



22 August 2018

INCA RECEIVES SOUTH32 EARN-IN OPTION EXERCISE NOTICE - RIQUEZA

HIGHLIGHTS

- South32 exercise earn-in option on Inca's Greater Riqueza Project
- Subject to execution of final earn-in agreement (EIA):
 - South32 to earn 60% interest in Riqueza; for
 - expenditure to be agreed in the EIA that shall be between \$US8 - \$US10 million
- Further EIA terms to be negotiated within 90 days after final Geophysical Data report

Inca Minerals Limited (**Inca** or **Company**) announces that diversified global miner, South32, has exercised its exclusive option to earn-in for the right to acquire majority ownership of Inca's Greater Riqueza Project (**Riqueza** or **Project**).

In exercising the above option, the two companies have agreed that the Phase 1 exploration funding to acquire a 60% interest in the Project (**Phase 1 Interest**) shall be between \$US8 - \$US10 million (**Phase 1 Funding**). Execution of the EIA is subject to agreement on all outstanding terms including the exact quantum of the Phase 1 Funding.

THE EARN-IN AGREEMENT

In addition to the above, and as announced 5 April 2018, Inca and South32 have previously agreed on a number of other key terms that will comprise the earn-in agreement (**EIA**). These include:

- At the commencement of Phase 1, the title to all Project tenements shall be transferred into a newly incorporated Peruvian company (**Project Company**). A condition precedent to executing 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 Project tenements).
- On completion of Phase 1 Funding obligations, South32 will acquire the Phase 1 Interest of 60% equity interest in the Project Company via a shareholders' agreement.



Geologists at Riqueza's Pampa Corral prospect. Pampa Corral is identified in the interim geophysics report as an area of high priority interest.



- 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.

Further matters already agreed between the two companies are detailed in the Company's ASX announcement 5 April 2018. Inca's Managing Director, Mr Ross Brown said "I'm excited by this partnership. South32 is a globally recognised sector leader and provides a clear advantage and capacity in the development of Riqueza. With a porphyry-skarn focus added to our own Zn-Ag-Pb focus I see sustained upside for Inca shareholders".

Having exercised the option, and with agreement on many of the key terms, there is a clear pathway for future negotiations and the Project. Inca and South32 intend to negotiate the remainder of the EIA (including the exact Phase 1 Funding amount) following completion of the geophysical studies and within 90 days after the final Geophysical Data report.

ABOUT SOUTH32

South32 is a globally diversified metals and mining company with operations in Australia, Southern Africa and South America producing zinc, silver, lead, nickel, manganese, metallurgical coal, aluminium, alumina and bauxite.