INCA MINERALS LTD
ACN: 128 512 907

QUARTERLY REPORT
MARCH 2018

HIGHLIGHTS THIS QUARTER

EXPLORATION

- Rastrillo zinc (Zn), silver (Ag), lead (Pb) deposit comprising strongly mineralised veins, breccias, mantos and faults associated with Callancocha Structure recognised at Humaspunco
- The top-40 (of 210 samples) results from Rastrillo include: **≥5.22% Zn averaging 8.78%, ≥78.2g/t Ag (or ≥2.5 oz/t) averaging 150.9g/t (or ≥4.8 oz/t), ≥3.90% Pb averaging 7.42%**
- Rastrillo's NW-SE bearing veins HV-01 and HV-02 top-5 results (of 27 samples) include: **≥6.66% Zn averaging 10.44%, ≥167g/t Ag averaging 200.2g/t (or ≥5.2oz/t), ≥9.21% Pb averaging 12.15%**
- Rastrillo's NE-SW bearing faults of the Callancocha Structure results include:
  - Peak values: **9.98% Zn, 144.0g/t Ag and 8.51% Pb**
  - Trench 1: **2.73% Zn, 95.1g/t Ag, 6.30% Pb over 4.7m**
  - Trench 2: **5.42% Zn, 83.1g/t Ag, 5.00% Pb over 4.00m** within **3.57% Zn, 70.0g/t Ag, 4.04% Pb over 10.1m**
  - Trench 3: **2.18% Zn, 47.7g/t Ag, 1.56% Pb over 4.5m** within **1.40% Zn, 16.2g/t Ag, 0.92% Pb over 11.50m**
  - Trench 4: **4.83% Zn, 13.5g/t Ag, 1.27% Pb over 5.77m** within **2.89% Zn, 12.9g/t Ag, 1.12% Pb over 13.30m**
  - Trench 5: **3.40% Zn, 84.5g/t Ag, 3.11% Pb over 8.10m** within **2.79% Zn, 69.8g/t Ag, 2.96% Pb over 11.47m**
- Reconnaissance channel sampling at Cerro Rayas produces exceptional Zn, Pb and Ag results including:
  - **33.91% Zn, 6.81%Pb, 4.5g/t Ag** channel sample (0.25m) IM-001311
  - **32.86% Zn, 0.45% Pb, 98.6g/t Ag** channel sample (0.30m) IM-001319
  - **26.25% Zn, 4.76% Pb, 33.8g/t Ag** channel sample (0.40m) IM-001295
  - **33.10% Pb, 107.0g/t Ag, 1.98% Zn** channel sample (0.60m) IM-001297
  - **30.16% Pb, 98.1g/t Ag, 1.86% Zn** channel sample (0.60m) IM-001298
- Five new concession applications lodged at Cerro Rayas totalling 2,200ha

POST-QUARTER

- **Inca signs exclusive Earn-In Option Agreement with South32 on Greater Riqueza Project**
- New Peru drill permit regulations activated with expedited approvals and greater flexibility for drilling

CORPORATE

- Inca establishes Technical Advisory Panel (**TAP**)
- Placement to Acuity Capital raises A$160,000 in capital (before associated costs)

The key takeaways

In this quarter we recognise a mineral deposit that may develop into our maiden resource at Riqueza and we agree to an Exclusive Earn-in Option with South32.

- **RESOURCE POTENTIAL = GRADE AND WIDTH INDICATED AT RASTRILLO**
- **SOUTH32 = FUNDING GEOPHYSICS AND POTENTIAL RAFT OF NEW DRILL TARGETS**
- **NEW DRILL PERMITTING = QUICKER GRANTING AND MORE DRILL HOLE FLEXIBILITY**

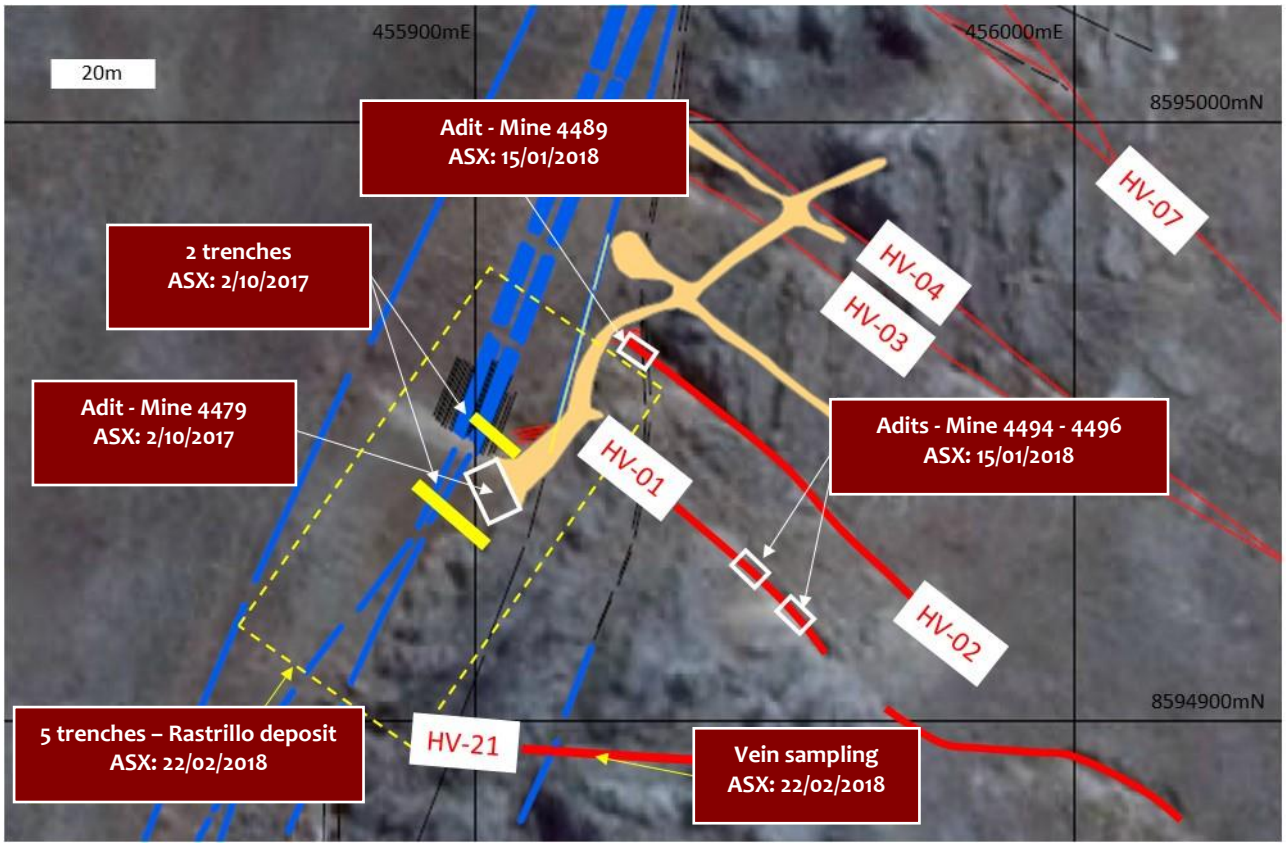
PROJECT ACTIVITIES

Greater Riqueza Zn-Ag-Pb Project

The exploration objective for the March 2018 quarter (**quarter**) at Greater Riqueza was to continue the systematic sampling program at Humaspunco and to follow-up on strong mineralisation discovered along the Callancocha Structure. To this end, Inca Minerals Limited (**Inca** or **Company**) completed several mapping and trench sampling programs along veins HV-01 and HV-02 and along the Callancocha Structure zone. The results culminated in the recognition of the Rastrillo Zn-Ag-Pb deposit.

On 15 January 2018 the Company reported results from underground mine workings Mine 4494 – 4496 located over vein HV-01 and mine working Mine 4489 over vein HV-02.

Figure 1 **BELOW:** Location plan of mines and trenches referred to in-text. The blue lines depict the trace of the regional-scale Callancocha Structure. The pale brown shape traces the underground extent of Mine 4479 (reported 2 October 2017).



The assay results from channel sampling veins HV-01 and HV-02 are very encouraging (Table 1). Peak values include:

- 15.45% Zn (Sample IM-000492) channel length 0.44m of HV-01
- 256g/t Ag (Sample IM-000484) channel length 0.37m of HV-01
- 14.96% Pb (Sample IM-000477) channel length 0.38m of HV-02

The top-5 Zn values of 27 samples in total (from both veins) are greater than 6.66% and average 10.44% Zn. The top-5 Ag values are greater than 167g/t and average 200.2g/t Ag. The top-5 Pb values are greater than 9.21% and average 12.15% Pb.

Sample Number	Sample Location Coordiates		Channel Sample Location (Mine level & Channel Number)	Target	Channel Sample		Zinc		Silver		Lead		Cu	
							Method (ICP40B	Method (AAS41B)	Method (ICP40B	Method (AAS41B)	Method (ICP40B	Method (AAS41B)	Method (ICP40B)	%
	Eastings	Northings			Width	Length	ppm	%	g/t	g/t	ppm	%	ppm	
IM-000472	455942	8594953	Mine 4489, Channel 1	HV-02	0.20	0.31	55000	5.50	88.2	--	55300	5.53	513.3	0.05
IM-000473	455942	8594953	Mine 4489, Channel 1	HV-02	0.20	0.27	8151.7	--	16.4	--	6263	--	161.9	0.02
IM-000474	455947	8594947	Mine 4489, Channel 2	HV-02	0.20	0.33	14200	1.42	20.9	--	19800	1.98	111	0.01
IM-000475	455948	8594948	Mine 4489, Channel 2	HV-02	0.20	0.28	33100	3.31	27.8	--	7332	--	214.4	0.02
IM-000476	455948	8594948	Mine 4489, Channel 2	HV-02	0.20	0.38	45400	4.54	65.5	--	25500	2.55	1062.9	0.11
IM-000477	455950	8594946	Mine 4489, Channel 3	HV-02	0.20	0.38	84300	8.43	132.0	132	**149600**	**14.96**	762.5	0.08
IM-000478	455950	8594946	Mine 4489, Channel 3	HV-02	0.20	0.29	2602.5	--	16.7	--	9888	--	99.4	0.01
IM-000479	455953	8594918	Mine 4494, Channel 1	HV-01	0.20	0.60	17700	1.77	126.0	126	31300	3.13	**1947.1**	**0.19**
IM-000481	455955	8594916	Mine 4494, Channel 2	HV-01	0.20	0.40	25600	2.56	75.5	--	42900	4.29	559.2	0.06
IM-000482	455955	8594916	Mine 4494, Channel 2	HV-01	0.20	0.35	9867.4	--	46.3	--	5840	--	644.8	0.06
IM-000483	455955	8594917	Mine 4494, Channel 2	HV-01	0.20	0.80	10800	1.08	159.0	159	4615	--	1232.2	0.12
IM-000484	455956	8594917	Mine 4494, Channel 2	HV-01	0.20	0.37	6896.3	--	**256.0**	**256**	80400	8.04	1348.4	0.13
IM-000485	455963	8594908	Mine 4496, Channel 1	HV-01	0.20	0.40	11500	1.15	46.3	--	23200	2.32	434.8	0.04
IM-000486	455965	8594906	Mine 4496, Chnnael 2	HV-01	0.20	0.41	33300	3.33	30.7	--	19800	1.98	446.1	0.04
IM-000487	455966	8594904	Mine 4496, Channel 3	HV-01	0.20	0.30	144000	14.40	231.0	231	113500	11.35	1784.1	0.18
IM-000488	455967	8594905	Mine 4496, Channel 3	HV-01	0.20	0.34	8173	--	6.6	--	1619	--	205.9	0.02
IM-000489	455967	8594905	Mine 4496, Channel 3	HV-01	0.20	0.28	66400	6.64	140.0	140	83900	8.39	1882.8	0.19
IM-000491	455967	8594905	Mine 4496, Channel 3	HV-01	0.20	0.31	3146.5	--	70.7	--	37300	3.72	518.1	0.05
IM-000492	455968	8594902	Mine 4496, Channel 4	HV-01	0.20	0.44	**154500**	**15.45**	168.0	168	116100	11.61	1099.6	0.11
IM-000493	455968	8594903	Mine 4496, Channel 4	HV-01	0.20	0.30	72700	7.27	179.0	179	136100	13.61	1092.5	0.11
IM-000494	455969	8594903	Mine 4496, Channel 4	HV-01	0.20	0.28	37200	3.72	141.0	141	54900	5.49	1273.3	0.13
IM-000495	455969	8594903	Mine 4496, Channel 4	HV-01	0.20	0.29	62400	6.24	117.0	117	65300	6.53	1213.3	0.12
IM-000496	455969	8594903	Mine 4496, Channel 4	HV-01	0.20	0.35	31100	3.11	67.9	--	35700	3.57	671.2	0.07
IM-000497	455970	8594902	Mine 4496, Channel 5	HV-01	0.20	0.30	66600	6.66	167.0	167	92100	9.21	1742.3	0.17
IM-000498	455972	8594901	Mine 4496, Channel 6	HV-01	0.20	0.40	29500	2.95	123.0	123	70200	7.02	744.3	0.07
IM-000499	455972	8594901	Mine 4496, Channel 6	HV-01	0.20	0.30	28900	2.89	115.0	115	78100	7.81	964	0.10
IM-000501	455974	8594900	Mine 4496, Channel 7	HV-01	0.20	0.39	22900	2.29	86.2	--	60400	7.81	703.4	0.07

Table 1 **ABOVE:** Assay table (Zn, Ag, Pb & Cu) from channel sampling underground workings following veins HV-02 and HV-01 (in sample number order). Refer ASX announcement 15 January 2018 for sample locations.

Detailed mapping of mineralisation exposed in the mine faces reveals the veins comprise banded zones of ore-forming minerals galena, sphalerite and smithsonite, varying from crustiform layers, veinlets, stockworks, matrix infill and disseminations. Gangue minerals include calcite and barite varying in form from masses, bands and veinlets.

The mapping shows mineralisation associated with HV-01 and HV-02 connects with the mineralisation associated with the Callancocha Structure and that the high grades and greater thicknesses have resulted from increased brecciation and sulphide infilling occurring at this intersection. As previously reported, the grades achieved through direct sampling both veins HV-01 and HV-02 are significantly higher than the grades achieved in previous drilling.

The interconnected nature of mineralisation between HV-01 and HV-02 and Callancocha Structure greatly enhanced the prospectivity of this central part of Humaspunco. Work for the quarter was designed to further explore the intersection of the HV-vein series and the Callancocha Structure.

On 22 February the Company reported results from a mapping and channel sampling program that identified an intense zone of mineralisation comprising a very high concentration of veins, stockwork zones, breccias, faults and mantos. These strongly mineralised features combined to make up the new Rastrillo Zn-Ag-Pb deposit (Rastrillo).

Batch	Sample Numbers		Program Location	Surface / Underground	Target	First Reported
	From	To				
#11	IM000427	IM-000471	Adit area mine 4479	Surface trenches	Intersection between Callancocha structure and HV-01/HV-02	22/02/2018
#12	IM000472	IM-000501	Mine 4489, 4494 4496	Underground	HV-01 and HV-02	15/01/2018
#13	IM000502	IM-000544	Adit area mine 4479	Surface trenches	HV-21	22/02/2018
#14	IM-000545	IM-000599	HV-02 and HV-01/HV-02 splay	Surface trenches	HV-01 and HV-02	22/02/2018
#15	IM-000600	IM-000621	Adit area mine 4479	Surface trenches	NS veins, stockworks	22/02/2018
#16	IM-000622	IM-000689	HV-22	Surface trenches	HV-02, HV-21, HV37/38	22/02/2018

Table 2 **ABOVE:** Batch descriptions from underground and surface sampling at Rastrillo during the quarter.

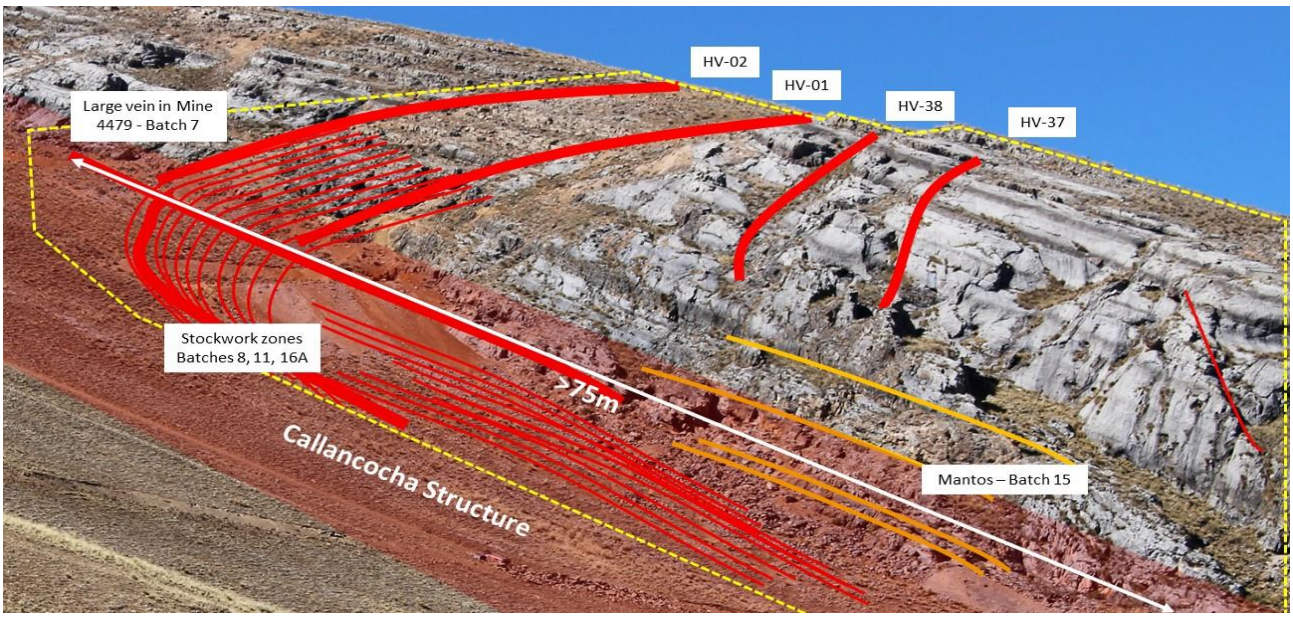


Figure 2 **ABOVE:** Landscape photo showing the approximate shape of the Rastrillo deposit (yellow dashed line), with semi-schematic positions of various components of the deposit also shown.

The Rastrillo deposit occurs at the intersection between the Callancocha Structure and several NW-SE trending HV-veins (Figures 1, 2 and 3). It comprises numerous mineralised components hosting very high grades of Zn, Ag and Pb. The Top 40 (or ≈20% of sample population) Zn, Ag and Pb values of the 210 channel sample results from Batches 11, 13-16, (Batch Summary: Table 2) released in Inca's 22 February 2018 announcement, are very strong with:

- The top 40 Zn **≥5.22% and average 8.78%**
- The top 40 Ag **≥78.2g/t (or 2.5 oz/t) and average 150.9g/t (or 4.8 oz/t)**
- The top 40 Pb **≥3.90% and average 7.42%**

In all forms of mineralisation at Rastrillo, the principal ore-forming minerals are sphalerite (Zn-sulphide), smithsonite (Zn-carbonate) and galena (Pb sulphide). Mineralisation is typically accompanied by calcite and barite as gangue minerals. Silicification and dolomitisation are the principal forms of alteration, which appear confined to zones of mineralisation. Weathering products include Fe and Mn-oxides often with gossanous textures.

There are many different forms of mineralisation making up the Rastrillo deposit. These include:

- NE-SW veins associated with the similar trending Callancocha Structure
- NE-SW faults associated with the similar trending Callancocha Structure
- NW-SE veins (HV-01, HV-02, HV-022, HV-37, HV-38)
- EW tension veins (HV-21)
- NE-SW trending stockwork zones
- NW-SE trending stockwork zones
- Breccias
- Mantos (numerous manto horizons within a 15m thick manto sequence)

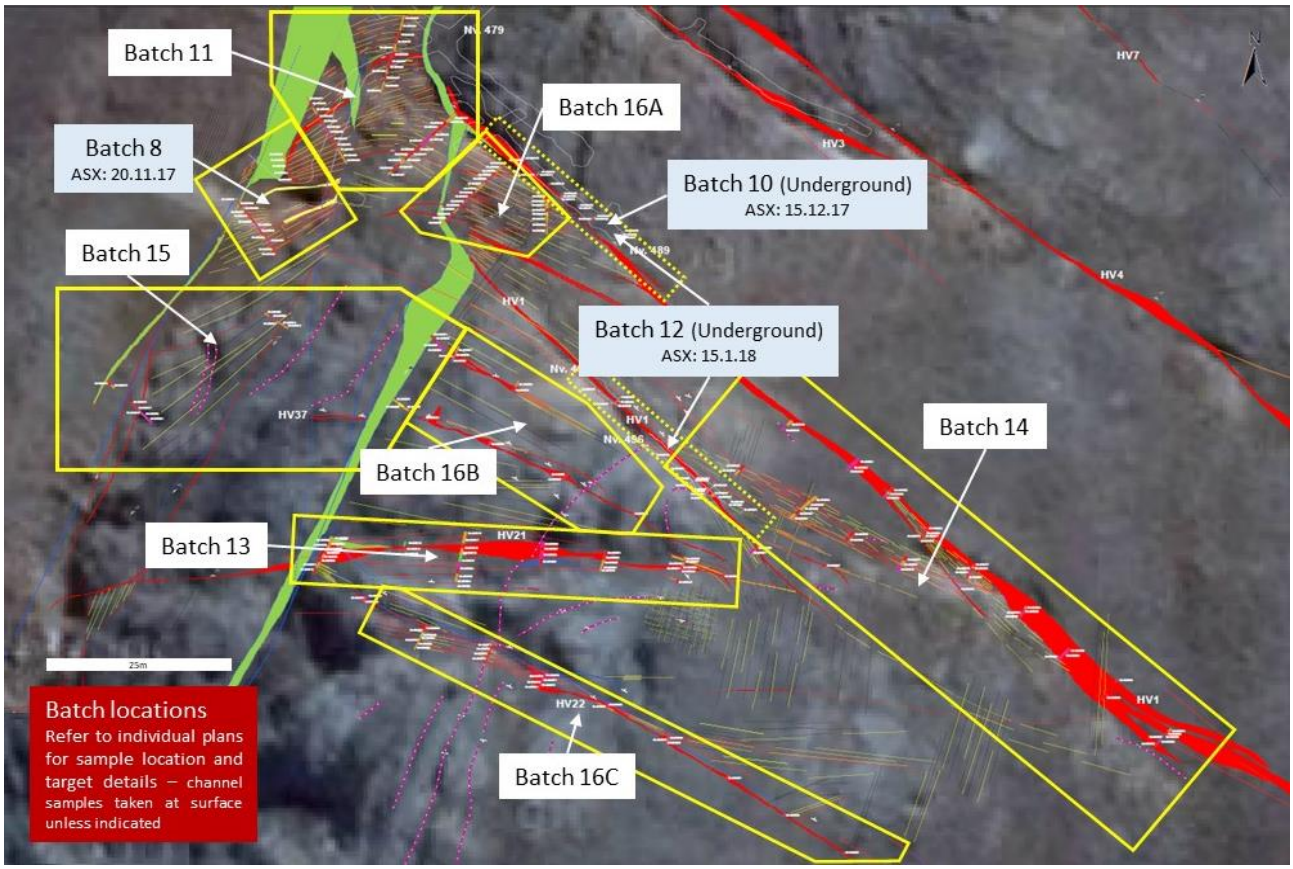


Figure 3 **ABOVE:** Batch locations at the Rastrillo deposit. Results from Batches 11, 13, 14, 15, 16A-B-C were first reported in Inca's 22 February 2018 announcement.

The 210 channel samples reported on 22 February 2018 represent a contiguous sample coverage of 158 linear metres, taken from trenches and from surface rock exposures perpendicular to known or discovered mineralisation trends. Channels within batches are as equally spaced as possible (refer to the ASX announcement 22 February 2018 for detailed sample location plans and Figure 3 above).

Batch 11: Three trenches targeting veins and stockwork zones

In Batch 11, three trenches were excavated to follow up on results of two previous trenches in which broad open-ended strong Zn-Ag-Pb mineralisation was identified (Batch 8 – ASX announcement 20 November 2017).

Table 3 **BELOW:** Batch 11 trench targets, sample numbers and peak values.

Trench Number	Target	Sample Numbers	Peak Results
Trench 3	EW trending stockwork and vein	Samples IM-000427 to IM-000439	Peak values: 4.00% Zn, 62.8g/t Ag, 3.15% Pb
Trench 4	NW-SE trending stockwork	Samples IM-000441 to IM-000457	Peak values: 8.55% Zn, 41.9g/t Ag, 5.77% Pb
Trench 5	NE-SW trending stockwork and vein	Samples IM-000458 to IM-000471	Peak values: 9.98% Zn, 144.0g/t Ag, 8.51% Pb

Results for trenches 3, 4 and 5 from Batch 11 indicate significant extensions from trenches 1 and 2. **Batch peak values include 9.98% Zn, 144.0g/t Ag and 8.51% Pb**. True-width intervals in each trench include:

- Trench 3: 2.18% Zn, 47.7g/t Ag, 1.56% Pb over 4.5m within 1.40% Zn, 16.2g/t Ag, 0.92% Pb over 11.50m
- Trench 4: 4.83% Zn, 13.5g/t Ag, 1.27% Pb over 5.77m within 2.89% Zn, 12.9g/t Ag, 1.12% Pb over 13.30m
- Trench 5: 3.40% Zn, 84.5g/t Ag, 3.11% Pb over 8.10m within 2.79% Zn, 69.8g/t Ag, 2.96% Pb over 11.47m

These results compare favourably with those of trenches 1 and 2 (refer below) and combine to form a broad arcuate zone of stockwork and vein mineralisation that is open-ended beyond the confines of each trench.

- Trench 1: **2.73% Zn, 95.1g/t Ag, 6.30% Pb over 4.7m**
- Trench 2: **5.42% Zn, 83.1g/t Ag, 5.00% Pb over 4.00m** within **3.57% Zn, 70.0g/t Ag, 4.04% Pb over 10.1m**

Batch 13: Seven channels targeting HV-21

In Batch 13, seven channels for a total of 39 individual channel samples were equally spaced along vein HV-21. Results indicate that vein Hv-21 is well mineralised. Channels 1, 3 and 4 intersect both vein and stockwork mineralisation. **Batch peak values include 13.38% Zn, 144.0g/t Ag and 8.83% Pb**. True-width intervals include:

- Channel 1 (HV-21 and stockwork): 0.99% Zn, 42.8g/t Ag, 2.54% Pb over 6.24m
- Channel 3 (HV-21 and stockwork): 1.71% Zn, 18.6g/t Ag, 0.60% Pb over 7.70m
- Channel 4 (HV-21 and stockwork): **5.13% Zn, 125.5g/t Ag, 5.56% Pb over 3.60m**

Table 4 **BELOW**: Batch 13 channel targets, sample numbers and peak values.

Channel Number	Target	Sample Numbers	Peak Results
Channel 1	W-end of HV-21 at intersection	Samples IM-000502 to IM-000512	Peak values: 2.24% Zn, 144.0g/t Ag, 8.83% Pb
Channel 2	HV-21	Samples IM-000513 to IM-000515	Peak values: 4.82% Zn, 37.2g/t Ag, 2.88% Pb
Channel 3	HV-21 and stockwork	Samples IM-000516 to IM-000525	Peak values: 6.98% Zn, 37.6g/t Ag, 1.76% Pb
Channel 4	HV-21 and stockwork	Samples IM-000526 to IM-000529	Peak values: 4.82% Zn, 37.2g/t Ag, 2.88% Pb
Channel 5	HV-21 and stockwork	Samples IM-000531 to IM-000535	Peak values: 1.65% Zn, 107.0g/t Ag, 1.60% Pb
Channel 6	HV-21 and stockwork	Samples IM-000536 to IM-000543	Peak values: 13.38% Zn, 208.0g/t Ag, 3.00% Pb
Channel 7	E-end of HV-21	Sample IM-000544	Peak values: 2.45% Zn, 115.0g/t Ag, 2.70% Pb

Importantly, hanging-wall and footwall stockwork zones are also mineralised. This provides width to mineralisation beyond the confines of the larger veins. **Multiple occurrences of manto mineralisation** also make up this part of the Rastrillo deposit.

Batch 14: Seventeen channels targeting HV-02 and HV-02 stockwork

In Batch 14, seventeen channels for a total of 50 individual channel samples were equally spaced along vein HV-02 and a large splay stockwork. Channels 8 to 16 are equally spaced along HV-02, channels 17 to 21 are equally spaced along a large stockwork zone and channels 22 to 24 are spaced along a parallel system of branching veins (Table 5).

Table 5 **BELOW**: Batch 14 channel targets, sample numbers and peak values.

Channel Number	Target	Sample Numbers	Peak Results
Channel 8	HV-02	Samples IM-000545 to IM-000546	Peak values: 10.83% Zn, 115.0g/t Ag, 2.70% Pb
Channel 9	HV-02	Samples IM-000551 to IM-000553	Peak values: 11.55% Zn, 27.8g/t Ag, 1.68% Pb
Channel 10	HV-02	Samples IM-000562 to IM-000564	Peak values: 6.48% Zn, 50.3g/t Ag, 5.35% Pb
Channel 11	HV-02, stockwork and splay vein	Samples IM-000568 to IM-000573	Peak values: 3.59% Zn, 181.0g/t Ag, 14.85% Pb
Channel 12	HV-02, stockwork and splay vein	Samples IM-000577 to IM-000582	Peak values: 12.02% Zn, 78.2g/t Ag, 3.20% Pb
Channel 13	HV-02 and stockwork	Samples IM-000584 to IM-000587	Peak values: 9.26% Zn, 173.0g/t Ag, 10.77% Pb
Channel 14	HV-02	Samples IM-000588 to IM-000591	Peak values: 11.59% Zn, 60.0g/t Ag, 3.68% Pb
Channel 15	HV-02 bifurcated	Samples IM-000592 to IM-000593	Peak values: 4.13% Zn, 59.6g/t Ag, 4.19% Pb
Channel 16	HV-02 bifurcated	Samples IM-000594 to IM-000599	Peak values: 7.90% Zn, 33.7g/t Ag, 2.42% Pb
Channel 17	NW-SE splay stockwork	Samples IM-000547 to IM-000548	Peak values: 1.81% Zn, 35.2g/t Ag, 1.50% Pb
Channel 18	NW-SE splay stockwork	Samples IM-000554 to IM-000558	Peak values: 1.60% Zn, 111.0g/t Ag, 5.96% Pb
Channel 19	NW-SE splay stockwork	Samples IM-000565 to IM-000566	Peak values: 2.23% Zn, 89.5g/t Ag, 1.99% Pb
Channel 20	NW-SE splay stockwork	Samples IM-000574 to IM-000576	Peak values: 5.84% Zn, 350.0g/t Ag, 6.77% Pb
Channel 21	Stockwork and splay vein (HV-02)	Samples IM-000583	Peak values: 1.10% Zn, 136.0g/t Ag, 9.76% Pb
Channel 22	Parallel vein and stockwork	Samples IM-000549	Peak values: 0.58% Zn, 23.4g/t Ag, 2.13% Pb
Channel 23	Parallel vein and stockwork	Samples IM-000559 to IM-000561	Peak values: 6.62% Zn, 39.0g/t Ag, 2.88% Pb
Channel 24	Parallel vein and stockwork	Samples IM-000567	Peak values: 3.57% Zn, 78.7g/t Ag, 4.79% Pb

Results indicate that HV-02 and the footwall and hanging wall stockwork zones are a well mineralised feature that extends for at least 60m within the Rastrillo deposit. **Batch peak values include 12.02% Zn, 350.0g/t Ag and 14.85% Pb**. True-width intervals include:

- Channel 9 (HV-02): **9.52% Zn, 25.4g/t Ag, 1.46% Pb over 2.50m**
- Channel 12 (HV-02 and stockwork): **3.76% Zn, 29.2g/t Ag, 1.10% Pb over 3.05m**
- Channel 13 (HV-02 and stockwork): **5.40% Zn, 82.3g/t Ag, 2.35% Pb over 2.35m**
- Channel 14 (HV-02): **10.78% Zn, 45.2g/t Ag, 3.43% Pb over 2.60m**
- Channel 20 (stockwork): **3.30% Zn, 152.6g/t Ag, 4.15% Pb over 3.00m**

In a similar fashion to Batches 11 and 13, the stockwork systems in Batch 14 are providing broad zones of mineralisation. In places, the stockwork zones are as strongly mineralised as the veins.

Batch 15: Five channels targeting veins and stockwork of the Callancocha Structure

In Batch 15, five channels for a total of 19 individual channel samples were positioned across possible extensions of strong mineralisation identified in Batch 8, targeting NE-SW veins and stockwork (Table 6).

Table 6 **BELOW**: Batch 15 channel targets, sample numbers and peak values.

Channel Number	Target	Sample Numbers	Peak Results
Channel 25	NE-SW trending stockwork and vein	IM-000601 to IM-000604	Peak values: 10.64% Zn, 78.4g/t Ag, 1.45% Pb
Channel 26	NE-SW trending stockwork and vein	IM-000605 to IM-000607	Peak values: 0.18% Zn, 3.9g/t Ag, 0.09% Pb
Channel 27	NE-SW trending stockwork and vein	IM-000608 to IM-000613	Peak values: 1.13% Zn, 33.2g/t Ag, 1.00% Pb
Channel 28	NE-SW trending stockwork and vein	IM-000614 to IM-000615	Peak values: 4.09% Zn,210.0g/t Ag, 11.50% Pb
Channel 29	NE-SW trending stockwork and vein	IM-000616 to IM-000621	Peak values: 10.64% Zn, 77.5g/t Ag, 2.76% Pb

Results confirm the NE-SW extension of mineralised veins and stockwork of approximately 75m from trench 3 of Batch 11 to trench 29 of Batch 15. **Batch peak values include 10.64% Zn, 210.0g/t Ag and 11.50% Pb**. True-width intervals include:

- Channel 25 (HV-38 and stockwork): **6.33% Zn, 54.4g/t Ag, 0.81% Pb over 3.30m**
- Channel 29 (vein and stockwork): **5.81% Zn, 53.4g/t Ag, 1.70% Pb over 4.30m**

The NE-SW trending mineralisation evident in Batches 8, 11 and 15 extends for approximately 75m. Importantly, this mineralisation increasingly trends toward strong mineralisation discovered in HV-11 (Batch 9) some 200m further SW. To the NE, this system bears towards and includes a large and strongly mineralised NE-SW vein identified in Batch 7 (ASX announcement 2 October 2017).

Multiple occurrences of manto mineralisation also make up this part of the Rastrillo deposit with at least five horizons mapped in the area.

Batch 16: Seventeen channels targeting multiple veins and stockworks

In Batch 16, seventeen channels for a total of 62 individual channel samples were equally spaced along vein HV-02 and along two new veins HV-37 and HV-38 (Figure 3, Table 7). **Batch peak values include 13.36% Zn, 328.0g/t Ag and 16.93% Pb**. True-width intervals include:

- Channel 30 (Batch 16A - veins and stockwork): **2.02% Zn, 64.97g/t Ag, 3.97% Pb over 13.50m**
- Channel 32 (Batch 16B - HV-38): **6.32% Zn, 118.3g/t Ag, 3.75% Pb over 1.40m**
- Channel 35 (Batch 16B - veins and stockwork): **8.27% Zn, 51.0g/t Ag, 1.84% Zn over 1.00m**
- Channel 38 (Batch 16C - HV-22 and stockwork): **7.68% Zn, 193.1g/t Ag, 5.65% Pb over 1.20m**
- Channel 41 (Batch 16C – HV-22 and stockwork): **4.75% Zn, 39.2g/t Ag, 1.91% Pb over 2.63m**
- Channel 46 (Batch 16C - HV-22): **10.36% Zn, 62.0g/t Ag, 4.95% Pb over 0.30m**

Results from Batch 16A confirm the SE extension of mineralised stockwork from trench 4 of Batch 11. The NW-SE trending stockwork is more than 10m across (true width) and forms a connection between Hv-01 and HV-02. The stockwork zones and veins of Batches 8, 11 and 16A form a single arcuate mineralised system covering an area of approximately 75m x 50m.

Two new NW-SE trending veins containing high levels of visible mineralisation were discovered during the channel sampling program (HV-37 and HV-38). These were made part of Batch 16B. They occur between HV-01 and HV-21 and are believed to be tension gash veins.

Results from Batch 16C confirm the mineralised nature of HV-22. The geometry of this vein also confirms the broad effects of the Callancocha Structure on the NW-SE veins at Rastrillo. HV-22 splinters into several veins and stockwork as it nears the Callancocha Structure. This is consistent with the other major veins that make up the Rastrillo deposit (HV-01 and H-02). **Multiple occurrences of manto mineralisation** in Batch 16C also make up this part of the Rastrillo deposit with five manto horizons mapped near HV-22.

Table 7 **BELOW:** Batch 16 channel targets, sample numbers and peak values.

Channel Number	Target	Sample Numbers	Peak Results
Channel 30	NW-SE trending stockwork and vein	IM-000622 to IM-000637	Peak values: 5.22% Zn, 154.0g/t Ag, 16.93% Pb
Channel 31	NW-SE trending stockwork and vein	IM-000638 to IM-000646	Peak values: 1.80% Zn, 33.0g/t Ag, 2.15% Pb
Channel 32	HV-38	IM-000647 to IM-000651	Peak values: 13.26% Zn, 234.0g/t Ag, 9.05% Pb
Channel 33	HV-38	IM-000652 to IM-000653	Peak values: 1.25% Zn, 36.7g/t Ag, 0.78% Pb
Channel 34	HV-37	IM-000654	Peak values: 1.13% Zn, 51.2g/t Ag, 1.37% Pb
Channel 35	HV-37	IM-000655	Peak values: 8.27% Zn, 51.0g/t Ag, 1.84% Pb
Channel 36	HV-37	IM-000656 to IM-000657	Peak values: 2.57% Zn, 82.0g/t Ag, 6.02% Pb
Channel 37	HV-37	IM-000658	Peak values: 3.90% Zn, 117.0g/t Ag, 5.58% Pb
Channel 38	HV-22	IM-000659 to IM-000662	Peak values: 9.93% Zn, 328.0g/t Ag, 12.48% Pb
Channel 39	HV-22	IM-000663 to IM-000669	Peak values: 3.20% Zn, 46.8g/t Ag, 5.20% Pb
Channel 40	HV-22	IM-000671 to IM-000674	Peak values: 4.80% Zn, 279.0g/t Ag, 2.85% Pb
Channel 41	HV-22	IM-000675 to IM-000681	Peak values: 11.81% Zn, 233.0g/t Ag, 12.47% Pb
Channel 42	HV-22	IM-000682 to IM-000683	Peak values: 8.83% Zn, 61.1g/t Ag, 3.27% Pb
Channel 43	HV-22	IM-000684 to IM-000686	Peak values: 9.10% Zn, 41.2g/t Ag, 5.99% Pb
Channel 44	HV-22	IM-000687	Peak values: 1.46% Zn, 79.1g/t Ag, 4.25% Pb
Channel 45	HV-22	IM-000688	Peak values: 6.25% Zn, 79.1g/t Ag,7.14% Pb
Channel 46	HV-22	IM-000689	Peak values: 10.36% Zn, 62.0g/t Ag, 4.95% Pb

Importance of Greater Riqueza Exploration Results During the Quarter

The Company is extremely encouraged with the detailed mapping and channel sample programs near the Callancocha Structure at Humaspunco. Among other outcomes, the work has resulted in the recognition of the Rastrillo Zn-Ag-Pb deposit comprising a concentrated network of interconnecting veins, stockwork zones, faults, breccias and mantos in an area covering approximately 12,000m^2 (or 1.2 hectares).

The Rastrillo deposit hosts NE-SW and NW-SE trending veins and stockwork zones, breccias, faults and multiple mantos that appear spatially and genetically connected to the Callancocha Structure. It is believed the sideways movement of the structure created widespread rock breaking, development of cavities and tension gashes which, in simple terms, filled up with metal sulphides.

The veins and stockwork zones host strong Zn-Ag-Pb mineralisation over broad intervals. In addition to the veins and stockwork zones, up to five manto horizons have been identified within the area and two new veins HV-37 and HV-38 have been discovered.

The Rastrillo deposit is a possible candidate for a maiden resource at Greater Riqueza albeit will necessarily require significant additional work. As best-practice channel sampling data may contribute to a JORC-compliant reserve, the Company intends increasing the sample density at surface through such sampling methods.

Drilling could also be planned as part of the future development of Rastrillo with the timing and extent of such to be finalised after completion of a geophysical survey the subject of an exclusive earn-in option agreement between Inca and South32 (announced 5 April 2018 and discussed below).

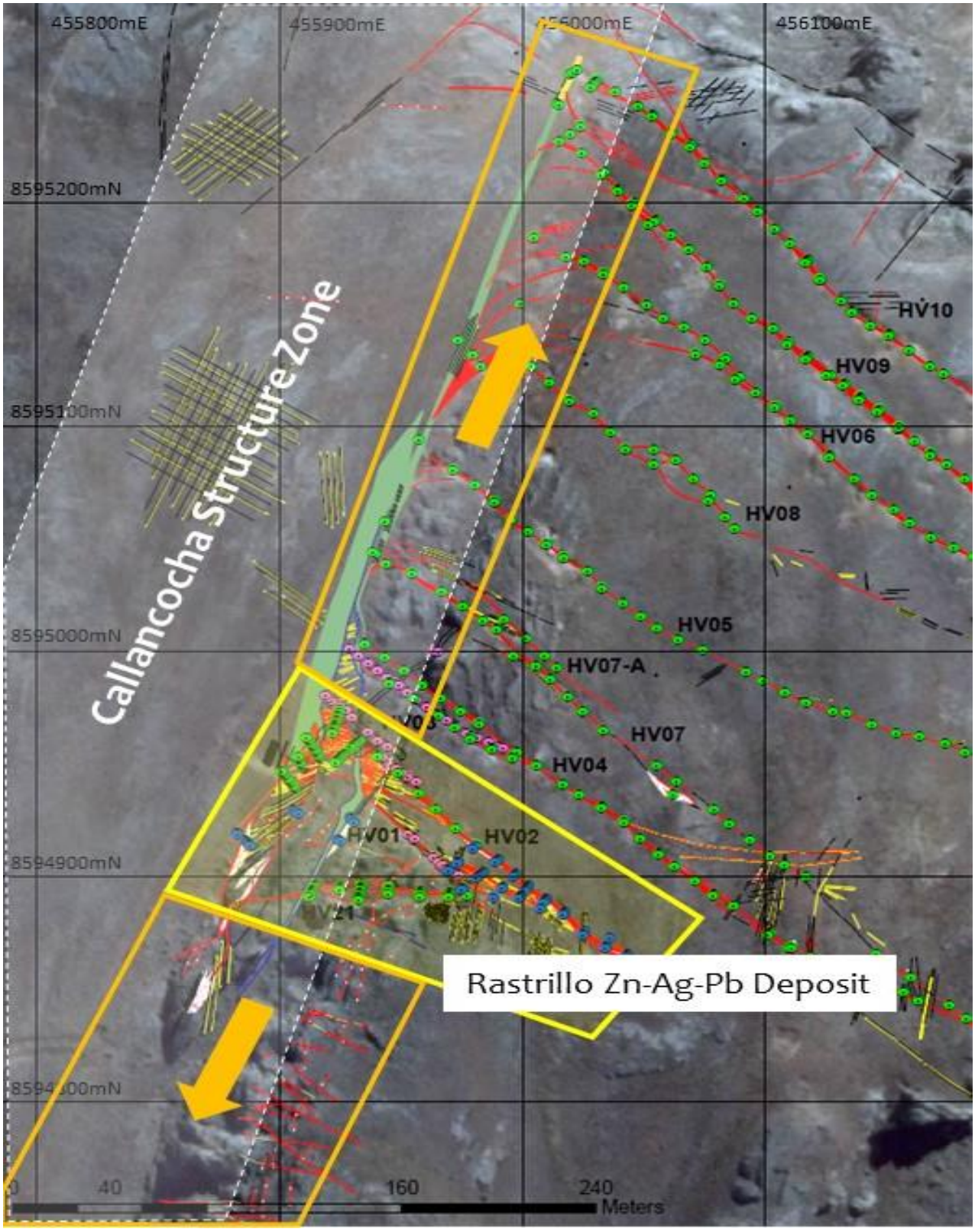


Figure 4: **ABOVE:** Satellite image showing the location of the Rastrillo deposit (within the yellow polygon) in relation to the Callancocha Structure Zone at Humaspunco. NW and SE extensions of the Rastrillo deposit are indicated (orange arrows). Possible extensions may occur at the intersection between the Callancocha Structure and the NW-SE HV-veins that are known in both these directions.

Several important mineralised features at Rastrillo not yet sampled will be targeted in upcoming programs. Other mineralised parts of Rastrillo remain open and will also be sampled. Itemised additional programs may therefore include:

- In-fill sampling with batches to increase geochemical data
- NW-SE orientated trench channel sampling NE of Batch 11 to test the Callancocha Structure where it intersects with HV-03, HV-04
- NW-SE orientated trenching SW of Batch 15 to test the Callancocha Structure towards HV-11 (Batch 9 – ASX announcement 11 December 2017)
- NW-SE orientated trenching NW of Batches 8, 11 and 15 to test the western margin of the Callancocha Structure
- Outcrop channel sampling of HV21 to the west
- Outcrop channel sampling of mantos, especially SW of Batch 16C
- Systematic sampling of the manto horizons
- Drill testing Rastrillo deposit

Cerro Rayas Zn-Ag-Pb Project

During the quarter Inca continued a mapping and channel sampling program in areas surrounding the Company's Cerro Rayas Project. Several significant zones of mineralisation were discovered at unrecorded small mine workings and in new outcrop. Five new concessions (Vicuña Puquio, Vicuña Puquio II, Puyuhuan, Tablamachay and Huaytapata) covering the new discoveries and the inferred mineralised trends were then applied for. With no competing applications or existing concessions covering this exciting new ground, the granting of these new concession applications is highly likely and, barring unforeseen circumstances, fully expected in the September 2018 quarter.

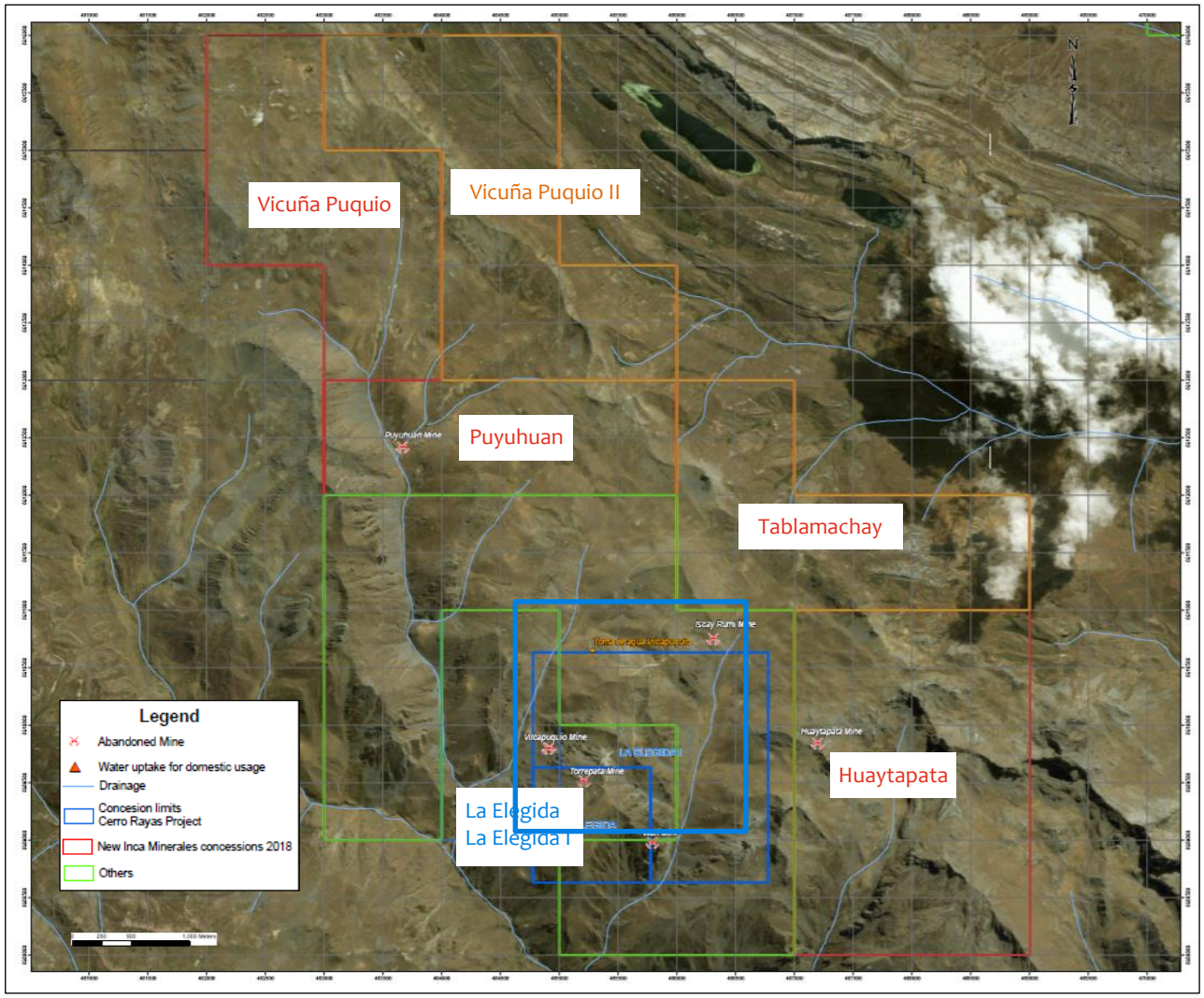
Vicuña Puquio + Vicuña Puquio II Concessions

The Vicuña Puquio and Vicuña Puquio II concessions (forming the **Vicuña** area) cover 900 hectares. They are located approximately three kilometres northwest of the original Cerro Rayas concessions (Figure 5). First-pass reconnaissance at Vicuña has identified three areas hosting visible mineralisation resulting in the collection of eleven samples: IM-001305 to IM-001312 and IM-001317 to IM-001321. Very strong assay results from Vicuña Puquio includes: **33.91% Zn** (sample IM-001311), **32.86% Zn** (sample IM-001319), **19.55% Zn** (sample IM-001307), **6.81% Pb** (sample IM-001307) and **98.6g/t Ag** (sample IM-001319) (Table 8).

Table 8 **BELOW:** Assay Results for Vicuña.

Sample Number	Sample Location Coordinates			Sample Location (Mine/ outcrop)	Channel		Zinc			Lead			Silver	
	Easting (m's)	Northing (m's)	Elevation (m'a ALS)		Width (m's)	Length (m's)	ICP40B	AAS41B	CON21B	ICP40B	AAS41B	CON29G	ICP40B	AAS41B
							ppm	%	%	ppm	%	%	g/t	g/t
IM-001305	463,507	8,614,997	4,614	Outcrop	0.20	0.50	>10000	17.48	--	>10000	4.2	--	--	1.9
IM-001306	463,509	8,614,998	4,615	Outcrop	0.25	0.40	>10000	5.71	--	2258	--	--	--	0.4
IM-001307	463,514	8,614,996	4,615	Outcrop	0.30	0.50	>10000	19.88	--	>10000	4.35	--	--	1.8
IM-001308	463,516	8,614,996	4,611	Outcrop	0.10	0.40	>10000	6.42	--	211	--	--	--	0.2
IM-001309	463,507	8,614,999	4,610	Outcrop	0.25	0.50	>10000	5.11	--	>10000	1.84	--	--	0.8
IM-001311	463,507	8,615,000	4,612	Outcrop	0.20	0.25	>10000	>20	33.91	>10000	6.81	--	--	4.5
IM-001312	463,507	8,615,001	4,612	Outcrop	0.25	0.25	3611	--	--	375	--	--	--	0.2
IM-001317	463,266	8,615,591	4,648	Outcrop	0.25	0.50	7614.9	--	--	365	--	--	--	<0.2
IM-001318	463,266	8,615,594	4,648	Outcrop	0.20	0.40	>10000	2.17	--	345	--	--	--	0.4
IM-001319	464,810	8,613,974	4,668	Outcrop	0.30	0.30	>10000	>20	32.86	4551	--	--	--	98.6
IM-001321	464,795	8,613,966	4,666	Outcrop	0.30	0.25	2340.2	--	--	648	--	--	--	2.4

Figure 5 **BELOW:** Location plan showing Cerro Rayas concessions. Cerro Rayas now comprises seven concessions: the two original concessions La Elegida and La Elegida 1 (blue outline) and the five new concession applications (brown outlines) Vicuña Puquio, Vicuña Puquio II, Puyuhuan, Tablamachay and Huaytapata.



Visible mineralisation at Vicuña is associated with outcropping brecciated limestone. The ore-forming minerals are sphalerite, smithsonite and galena (Figures 6, 7 and 8). The mineralised unit is often Fe-oxide rich and gossanous.

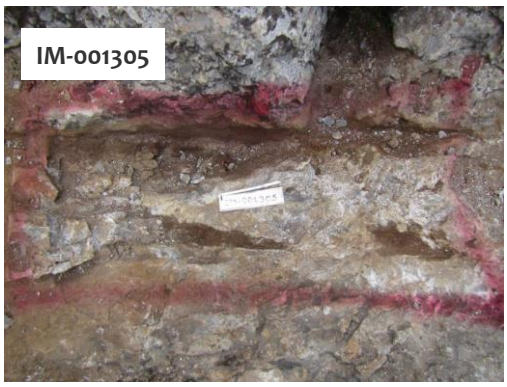
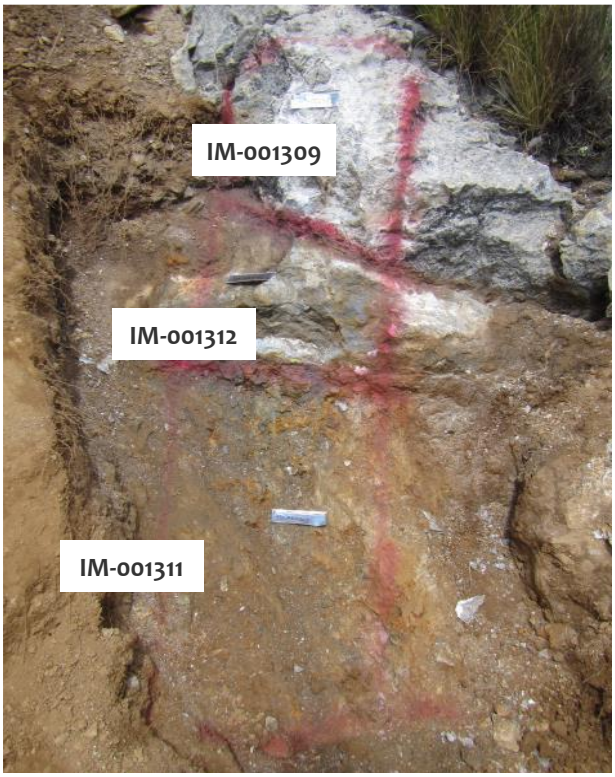


Figure 6 **FAR LEFT:** Photo of sample IM-001307 that contains **19.88% Zn, 4.35% Pb and 1.8g/t Ag. LEFT:** Photo of sample IM-001305 that contains **17.48% Zn, 4.20% Pb and 1.9g/t Ag.**

The reconnaissance mapping and sampling conducted at Vicuña is highly encouraging. Similarities are noticed between sample IM001309/11 and the Wari mine working on the original La Elegida I concession. Both comprise massive to semi-massive gossanous sulphides (Figure 7). Such similarities between locations >3km apart is indicative of broad and/or repeating mineralising processes with very positive implications for the project's prospectivity.



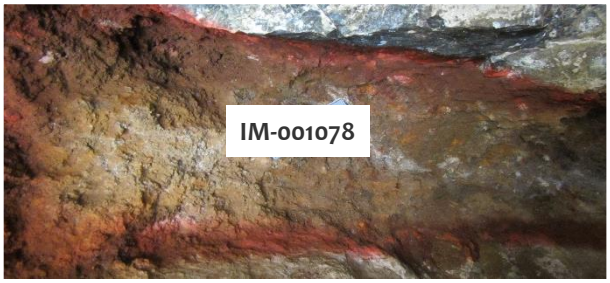
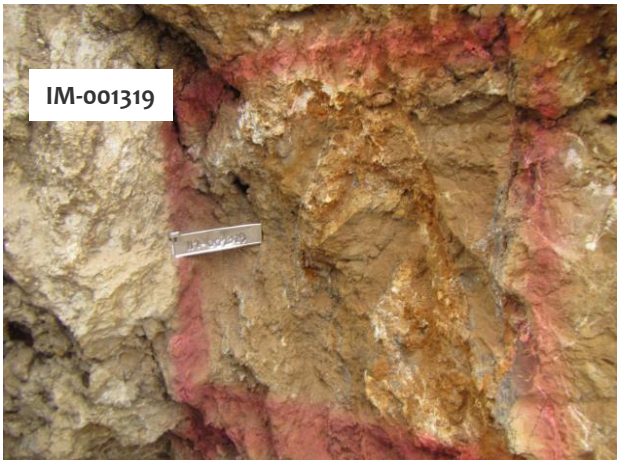
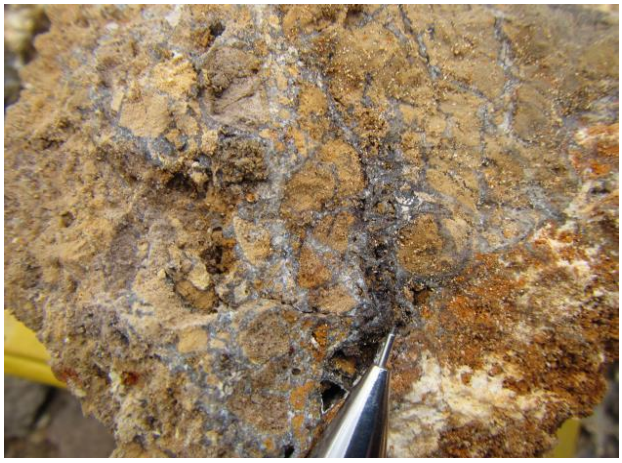


Figure 7 **LEFT:** Photo of samples IM-001309-11-12. Sample IM-001311 contains **33.91% Zn, 6.81% Pb and 4.5g/t Ag. ABOVE:** Photo of sample IM-001078 from the mineralised vein at the Wari mine working (Cerro Rayas' La Elegida 1 concession) that contains **33.76% Zn, 169g/t Ag** and **17.33% Pb.**

Figure 8 **BELOW LEFT:** Photo of sample IM-001319 that contains **32.86% Zn, 0.45% Pb and 98.6g/t Ag. BELOW RIGHT:** Close-up of the breccia structure subject of sampling. Dolomitised limestone clasts (orange brown rock fragments) can be seen with a gossanous and galena-bearing matrix.





Puyuhuan and Tablamachay Concessions

Puyuhuan and Tablamachay concessions (forming the **Puyu** area) cover 700 hectares and are located northwest to northeast of the original Cerro Rayas concessions (Figure 5). Reconnaissance mapping has identified visible mineralisation at the Puyuhamani mine working and in new outcrop.

Three samples were collected from the Puyu area including: IM-001287 and IM-001302 to IM-001303 (Table 9). The features that were sampled at the new outcrop are highly ferruginous to gossanous and friable, indicative of a high degree of weathering. Remnant breccia structures and pseudomorphs after pyrite or galena are evident in outcrop. The same large-scale NW-SE structures that traverse Vicuña also traverse Puyuhamani.

Table 9 **BELOW:** Assay Results for Puyu.

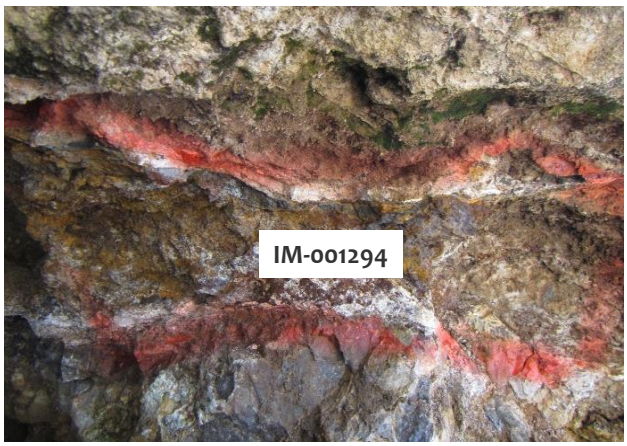
Sample Number	Sample Location Coordinates			Sample Location (Mine/ outcrop)	Channel		Zinc			Lead			Silver	
	Easting (m's)	Northing (m's)	Elevation (m'a ALS)		Width (m's)	Length (m's)	ICP40B	AAS41B	CON21B	ICP40B	AAS41B	CON29G	ICP40B	AAS41B
							ppm	%	%	ppm	%	%	g/t	g/t
IM-001287	463,667	8,612,416	4,392	Puyuhamani	0.30	0.50	47200	4.72	--	641	--	--	0.1	
IM-001302	464,446	8,612,433	4,588	Outcrop	0.25	0.60	299.7	--	--	253	--	--	--	0.2
IM-001303	464,479	8,612,351	4,612	Outcrop	0.10	0.70	1929.2	--	--	89	--	--	--	0.2

Huaytapata Concession

The Huaytapata concession (forming the **Huayta** area) covers 600 hectares and is located 200m east of the original Cerro Rayas concessions (Figure 5). Reconnaissance mapping identified visible mineralisation at the Huaytapata mine working (Figure 9) and at the Callhuamachay mine working. Six samples were collected from Huayta with very strong assay results including: **26.25% Zn** (sample IM-001295), **20%>30% Zn** (sample IM-001296), **16.81% Zn** (sample IM-001294) (Figure 6), **31.10% Pb** (sample IM-001297), **30.16% Pb** (sample IM-001298), **24.92% Pb** (sample IM-001294) and **123g/t Ag** (sample IM-001294), **107g/t Ag** (sample IM-001297) (Table 10).

Table 10 **BELOW:** Assay Results for Huayta

Sample Number	Sample Location Coordinates			Sample Location (Mine/ outcrop)	Channel		Zinc			Lead			Silver	
	Easting (m's)	Northing (m's)	Elevation (m'a ALS)		Width (m's)	Length (m's)	ICP40B	AAS41B	CON21B	ICP40B	AAS41B	CON29G	ICP40B	AAS41B
							ppm	%	%	ppm	%	%	g/t	g/t
IM-001293	467,197	8,609,838	4,672	Huaytapata	0.35	0.55	>10000	9.79	--	>10000	4.49	--	7.7	--
IM-001294	467,197	8,609,841	4,673	Huaytapata	0.15	0.60	>10000	16.81	--	>10000	>20	24.92	--	123
IM-001295	467,200	8,609,839	4,678	Huaytapata	0.15	0.40	>10000	>20	26.25	>10000	4.76	--	33.8	--
IM-001296	467,348	8,608,406	4,279	Callhuamachay	0.25	0.30	>10000	>20	<30	>10000	6.49	--	--	73.2
IM-001297	467,352	8,608,416	4,282	Callhuamachay	0.20	0.60	>10000	1.98	--	>10000	>20	33.1	107	>100
IM-001298	467,353	8,608,415	4,290	Callhuamachay	0.20	0.60	>10000	1.86	--	>10000	>20	30.16	--	98.1



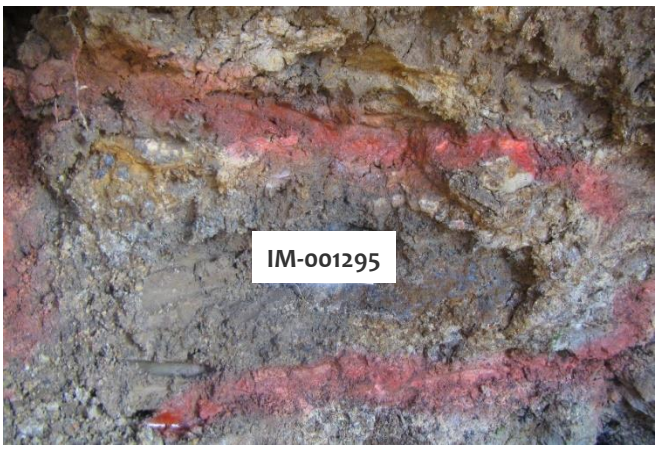


Figure 9 **ABOVE LEFT:** Photo at the Huaytapata mine working showing detail of Sample IM-001294 that contains **16.81% Zn, 24.92% Pb and 123g/t Ag. ABOVE RIGHT:** Photo of sample IM-001295 that contains **26.25% Zn, 4.76% Pb and 33.8g/t Ag.** The sample is highly leeched and "clayey" with remnant galena and well developed smithsonite.

The Huaytapata mine working hosts visible mineralisation in the form of a dolomitised breccia structure. Principal ore-forming minerals include smithsonite and galena (Figure 9).

Both of the new Zn-Pb-Ag occurrences at Huayta occur on NW-SE mineralised corridors. The Huaytapata mine working occurs on a middle corridor and the Callhuamachay mine working occurs on a southern corridor which traverses the Vilcapuquio-Torrepata-Wari mine workings on the original Cerro Rayas concessions (Figure 11).

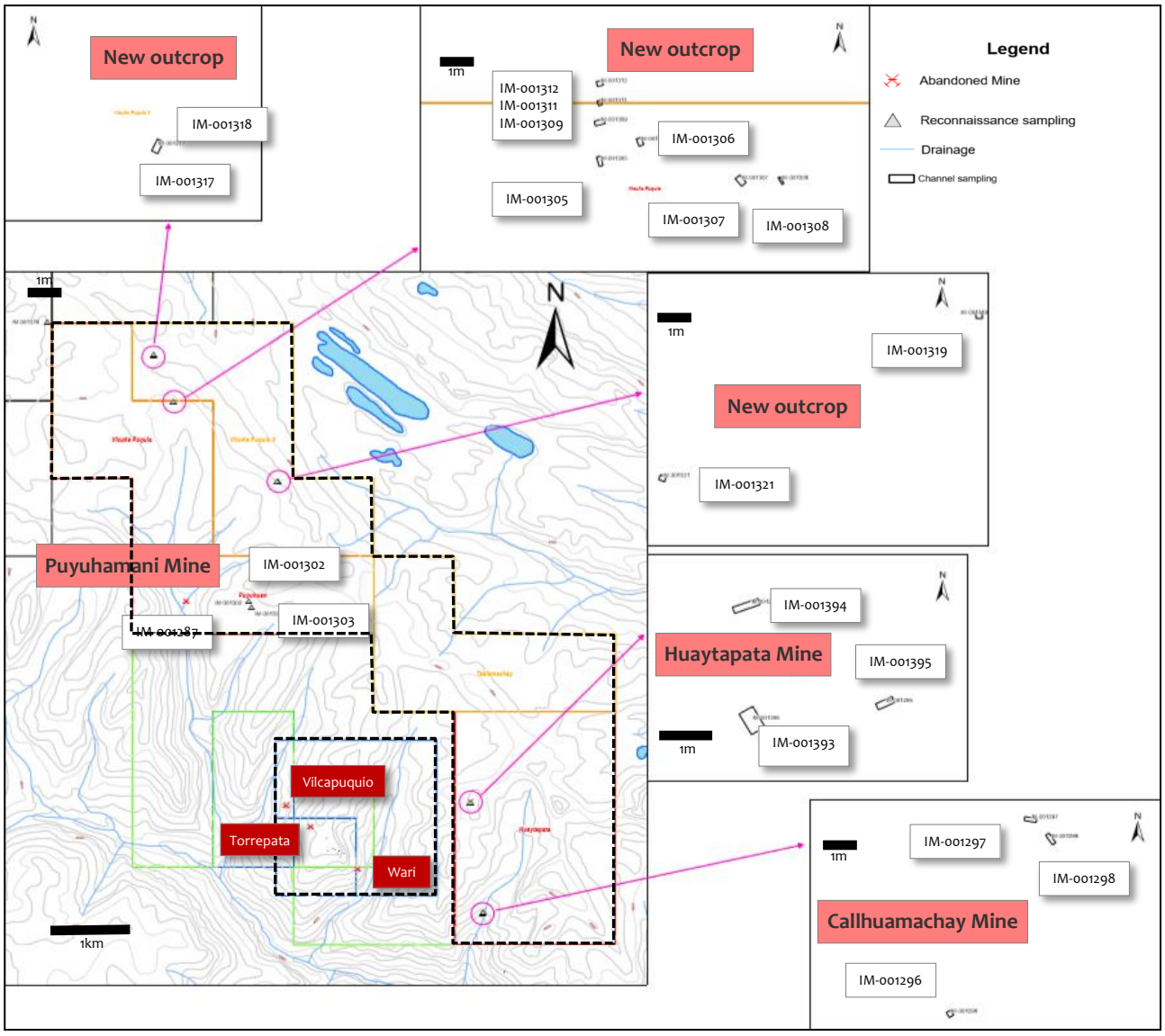


Figure 10 **ABOVE:** Sample location plan. The sample locations are shown on the concession plan to provide a broad view of their distribution. Enlarged areas are provided to show detail of the individual samples (channel orientations and relative position). Inca's land holding (granted and pending) is indicated by a dashed black line (showing the outer limit of all Inca concessions). The original Cerro Rayas concessions (La Elegida and La Elegida I) are shown with the three mine workings Vilcapuquio, Torrepata and Wari.

Summary of Results of Cerro Rayas

Reconnaissance mapping and sampling conducted by the Company during the quarter on open ground near Cerro Rayas returned very high Zn, Pb and Ag results. Located at mine workings and in outcrop, the mineralisation displays very similar features to that at the original Cerro Rayas concessions indicating that a common mineralising process, believed to be Mississippi Valley Type (**MVT**), is repeating on the broad scale. A strong NW-SE structural control is evident with multiple regional-scale faults clearly traversing the project.

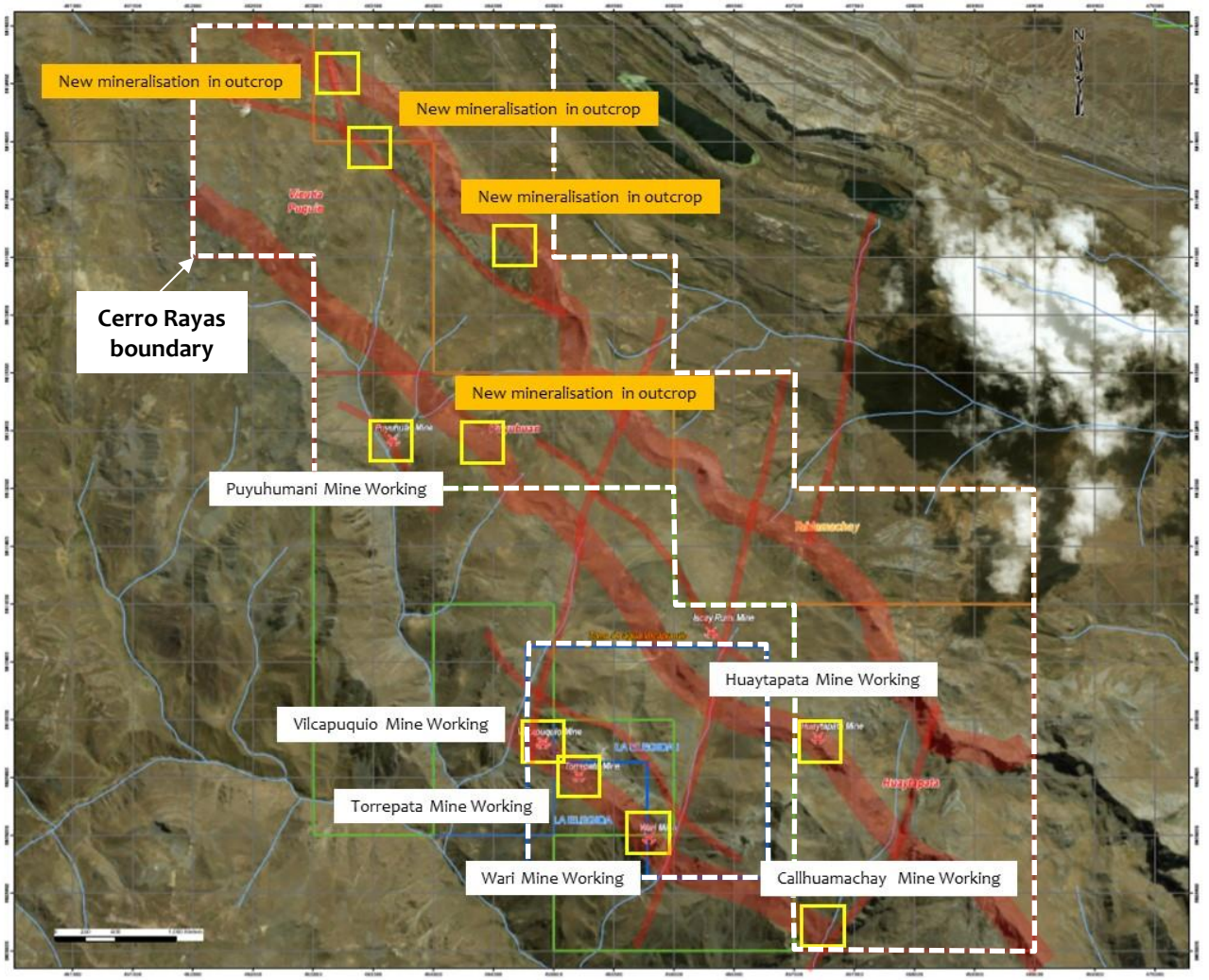


Figure 11 **ABOVE**: A satellite plan showing expanded Cerro Rayas Project area and the sample location areas (yellow boxes). Known MVT-style mineralisation is distributed along three prominent NW-SE mineralised corridors (translucent red-brown lines) and associated splay structures. The dashed white line defines the total project area.

Mineralisation at Cerro Rayas is distributed along prominent northwest-southeast (**NW-SE**) trending regional-scale structures (Figure 11). The NW-SE pattern already evident at Vilcapuquio, Torrepata and Wari, is mimicked on a much larger scale across the entire new project area. There are now three prominent NW-SE mineralised corridors at Cerro Rayas hosting numerous similar-styled Zn-Pb-Ag occurrences. The total strike length of the three mineralised corridors is 18-line kilometres and these linear features constitute a high priority target.

IMPORTANT POST QUARTER EVENTS

Inca / South32 Exclusive Earn-In Option Agreement

As announced 5 April 2018 Inca and globally diversified metals and mining company South32 [ASX: S32] have entered into an exclusive option agreement (**EOA**) with respect to Inca's Greater Riqueza project in Peru.

The EOA creates an exclusive arrangement between Inca and South32 concerning funding and execution of a project-wide aeromagnetic, radiometric and digital terrain model survey, with line spacing at 50m and a sensor height of 50m, and inclusive of interpretation and target generation (**AMAG-RAD**). Importantly, and indicative of the intentions of both companies, the EOA also establishes agreed up-front principles for an earn-in joint venture agreement.

Under the EOA South32 agreed to provide Inca with US$275,000 to fund the AMAG-RAD geophysical survey over the entire Greater Riqueza project area (**Funding Amount**). Inca has now received the Funding Amount. Due to unfavourable weather conditions, commencement of the 1,884 line-kilometre AMAG-RAD survey, originally scheduled to commence 30 April 2018, is now scheduled to commence 14 May 2018 (weather permitting). The entire survey is estimated to take approximately 40 days to complete. Detailed interpretations, which include prioritised targeting, are estimated to take an additional 10 - 15 days.

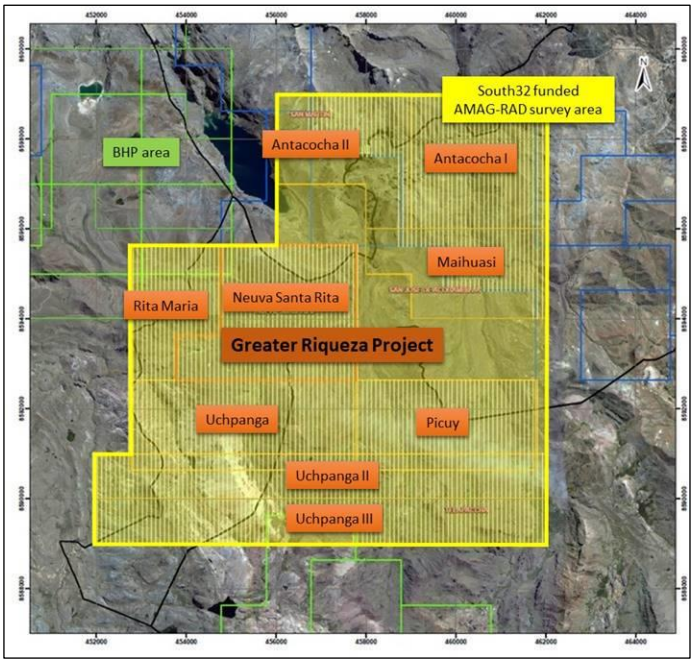


Figure 12 **RIGHT**: The South32 funded geophysics survey coverage at Inca's Greater Riqueza project

The AMAG-RAD geophysical survey is well suited for the intrusive related mineralisation at Greater Riqueza and its flight path and coverage take into account the presence and orientation of the project's mineralised features. The geophysics survey has been designed to map, in three dimensions, the internal architecture of the intrusive related mineral system at Greater Riqueza. Mineralised features such as the vein-manto-breccia replacement system at Humaspunco, the Callancocha Structure, the 750m long gossan at Uchpanga and the intrusive stocks and related skarn mineralisation at Pampa Corral will be flown during this survey and are expected to have a geophysical response. As a project-wide survey, it will also include the pervasive alteration system at Alteration Ridge and the Au-Ag bearing vein/stockwork system at Colina Roja in its coverage. The Company fully anticipates a raft of additional drill targets, resulting from the geophysics, both within and well beyond the Nueva Santa Rita concession area of our current Riqueza drill permit.

As consideration for the US$275,000 Funding Amount, Inca grants South32 an exclusive option to earn-in and acquire majority ownership of the Greater Riqueza Project (**Option 1**). Option 1 may be exercised within 30

business days of South32 receiving all results from the AMAG-RAD study. If Option 1 is exercised by South32 then, within a period of 90 days after the exercise notice, the two companies will negotiate an earn-in agreement (**EIA**) on the principles which, under the EOA, have been agreed in advance by both companies (discussed below). The 90-day period may, if needed, be extended by mutual agreement.

If Option 1 is exercised but the EIA is not executed, then Inca has granted South32 a second exclusive two-year option (**Option 2**). Option 2 grants South32 the right to match a *bona fide* offer from a third party for the Greater Riqueza Project or part thereof.

Figure 13 **ABOVE:** Southern aspect of Inca's Greater Riqueza Project area with the Uchpanga prospect in foreground and Alteration Ridge prospect in background.

If Option 1 is not exercised, then Option 2 does not come into effect and the EOA terminates immediately without further obligation or cost to either party.

The EOA incentivises both companies to negotiate and execute the EIA with the advantage of not only knowing Inca's previous exploration results, but also the results of the AMAG-RAD geophysical survey and the targets generated therefrom.

In executing the EOA, both Inca and South32 also sought to agree, in advance, on key principles intended to form the basis for the EIA between the two companies. Principal among these is South32's acquisition of a 60% interest in the Project (**Phase 1 Interest**) if, during a specified period (**Phase 1**), it funds all agreed expenditure on the Project (**Phase 1 Funding**). The EIA is deliberately structured so that the Phase 1 timeframe, work program and Phase 1 Funding are to be agreed upon after the AMAG-RAD survey is completed and Option 1 exercised. In doing so both companies will negotiate the EIA with the advantage of knowing Greater Riqueza's exploration history, the results and targets generated through the AMAG-RAD survey, and the extent to which Inca's current granted drill permit might be used.

At the commencement of Phase 1, the title to all Greater Riqueza tenements shall be transferred into a newly incorporated Peruvian company (**Project Company**). A condition precedent to the EIA is South32's satisfaction with the results of all technical, commercial and legal due diligence on the Project Company and its assets (inclusive of the Greater Riqueza tenements).

On completion of the Phase 1 Funding obligations, Inca and South32 will enter into a shareholders' agreement and South32 will acquire a 60% equity interest in the Project Company. South32 may then elect to acquire an additional 10% interest in the Project Company in a second phase (**Phase 2**) in return for funding all project expenditure needed to conduct and complete a project pre-feasibility study (**Phase 2 Funding**). On completion of the earlier of the Phase 1 Funding obligation (where South32 elects not to complete or defaults on the Phase 2 Funding obligation) or the Phase 2 Funding obligation, each company shall fund all further project expenditure in proportion to their equity interest in the Project Company.

Under the EIA a technical committee shall be formed at the commencement of Phase 1 with equal representation from both companies (**Committee**). The Committee will approve the annual program of work and related budget (**Annual Program** and **Annual Budget** respectively). In the event of a deadlock on such approval, South32 shall have the casting vote. Inca will act as operator in accordance with industry standards throughout Phase 1 and Phase 2 unless, at any time after meeting the Phase 1 Funding obligation, South32 elects to assume operatorship.

South32 may elect to withdraw on completion of each Annual Program and Annual Budget and, in the event of such withdrawal, or in the event of default on the Phase 1 Funding obligation, South32 forfeits its entire interest in the Greater Riqueza Project and both companies are released from all further obligations or liabilities.

The EIA contains agreed principles which provide for standard bribery and corruption clauses to be agreed and area-of-interest provisions that require direct or indirect acquisitions of further tenements or property within an area of interest will be subject to consent of both companies.

As discussed earlier, the EIA is deliberately structured so that the Phase 1 timeframe, work program and Phase 1 Funding will be agreed after the AMAG-RAD geophysical survey is completed and Option 1 exercised. In doing so both companies will negotiate the final form of the EIA with the advantage of knowing Greater Riqueza's exploration history, the results and targets generated through the AMAG-RAD, and the extent to which Inca's current granted drill permit might be used. In turn this ensures the Project expenditure and related time frames are commensurately appropriate.

The EOA between Inca and South32 is an important and exciting step forward in Greater Riqueza's progression. It provides a robust, reputable and reliably independent validation of the project's prospectivity and facilitates a clear pathway to negotiate the earn-in agreement with considerable upside for shareholders.

New Exploration Regulations in Peru

Throughout the quarter the Company ensured shareholders were kept informed of the likely introduction of New Exploration Regulations (**NER**) in Peru and the implications for Inca's future exploration and drilling activities at both the Greater Riqueza and Cerro Rayas projects (see ASX announcements 31 January 2018, 8 February 2018 and 12 March 2018). Post the quarter, on 17 April 2018, Inca advised that Peru's Ministry of Energy and Mines (**MEM**) had finalised and gazetted the NER which are now officially in force.

The NER are intended to have a positive impact on exploration in Peru at both the national and project level. In the event the NER are implemented as mandated, and prescribed timeframes for permit application assessment and approval are met, then the NER should expedite the permit approvals process, facilitate improved drilling capacity and result in shorter lead times and greater flexibility for drilling programs. Inca's Greater Riqueza and Cerro Rayas projects should both be direct beneficiaries.

Implications of the NER for Inca's Greater Riqueza Project

Inca already has a valid DIA exploration and drilling permit for the Riqueza Project area (comprised of the Neuva Santa Rita concession as part of the Greater Riqueza project). Importantly, under the NER, this permit is unaffected other than being reclassified as a Ficha Técnica Ambiental (**FTA**) permit. The permitted number of drilling platforms and the drilling meterage capacity remain unchanged. Currently, Inca has used 12 platforms and completed circa 3,726 metres of drilling under the old DIA permit. Therefore, a further 8 platforms and at least 10,284 metres of drilling remain available to Inca under the old DIA, and Inca can recommence drilling at any time.

In the event the AMAG-RAD survey confirms existing or new targets in the Riqueza project area then, Inca's current DIA (now FTA) drilling permit can immediately be used to drill those targets.

In the event the geophysics survey identifies targets outside the current DIA/FTA permit area in other parts of the Greater Riqueza project area then, under the NER, Inca could apply for another FTA or a Category 1 DIA permit (**CAT1DIA**). An FTA might typically be used for low environmental impact drilling and exploration. Under the NER, a valid FTA permit application must be approved by MEM in no more than 10 business days and will permit up to 20 drilling platforms.

A CAT1DIA allows up to 40 drilling platforms and an affected area of up to 10 hectares. Once submitted, and after meeting any environmental requirements, a valid CAT1DIA permit application must be approved by MEM in no more than is 30 business days.

The prescribed approval timeframes under the NER are considerably shorter than the framework formerly in place. All other things being equal, this should provide significant timing and cost-effective benefits for Inca.

Implications of NER for Inca's Cerro Rayas Project

Cerro Rayas is located 15km from Greater Riqueza and, although the exploration model is different, the commodity mix of zinc, silver and lead is the same. Exploration at Cerro Rayas is less advanced than Riqueza but has already produced some exceptionally strong results. Consequently, and as previously discussed, the Company lodged applications for five additional concessions at Cerro Rayas (ASX announcement 12 February 2018).

All five new concession applications have progressed well and without impediment along the approvals process. The Company's initial field work clearly points to mappable extensions of known mineralisation within the five new concessions and this has only strengthened the prospectivity of Cerro Rayas. The new concession applications include numerous additional mine workings and many kilometres of structures believed to be important in controlling mineralisation. Mapping and sampling will continue at Cerro Rayas with the purpose of generating drill targets. The Company then intends to lodge a valid FTA drill permit application and, under the NER, should receive approval thereof within 10 business days.

CORPORATE ACTIVITIES

On 22 March 2018 the Company announced it had established a Technical Advisory Panel (**TAP** or **Panel**) with Messrs Doug Stewart and Robert Heaslop appointed as inaugural external TAP members. The Panel will play an important role in the planning and ongoing progression of Inca's current projects toward possible production and will also assist the Board with its assessment of prospective new projects.

The TAP will provide the Board with non-binding advice and recommendations concerning, and should ensure the Board can take full advantage of:

- The economic potential and future development of Inca's current projects;
- Exploration results and implications for future exploration/development at Inca's current projects; and
- The economic potential of new projects Inca may consider acquiring in future.

Inca's Managing Director, Mr Ross Brown, will chair the TAP and said "Building a JORC resource and progressing our projects toward possible production is a clear focus for Inca. The TAP will greatly assist the Board in achieving that objective and I'm looking forward to the contribution it will make through expert, objective advice." Further information regarding the TAP's charter and operations has been placed on the Company's website.

During the quarter the Company announced the placement of 26,666,667 fully paid ordinary shares, at an issue price of 0.6 cents per share and raising A$160,000 (before raising costs). The placement was made to Acuity Capital with funds to be used for exploration at the Company's Peruvian projects and for working capital.

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Competent Person's Statements

The information in this report that relates to exploration activities for the Greater Riqueza and Cerro Rayas projects, located in Peru, is based on information compiled by Mr Ross Brown BSc (Hons), MAusIMM, SEG, MAICD Managing Director, Inca Minerals Limited, who is a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience, which is relevant to the exploration activities, 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.

Table 11 **BELOW:** List of ASX Announcements During and Post March 2018 Quarter

ASX Announcements	Price Sensitive	Date Announced	Competent Person
Correction to Appendix 3B Lodged 22 December 2017	No	2 January 2018	-
15.45% Zinc in Veins at Callancocha – Riqueza	Yes	15 January 2018	Ross Brown
Appendix 5B – December 2017 Quarter	Yes	31 January 2018	-
December 2017 Quarterly Activities Report	Yes	31 January 2018	Ross Brown
Update on New Exploration Regulations for Peru Explorers	Yes	8 February 2018	Ross Brown
33.91% Zinc & New Concessions Re-Rate Cerro Rayas	Yes	12 February 2018	Ross Brown
Multiple 10% Zinc in New Rastrillo deposit – Riqueza	Yes	22 February 2018	Ross Brown
Placement of Shortfall Shares	Yes	2 March 2018	-
Listing Rule 3.10.5, Sec. 708A Corp. Act and Appendix 3B	No	2 March 2018	-
Update on Peru's New Exploration Permit Regulations	Yes	12 March 2018	-
Financial Report for the Half Year Ended 31 December 2017	No	15 March 2018	-
Inca Establishes Technical Advisory Panel	No	22 March 2018	-
Post-Quarter ASX Announcements (referred to within)	**Price Sensitive**	**Date Announced**	**Competent Person**
Inca Signs Exclusive Earn-In Option with South32	Yes	5 April 2018	-
Peru's New Exploration Regulations Now in Force	Yes	17 April 2018	-