4 September 2017

UNDERGROUND SAMPLING COMMENCES AT CERRO RAYAS

Inca Minerals Limited (**Inca** or the **Company**) (ASX code: ICG) has commenced an underground mapping and sampling program at its zinc-focussed Cerro Rayas Project, located 15km northeast of the Company's other zinc-focussed project, Riqueza, which among other activities, is currently being drilled.

"We continue to see strength in forecast zinc prices" says Inca's Managing Director, Mr Ross Brown "so the recent expansion of the Riqueza Project and progressing exploration of the Cerro Rayas Project is firmly in keeping with our strategy to secure and develop very high potential zinc-focussed projects."

Whilst discoveries are being made in drilling and surface work at Riqueza, high-grade results from previously reported reconnaissance at Cerro Rayas has encouraged concurrent exploration efforts at this nearby project. Reconnaissance sampling at Wari, the southern-most mine working (Figure 1), returned averages of **30.55% Zn, 177.3g/t Ag** and **21.21% Pb** with peak vales of **30.96% Zn, 258g/t Ag** and **26.06% Pb**.

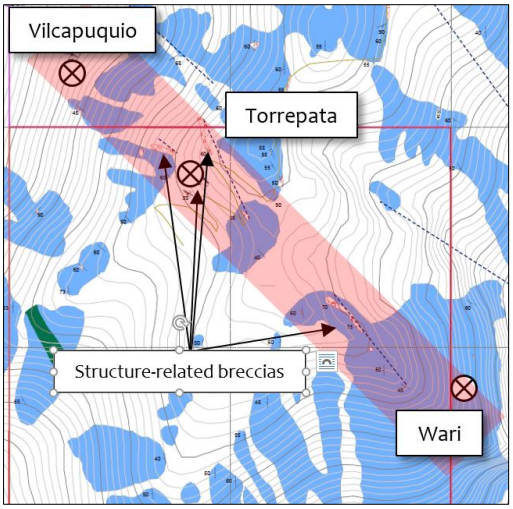

Figure 1: **ABOVE** Location of the mine workings at Cerro Rayas.

At Vilcapuquio, the northern-most working (Figure 1), averages from sampling are **18.78% Zn, 3.2g/t Ag** and **2.60% Pb** with peak values of **42.77% Zn, 7.7g/t Ag** and **7.98% Pb**. Sampling at Torrepata also generated excellent results, including peak values of **41.59% Zn, 349g/t Ag** and **20.19% Pb.**

"Preliminary sampling at Cerro Rayas has produced stellar assays," says Mr Brown. "Galena is highly visible, but it's the prevalence of the zinc carbonate mineral smithsonite, often hard to identify in the field, that is generating the very high zinc results."

Figure 2: **ABOVE LEFT** Highly weathered sample from Vilcapuquio containing 32.36% Zn; **ABOVE MIDDLE** Highly weathered sample from Vilcapuquio containing 42.77% Zn; **ABOVE RIGHT** Fe-oxide rich, highly weathered sample from Wari containing 30.96% Zn.

The purpose of underground mapping and sampling at Cerro Rayas' three mine workings is to determine the characteristics of mineralisation in preparation for project-wide exploration and fast-tracked drilling. While the Vilcapuquio-Torrepata-Wary zinc-trend is already well defined (as an exceptional 1.2km long drill target), better knowledge of it will help refine drilling parameters and enhance the discovery of possible parallel systems in the project.

Figure 3: **RIGHT** The Torrepata mine working is the largest of the three workings at Cerro Rayas. It has numerous drives and stopes that provide access to a zone of mineralisation up to 5m in true width. Refer also to Figure 5. This will be subject of drilling within the soonest possible timeframe.

The Company has secured community support for exploration at Cerro Rayas and an Inca geological team is currently on site. The workings will be mapped at circa 1:500 scale and mine surfaces will be subject to detailed channel sampling. The mapping and sampling is expected to take three weeks to complete, with a further three - four weeks for assay results.

Figure 4: **ABOVE** A regional plan showing the location of Riqueza and Cerro Rayas in relation to mines in the vicinity, the Corihuarmi Au-Cu Mine, the Bethanja Zn-Ag-Pb Mine, the Heraldos Negros Zn-Ag-Pb-Cu Mine.

The Company continues to drill at Humaspunco (Riqueza) with assay results of RDDH-012, RDDH-013 and RDDH-014 expected shortly (refer to previous ASX announcement 30 August 2017). The Company is also advancing surface exploration at the new Palcacandha Project (forming part of the greater Riqueza project area), where recent discoveries include copper in outcrop and stockwork zones (with gold affinities).

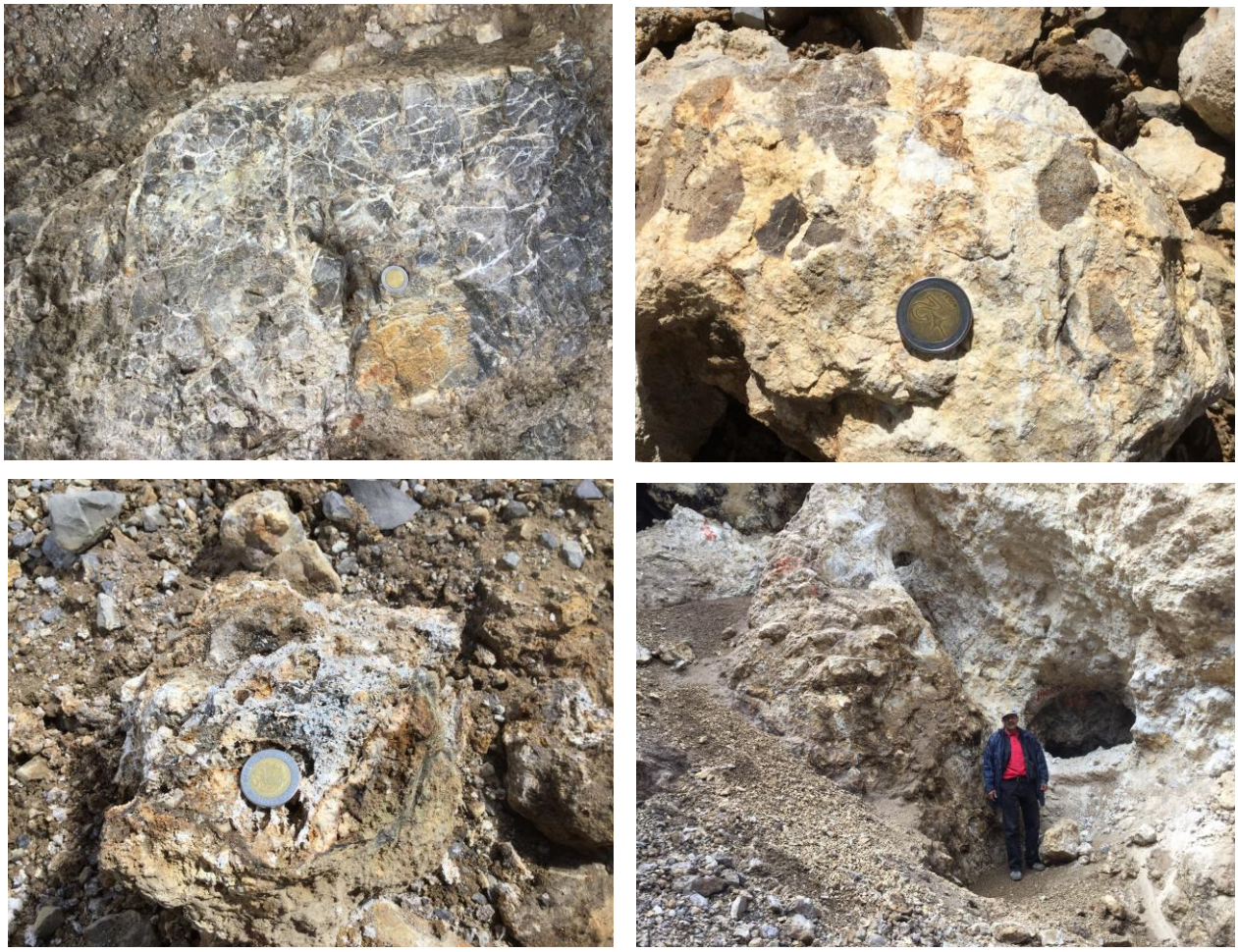

Figure 5: **TOP LEFT** Footwall brecciation at Torrepata, comprising abundant calcite veins and veinlets in a Jurassic limestone; **TOP RIGHT** The main zone of mineralisation at Torrepata is hosted in a brecciated vein. There are four other known breccia veins occurring at Cerro Rayas (excluding those at the other mine workings); **BOTTOM LEFT** Typical, highly weathered ore material comprising gossan (ex-sulphides), smithsonite and relic galena; **BOTTOM RIGHT** The scale of Torrepata is evident in this photo. Past miners focussed on easily "crushed" ore.

Competent Person Statements

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

Some of the information in this report may relate to previously released information concerning mineralisation for the greater Riqueza project area 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 fulltime employee of Inca Minerals Limited and consents to the report being issued in the form and context in which it appears.

Appendix 1

The following information is provided to comply with the JORC Code (2012) requirements for the reporting of rock chip sampling by the Company on two concessions known as La Elegida and La Elegida 1 (located in Peru).

Section 1 Sampling Techniques and Data

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or hand-held XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	This announcement does not refer to any new sample results, referring only to previously released rock chip sample results.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	This announcement does not refer to any new sample result.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is a coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	This announcement refers only to previously released rock chip sample results. Rock chip sampling is a very widely used sampling technique in early exploration, typically combined with geological mapping to determine the presence of mineralisation at a specific location of geological interest. By virtue of its purpose, rock chip sampling is selective. Samples were also taken via channel-sampling methods conducted across visible mineralisation. Each sample was bagged separately and labelled. Samples were sent to a laboratory for multi-element analysis.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	N/A – no drilling or drill results are referred to in this announcement.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	N/A – no drilling or drill results are referred to in this announcement.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	N/A – no drilling or drill results are referred to in this announcement.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	N/A – no drilling or drill results are referred to in this announcement.
Logging	*Whether core and chip samples have been geologically and geo-technically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	N/A – no drilling or drill results are referred to in this announcement.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	N/A – no drilling or drill results are referred to in this announcement.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Logging cont…	*The total length and percentage of the relevant intersections logged.*	N/A – no drilling or drill results are referred to in this announcement.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	N/A – no drilling or drill results are referred to in this announcement.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	N/A – no drilling or drill results are referred to in this announcement.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	The sample preparation technique (for previously released sample results) is appropriate. Each sample was bagged separately and labelled. Samples were sent to a laboratory for multi-element analysis.
	Quality control procedures adopted for all sub-sampling stages to maximise "representivity" of samples.	N/A – sub-sampling procedures were not undertaken by the Company.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Individual rock chip and channel sampling are techniques (described above) that directly samples *in situ* rock.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered adequate in terms of the nature and distribution of *in situ* rock and geological target at each sample location.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The analytical assay technique used in the elemental testing samples for non-Au was four-acid digestion and HCl leach, which is considered a "complete" digest for most material types. Elemental analysis was via ICP and atomic emission spectrometry. Over 20% detection analysis includes additional titration analysis. Au techniques included Fire Assay with AA finish. The analytical assay technique used in the elemental testing is considered industry best practice.
	For geophysical tools, spectrometers, hand-held XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	N/A - No geophysical tool or electronic device was used in the generation of sample results other than those used by the laboratory in line with industry best practice.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Blanks, duplicates and standards were used as standard laboratory QAQC procedures.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	The sample assay results are independently generated by SGS Del Peru (**SGS**) who conduct QAQC procedures, which follow industry best practice.
	The use of twinned holes.	N/A – no drilling or drill results are referred to in this announcement.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Verification of sampling and assaying *cont…*	*Documentation of primary data, data entry procedures, date verification, data storage (physical and electronic) protocols.*	Primary data (regarding assay results) is supplied to the Company from SGS in two forms: EXCEL and PDF form (the latter serving as a certificate of authenticity). Both formats are captured on Company laptops which are backed up from time to time. Following critical assessment (including price sensitivity) when time otherwise permits, the data is entered into a database by a Company GIS personnel.
	Discuss any adjustment to assay data.	No adjustments were made.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	The previously released rock chip sample locations were determined using tape measurements. The location of the adits were determined using hand-held GPS.
	Specification of the grid system used.	WGS846-18L.
	Quality and adequacy of topographic control.	Topographic control is achieved via the use of government topographic maps, in association with GPS and Digital Terrain Maps (DTM's), the latter generated during antecedent detailed geophysical surveys.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The distribution of the rock chip samples and channel samples follows industry best practice and to a large degree subject to the location of visible direct (sulphides) and indirect (alteration) signs of mineralisation.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Please refer immediately above. Note that no Mineral Resource and Ore Reserve estimation has been provided in this announcement. The sample population is insufficient to obtain an Exploration Target and additional sampling, to achieve this, would be required.
	Whether sample compositing has been applied.	Sample compositing was applied, in so far as, at any one sample location, rock was collected; in the case of individual rock chip sampling, from outcrop within a 0.5m radius; in the case of channel sampling from outcrop in a linear range of 1m.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The distribution of rock chip samples follows industry best practice.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	N/A – no drilling or drill results are referred to in this announcement.
Sample security	*The measures taken to ensure sample security.*	Sample security was managed by Inca in line with industry best practice.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	The rock chip sampling regime was appropriate for outcrop conditions prevalent at this project location.

Section 2 Reporting of Exploration Results

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	Tenement Type: Peruvian mining concession. Concession Names: La Elegida and La Elegida 1. Ownership (La Elegida I): The Company has a 2½-year concession transfer option and assignment agreement (**Agreement**) whereby the Company may earn 100% outright ownership of the concession. Ownership (La Elegida): The Company has a 2-year concession transfer option and assignment agreement (**Agreement**) whereby the Company may earn 100% outright ownership of the concession.
	The security of the land tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The Agreements and concessions are in good standing at the time of writing.
Exploration done by other parties	*Acknowledgement and appraisal of exploration by other parties.*	This announcement refers to mineralisation at Cerro Rayas identified in historic mine workings. No past mining product figures are known.
Geology	*Deposit type, geological setting and style of mineralisation.*	The geological setting of the area is that of folded sequence of Jurassic limestones of the Pucará Group; subsequently affected by a series of near vertical Zn-Ag-Pb structures (faults).
Drill hole information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *Easting and northing of the drill hole collar* • *Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar.* • *Dip and azimuth of the hole.* • *Down hole length and interception depth.* • *Hole length.*	N/A – no drilling or drill results are referred to in this announcement.
	If the exclusion of this information is justified on the basis that the information is not material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	N/A – no drilling or drill results are referred to in this announcement.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	N/A – no weighting averages nor maximum/minimum truncations were applied.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations shown in detail.	N/A – no weighting averages nor maximum/minimum truncations were applied.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	N/A – no equivalents were used in this announcement.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	No representations of mineralisation width have been made in this announcement other than a true width estimate of a zone of mineralisation exposed at the known mine workings.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not limited to a plan view of drill hole collar locations and appropriate sectional views.*	A plan showing the location of the three mine workings referred to in this announcement is provided. All three workings are entirely within the concession areas.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The Company believes the ASX announcement provides a balanced report in relation to previously reported exploration referred to in this announcement.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	This announcement makes reference to past sampling and mapping activities of the Company. These sampling and mapping activities were made part of ASX announcements of 29 November 2016 and 10 July 2017.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	By nature of early phase exploration, further work is necessary to better understand the mineralisation that appear characteristic of this area.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	N/A: Refer above.

*****