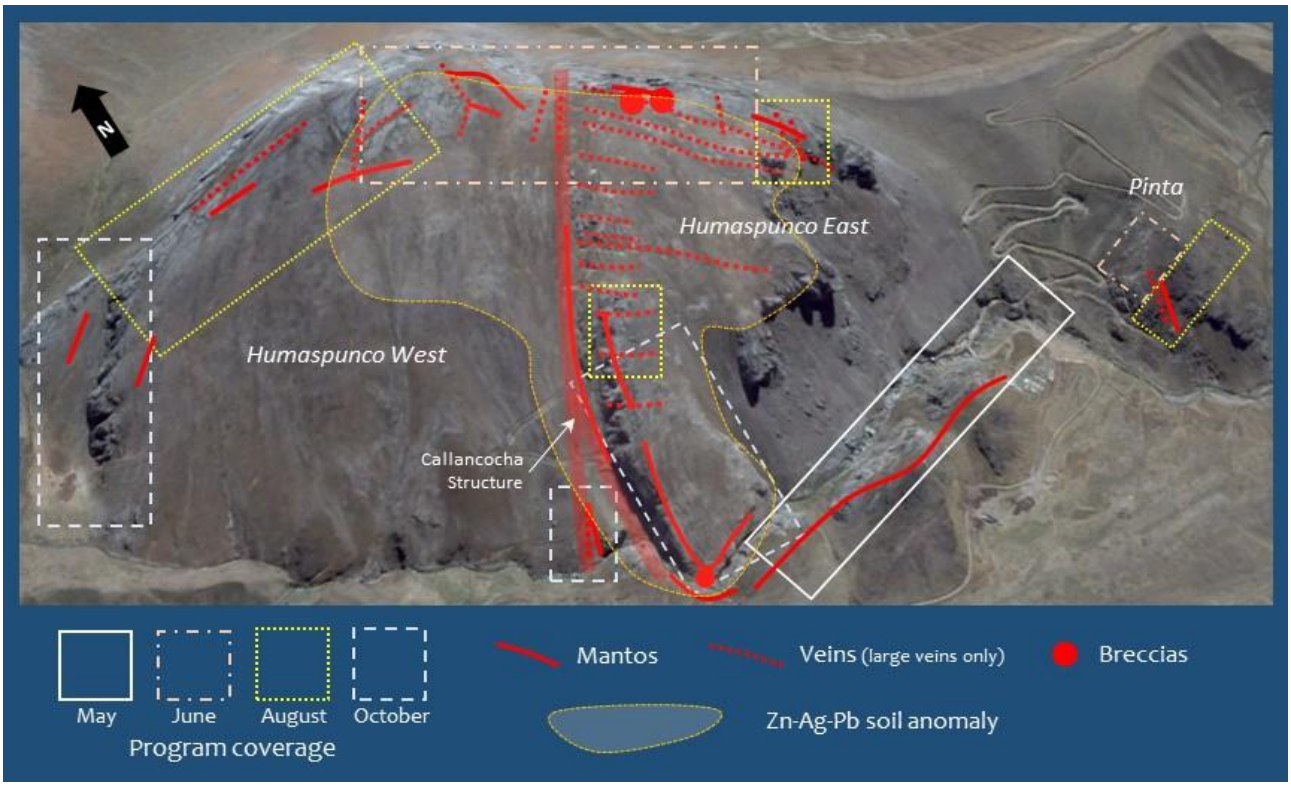
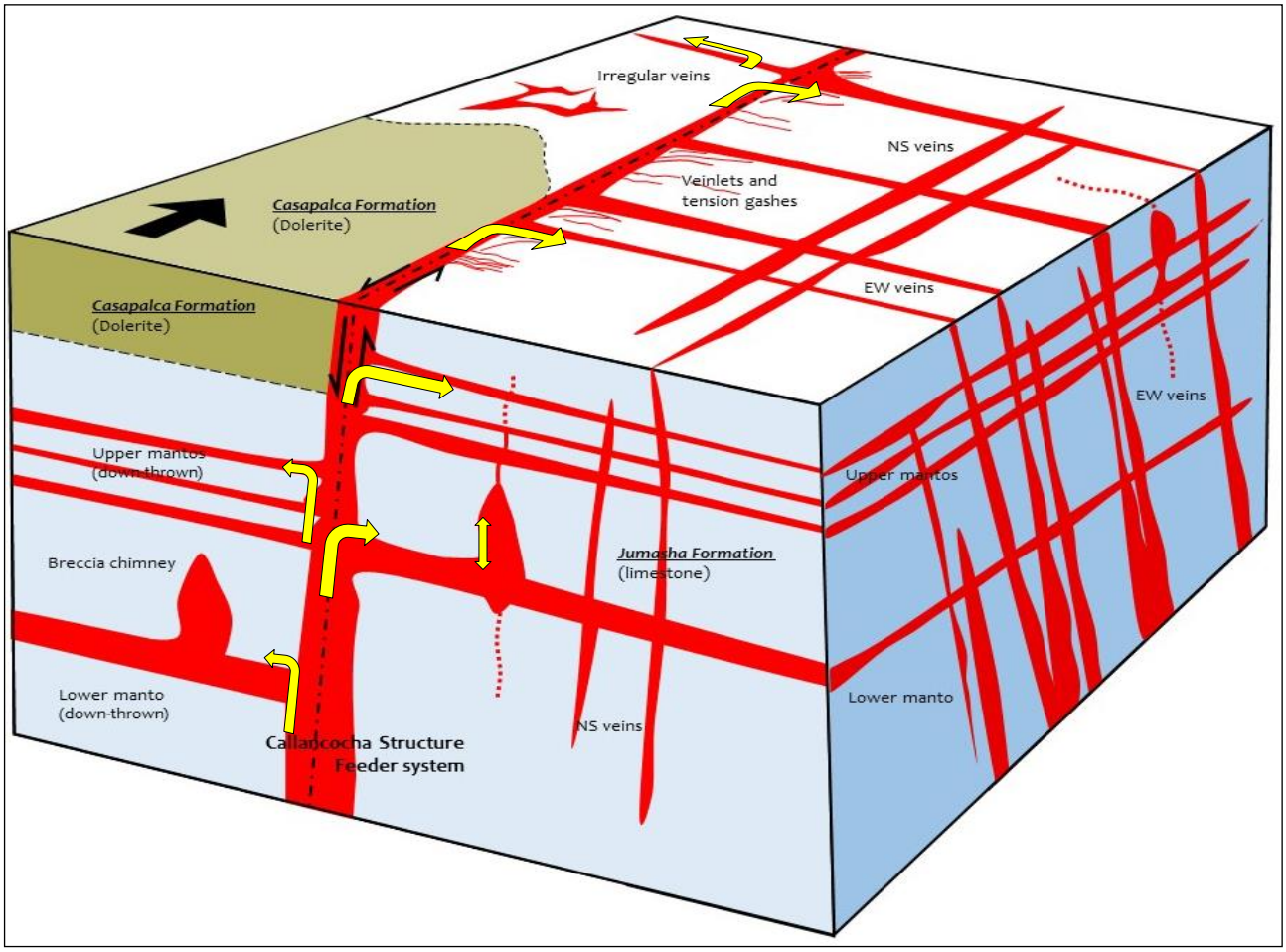


Figure 1: **ABOVE** Satellite image of the Humaspunco-Pinta area. Locations of mineralised mantos, veins and breccias are approximate and not all veins are included. The Callancocha Structure divides the Humaspunco Hill into two, Humaspunco West and Humaspunco East. Manto mineralisation is believed to extend sub-surface, daylighting around the perimeter of Humaspunco Hill. There are a total of 36 named veins and numerous un-labelled veins occurring at Humaspunco. A large Zn-Ag-Pb soil anomaly coincides with known mineralisation at Humaspunco East and with a large non-outcrop area at Humaspunco West. A block diagram that schematically represents Humaspunco Hill is provided as Figure 2.

Exploration Model and Development of Drill Targets

The Quarter culminated in the development of an Exploration Model (**Model**) that best explains the style and characteristics of mineralisation occurring at Humaspunco and Pinta. The Model (Figure 2) provides a visual aid in understanding the spatial relationships between the four main forms of mineralisation (mantos, veins, breccias and veinlets) and is central to the design and implementation of drilling at Riqueza.

Figure 2: **BELOW** Block diagram showing all forms of mineralisation currently known at Humaspunco-Pinta, the Exploration Model. Mantos (flat) and veins (upright) form a matrix of intersecting zones of mineralisation. The Callancocha Structure is believed to be a feeder zone for manto and vein Zn-Ag-Pb mineralisation. Breccia pipes (chimneys) may originate by limestone collapse and dissolution along weaknesses (perhaps giving rise to vein mineralisation). The Callancocha Structure is a left-lateral oblique fault, west (left) block down and south. Such movement is believed to have caused, *inter alia*, the downwards movement of the manto sequence (west of the fault), the juxtaposition of the younger Casapalca Formation against the Jumasha Formation, and the development of veinlets and tension gashes. Yellow arrows show possible mineralising fluid pathways.



Next Quarter (Jan-Mar 2017)

The January-March 2017 quarter will see the commencement of the DIA drilling campaign at Riqueza. It is the intention of the Company to drill at Humaspunco-Pinta and at Uchpanga. The initial drill holes at Humaspunco will focus on the large EW and NS veins (several of which are related to the feeder zone) and the extensive manto horizons occurring just below the surface at Humaspunco. Holes will also test the southern extension of the mantos in an area now called Humaspunco South and test the Zn-Ag-Pb-Au vein/dyke at Uchpanga.

Parallel programs including systematic sampling and geophysics trials are ongoing and designed to assist drill targeting. To date, the systematic channel sampling program has focussed on identifying trends in mineralisation associated with the EW veins at Humaspunco East. At the close of work in 2016 results are pending. A systematic 1:1,000 scale and 1:2,000 scale geological mapping program has been running at the same time. Initial findings were reported this Quarter and include the indication of a new class of mineralised vein (interstitial veins), occurring between and branching from the larger veins and occurring at and along the Callancocha Structure (Figure 2).

Examining the effectiveness of different geophysics methods is important in the future development of Riqueza, especially with respect to the exploration of deep-set mineralised systems (skarns and mineralised intrusives). Whilst magnetics and IP chargeability may not be useful for deposits containing sphalerite and galena, such as Humaspunco-Pinta, these methods can be more effective with pyrite rich alteration zones such as Uchpanga. An IP trial was completed at Humaspunco in the previous quarter to ascertain its suitably. At the time of writing a decision to commence geophysics after an initial period of drilling is pending.

Cerro Rayas Zinc-Silver-Lead Project

The Company received assay results for samples collected during a brief mapping and sampling program (**CR-Program 1**) at its Cerro Rayas Project in the Quarter. Cerro Rayas is the Company's second Zn-Ag-Pb-focussed project in Peru, located 15km from Riqueza. CR-Program 1 focussed on two old mine workings, Vilcapuquio in the north of the concession and Wari in the south of the concession. Representative samples of mineralisation were collected during detailed mapping of the interior walls of the mine workings.

Rock chip sample assay results are particularly pleasing from both the Wari and Vilcapuquio old mine workings. Based on assay results, Wari is strongly mineralised in Zn, Ag and Pb with averages of **30.55% Zn, 177.3g/t Ag, 21.21% Pb**. Peak vales at Wari include: **30.96% Zn, 258g/t Ag and 26.06% Pb**. This contrasts with samples from Vilcapuquio to date that are strongly mineralised in Zn only. Its averages are **18.78% Zn, 3.2g/t Ag, 2.60% Pb**. Peak vales at Vilcapuquio include: **42.77% Zn, 7.7g/t Ag and 7.98% Pb**.

Figure 3: **RIGHT** The entrance to the Vilcapuquio mine working that returned higher than expected Zn results. Insert **BELOW** Calcite-veined limestone associated with Zn mineralisation at Vilcapuquio.

Project Opportunities in Peru and Australia

Inca continued to review Zn, Ag and Pb project opportunities during the Quarter and will continue to do so into the future.

CORPORATE ACTIVITIES

During the Quarter the Company completed three share placements to existing and new shareholders. In total the Company raised A$2.45 million (after raising costs) through the issue of 2.24 million fully paid ordinary shares. Monies raised are to fund the exploration activities at the Company's Peru based projects and working capital.

On 29 November 2016 the Company conducted its 2016 Annual General Meeting (AGM) with all proposed resolutions being overwhelmingly supported by shareholders.

Ross Brown
Managing Director

Competent Person's Statements

The information in this report that relates to mineralisation for the Riqueza and Cerro Rayas projects, located in Peru, is based on information compiled by Mr Ross Brown BSc (Hons), MAusIMM, SEG, MAICD Managing Director, Inca Minerals Limited, who is a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Brown is a full time employee of Inca Minerals Limited and consents to the report being issued in the form and context in which it appears.

Some of the information in this report may relate to previously released information concerning mineralisation for the Riqueza and Cerro Rayas projects, located in Peru, and subsequently prepared and first disclosed under the JORC Code 2004. It has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported, and is based on the information compiled by Mr Ross Brown BSc (Hons), MAusIMM, SEG, MAICD Managing Director, Inca Minerals Limited, who is a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Brown is a full time employee of Inca Minerals Limited and consents to the report being issued in the form and context in which it appears.

Table 1: List of ASX Announcements During December 2016 Quarter

ASX Announcements	Price Sensitive	Date Announced	Competent Person
December 2016 Quarter Announcements			
Summary of August Riqueza Exploration Program	Yes	6/10/2016	Ross Brown
Trading Halt	Yes	7/10/2016	
Placement to Existing Shareholders	Yes	11/10/2016	
Appendix 3B	No	12/10/2016	
Riqueza Update	Yes	13/10/2016	Ross Brown
Notice Under ASX Listing Rule 3.10.5 and s.708A of the Act	No	18/10/2016	
Mineralised Structure Zone Discovered at Uchpanga	Yes	24/10/2016	Ross Brown
Share Placement	Yes	24/10/2016	
Appendix 5B - September 2016 Quarter	Yes	26/10/2016	
Notice of 2016 Annual General Meeting	No	26/10/2016	
Share Placement & Appendix 3B	No	27/10/2016	
Amended Share Placement Announcement	No	27/10/2016	
Inca Minerals Ltd 2016 Annual Report	No	27/10/2016	Ross Brown
Appendix 4G	No	27/10/2016	
Inca September 2016 Quarter Activities Report	Yes	31/10/2016	Ross Brown
New Mineralised Veins at Riqueza	Yes	8/11/2016	Ross Brown
Mineralisation Confirmed at Inca's Cerro Rayas Project	Yes	9/11/2016	Ross Brown
Trading Halt	Yes	10/11/2016	
Share Placements and Cleansing Notice	Yes	14/11/2016	
Notice of Initial Substantial Holder - Mr Z. Zhang	No	16/11/2016	
Notice of Initial Substantial Holder - Inca Minerals Limited	No	16/11/2016	
Response to ASX Price Query	Yes	22/11/2016	
42.77% Zinc in First Program at Cerro Rayas Project	Yes	29/11/2016	Ross Brown
Inca Minerals Ltd 2016 Annual General Meeting Results	No	30/11/2016	
Riqueza Drill Permit Appears Imminent & Further Discoveries	Yes	8/12/2016	Ross Brown
Riqueza Project Exploration Summary	Yes	14/12/2016	Ross Brown
Material Post-December 2016 Quarter Announcements			
Riqueza Project DIA Drilling Permit Granted	Yes	3/01/2017	

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