Inca Minerals Limited

ACN 128 512 907

Half Year Financial Report

For the half year ended 31 December 2018

CONTENTS

CORPORATE PARTICULARS

Directors	Mr Ross Brown - Managing Director Mr Gareth Lloyd Dr Jonathan West
Company Secretary	Dr Justin Walawski
Registered Office	Suite 1, 16 Nicholson Road SUBIACO, WA, 6008, AUSTRALIA
Corporate Office	Suite 1, 16 Nicholson Road SUBIACO, WA, 6008, AUSTRALIA
Share Registry	Advanced Share Registry Ltd 110 Stirling Highway PERTH, WA, 6009, AUSTRALIA
Auditor	Stantons International Audit and Consulting Pty Ltd Level 2, 1 Walker Avenue WEST PERTH, WA, 6005, AUSTRALIA

DIRECTORS' REPORT

The Directors present their report on Inca Minerals Limited (**Inca** or **Company**) for the half year ended 31 December 2018.

Directors

The names of Directors who held office during or since the end of the half year are:

Mr Ross Brown
Dr Jonathan West (appointed 21 January 2019)
Mr Gareth Lloyd
Dr Justin Walawski (resigned 22 January 2019)

Directors were in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations and Exploration Activities

The loss attributable to members of Inca Minerals Limited for the half year ended 31 December 2018 (**report period**) was $1,000,949 (2017: $734,398). No dividends were paid or declared payable during or since the report period.

During the report period the Company conducted a number of capital raisings which included the issue of 377,272,207 fully paid ordinary shares to raise $1,858,883 (before associated raising costs). Funds raised are to be used for drilling and exploration at the Company's Peru-based projects and for working capital.

The principal focus of the Company during the report period was its dealings with South32 Group Operations Pty Ltd (South32) regarding its interest in Inca's Greater Riqueza Project (Riqueza). An Option Agreement (Option Agreement), executed in the previous report period, was exercised by South32 in the current report period which precipitated subsequent negotiations for a Share Subscription and Earn-in Agreement (Earn-in Agreement). At the time of writing, subject to all terms being agreed, it has been agreed that South32 is to provide Phase 1 funding of US$9 million over a 4-year period for 60% of Riqueza.

South32 elected to exercise its option to negotiate an earn-in agreement for Riqueza ahead of schedule, which Inca feels was a validation of the calibre of the targets generated in a geophysical survey that was funded by South32 as part of its obligations under the Option Agreement. Many high-priority targets were defined, some of which were recognised as being prospective for skarn and/or porphyry deposits.

With the focus on Riqueza, very little work was conducted on the original Cerro Rayas concenssions (La Elegida and La Elegida I) during the report period, though several new concessions were granted. With the final concessions expected to be granted in the next report period, work will resume at Cerro Rayas. Current plans include a project-wide geophysics survey, interpretation and drilling to test possible targets.

DIRECTORS' REPORT (continued)

Review of Operations and Exploration Activities (continued)

The company lodged applications for three projects in East Timor (Manatuto, Ossu and Paatal) in the report period. Manatuto and Ossu are polymetallic projects with known copper, gold, silver and chromium mineralisation. Paatal hosts known phosphate-beds. The Company also acquired through application, the Toolebuc vanadium project in Queensland. All applications are expected to move towards granting by mid- 2019.

As well as the areas since acquired as applications at Cerro Rayas, other new projects are continually being assessed by the Company as part of the deliberate strategy to create positive exploration outcomes, growth and value as Riqueza moves through greater depths of evaluation in 2019 and beyond.

Competent Person's Statement

The information in this report that relates to mineralisation 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 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.

Events Subsequent to Reporting Date

On 21 January 2019, Dr Jonathan West was appointed as a director of the Company.

On 22 January 2019, Dr Justin Walawski resigned as a director of the Company.

On 17 January 2019, the Company announced that it had agreed to a US$9 million earn-in with South32 over a 4 year period, on completion of which South32 will acquire a 60% interest in Riqueza.

On 1 March 2019, the Company relinquished its interest in the La Elegida 1 mining concession in Peru.

On 13 March 2019, the Company issued 13,450,000 fully paid ordinary shares, each with an attaching free option, at $0.005 per share; and 25,150,000 fully paid ordinary shares at $0.004 per share, raising a total of $170,000 (before associated costs).

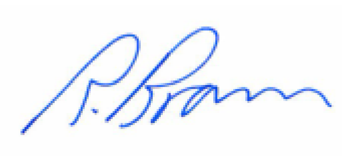
Other than as disclosed in this report, there have been no further material items, transactions or events subsequent to 31 December 2018 which, although they do not relate to conditions existing at that date, have not been dealt with in this report and which would cause reliance on the information shown in this report to be misleading.

DIRECTORS' REPORT (continued)

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of the Directors' Report for the half year ended 31 December 2018.

Signed in accordance with a resolution of the Directors.



Ross Brown
Managing Director
Dated at Perth this 15th day of March 2019.

AUDITOR'S INDEPENDENCE DECLARATION

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

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

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

15 March 2019

The Directors
Inca Minerals Limited
Unit 1, 16 Nicholson Road
SUBIACO WA 6008

Dear Directors

RE: INCA MINERALS LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Inca Minerals Limited.

As the Audit Director for the review of the financial statements of Inca Minerals Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(Authorised Audit Company)

Samir Tirodkar
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 31 December 2018

	Note	31 December 2018 $	31 December 2017 $
Funding received from South32	2	277,988	-
Interest received		572	2,443
Total income		278,560	2,443
Exploration and evaluation expenditure written off	4	(583,640)	-
Directors' fees		(41,388)	(46,927)
Salaries and wages		(151,738)	(119,066)
Administrative expenses		(279,802)	(243,210)
Advertising and promotion costs		(39,500)	(18,336)
Professional fees		(28,444)	(57,073)
Listing and share registry expenses		(49,307)	(43,209)
Environmental rehabilitation		-	(3,471)
Depreciation		(3,622)	(4,085)
Foreign exchange losses		(7,814)	(16,647)
Provision for impairment related to Peruvian Value Added Tax		(94,254)	(184,817)
Loss before income tax		(1,000,949)	(734,398)
Income tax expense		-	-
LOSS FOR THE PERIOD		(1,000,949)	(734,398)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Items that will not be reclassified subsequently to profit or loss			-
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		118,408	(22,837)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(882,541)	(757,235)
Loss attributable to:			
- Members of Inca Minerals Limited		(1,000,949)	(734,398)
Total Comprehensive Loss attributable to			
- Members of Inca Minerals Limited		(882,541)	(757,235)
LOSS PER SHARE			
Basic and diluted loss per share (cents per share)		(0.04)	(0.03)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	31 December 2018 $	30 June 2018 $
Assets			
Current Assets			
Cash and cash equivalents		616,018	789,315
Trade and other receivables	3	117,388	124,531
Total Current Assets		**733,406**	**913,846**
Non-Current Assets			
Plant and equipment		209,659	205,688
Exploration and evaluation expenditure	4	5,929,449	5,307,999
Total Non-Current Assets		**6,139,108**	**5,513,687**
Total Assets		**6,872,514**	**6,427,533**
Liabilities			
Current Liabilities			
Trade and other payables		99,614	302,647
Income received in Advance		-	277,988
Provisions		77,214	85,472
Total Current Liabilities		**176,828**	**666,107**
Total Liabilities		**176,828**	**666,107**
Net Assets		**6,695,686**	**5,761,426**
Equity			
Contributed equity	5	39,087,307	37,270,506
Accumulated losses		(32,397,105)	(31,396,156)
Foreign currency translation reserve		5,484	(112,924)
Total Equity		**6,695,686**	**5,761,426**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2018

	Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$
Balance at 1 July 2017	35,742,124	(30,123,981)	(347,916)	5,270,227
Loss attributable to members of the Company	-	(734,398)	-	(734,398)
Other comprehensive income for the period	-	-	(22,837)	(22,837)
Total comprehensive income/(loss) for the period	-	(734,398)	(22,837)	(757,235)
Shares issued*	1,899,909	-	-	1,899,909
Cost of share issue*	(511,065)	-	-	(511,065)
Balance at 31 December 2017	**37,130,968**	**(30,858,379)**	**(370,753)**	**5,901,836**
Balance at 1 July 2018	37,270,506	(31,396,156)	(112,924)	5,761,426
Loss attributable to members of the Company	-	(1,000,949)	-	(1,000,949)
Other comprehensive income for the period	-	-	118,408	118,408
Total comprehensive income/(loss) for the period	-	(1,000,949)	118,408	(882,541)
Shares issued	1,912,911	-	-	1,912,911
Cost of share issue	(96,110)	-	-	(96,110)
Balance at 31 December 2018	**39,087,307**	**(32,397,105)**	**5,484**	**6,695,686**

* On 22 December 2017, 70,000,000 shares were issued as collateral only and, pursuant to the Controlled Placement Facility agreement with Acuity Capital, for $nil consideration. For financial reporting purposes only, a nominal value of $385,000, based on the market price of these shares at the time of issue, has been recognised here.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2018

	31 December 2018 $	31 December 2017 $
Cash flows from Operating Activities		
Payments to suppliers and employees	(435,322)	(363,241)
Interest received	379	2,268
Net cash (used in) operating activities	(434,943)	(360,973)
Cash flows from Investing Activities		
Payments for exploration and evaluation expenditures	(1,517,153)	(1,870,798)
Payments for property, plant and equipment	(16,959)	(62,871)
Net cash (used in) investing activities	(1,534,112)	(1,933,669)
Cash flows from Financing Activities		
Proceeds from share issue	1,858,883	1,473,670
Costs of share issue	(66,064)	(80,910)
Net cash provided by financing activities	1,792,819	1,392,760
Net (decrease) in cash held	(176,236)	(901,882)
Effect of exchange rate changes on cash and cash equivalents	2,939	(3,724)
Cash and cash equivalents at the beginning of the half year	789,315	3,130,990
Cash and cash equivalents at the end of the half year	**616,018**	**2,225,384**

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2018

1. Basis of Preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2018 (**report period**) have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company and its controlled entities (**Group** or **Consolidated Group**) are a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements for the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the report period within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the report period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

a) New and Revised Accounting Requirements Applicable to the Current Half year Reporting Period

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

The following accounting standards and interpretations are most relevant to the Group.

AASB 15 *Revenue from Contracts with Customers*
AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. The new Standard has been applied as at 1 January 2018.

The adoption of this standard has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

Sale of Goods

The customer obtains control over the product upon delivery and revenue is therefore recognised at the point in time the product delivered or handed over to the customer. Revenue is measured based on the consideration expected to be received, net of trade rebates and discounts paid.

AASB 9 *Financial Instruments*
AASB 9 *Financial Instrument*s replaces AASB 139's *'Financial Instruments: Recognition and Measurement'* requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The adoption of this standard has had no impact on the current or previous reporting period.

(i) Changes in accounting policy and disclosures

Other than those identified above, there have been no other standards coming into effect for the first time during the half-year ended 31 December 2018.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2018

1. Basis of Preparation (continued)

b) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Inca Minerals Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 11.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

(c) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

For the half year ended 31 December 2018, the Group incurred a loss of $1,000,949 and had net cash outflows of $176,236.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The ability of the company to raise capital by the issue of additional shares under the *Corporations Act 2001*; and
- The ability to curtail administration and operational cash out flows as required.
- Ongoing dealings with South32 regarding its interest in Riqueza. An Option Agreement, executed in the previous report period, was exercised by South32 in the current report period which precipitated subsequent negotiations for a Share Subscription and Earn-in Agreement (Earn-in Agreement). At the time of writing, subject to all terms being agreed, it has been agreed that South32 is to provide Phase 1 funding of US$9 million over a 4-year period for 60% of Riqueza.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2018

2. Funding Received from South 32

The funding received from South32 relates to the remaining balance of the sale of option proceeds received from South32 in the year ended 30 June 2018 which has been recognised as revenue in the current period as the remaining underlying performance obligations attached to these proceeds, were satisfied during the period.

3. Trade and Other Receivables

	Consolidated	
	31 December 2018 $	30 June 2018 $
Other receivables	13,574	20,461
Prepayments	4,177	5,399
GST and VAT	99,637	98,671
	117,388	124,531

4. Exploration and Evaluation Expenditure

	Consolidated	
	31 December 2018 $	30 June 2018 $
At cost		
Balance at beginning of the period	5,307,999	2,228,409
Expenditure incurred (including foreign exchange rate movements)	1,205,090	3,079,590
Expenditure written off	(583,640)	-
Balance at end of the period	5,929,449	5,307,999

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

5. Contributed equity

	31 December 2018 $	30 June 2018 $
Ordinary shares		
Issued and fully paid	39,087,307	37,270,506

Movement in fully paid ordinary shares:	No. of Shares	31 December 2018 $
At 1 July 2018	2,592,788,159	37,270,506
Issued at $0.005 per share 2 August 2018	27,500,000	137,500
Issued at $0.005 per share 5 September 2018	136,128,818	680,644
Issued at $0.005 per share 19 September 2018	32,961,000	164,805
Issued at $0.005 per share 1 October 2018	12,900,000	64,500
Issued at $0.004 per share 22 October 2018	9,875,000	39,500
Issued at $0.005 per share 7 November 2018	10,000,000	50,000
Issued at $0.005 per share 3 December 2018	143,292,389	716,462
Issued at $0.005 per share 7 December 2018	1,540,000	7,700
Issued at $0.004 per share 7 December 2018	12,950,000	51,800
Less: costs associated with issue of shares	-	(96,110)
At 31 December 2018	2,979,935,366	39,087,307

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2018

6. Segment Information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company operates in the segments of mineral exploration within Peru and Australia. In the report period, the Company operated in mineral exploration in Australia and in Peru.

The Company is domiciled in Australia. All revenue from external parties is generated from Australia only. Segment revenues are allocated based on the country in which the party is located. All the assets are located in Peru and Australia. Segment assets are allocated to countries based on where the assets are located.

Reportable segments:	**Australia**	**Peru**	**Consolidated**
	$	**$**	**$**
Segment revenue			
December 2018	278,560	-	278,560
December 2017	2,443	-	2,443
Segment result			
December 2018	(130,184)	(870,765)	(1,000,949)
December 2017	(347,526)	(386,872)	(734,398)
Segment assets			
December 2018	551,516	6,320,998	6,872,514
June 2018	491,117	5,936,416	6,427,533
Segment liabilities			
December 2018	(116,404)	(60,424)	(176,828)
June 2018	(456,035)	(210,072)	(666,107)
Depreciation and amortisation expense			
December 2018	(1,467)	(2,155)	(3,622)
December 2017	(1,150)	(2,935)	(4,085)

7. Events Subsequent to Reporting Date

On 21 January 2019, Dr Jonathan West was appointed as a director of the Company.

On 22 January 2019, Dr Justin Walawski resigned as a director of the Company.

On 17 January 2019, the Company announced that it had agreed to a US$9 million earn-in with South32 over a 4 year period, on completion of which South32 will acquire a 60% interest in Riqueza.

On 1 March 2019, the Company relinquished its interest in the La Elegida 1 mining concession in Peru.

On 13 March 2019, the Company issued 13,450,000 fully paid ordinary shares, each with an attaching free option, at $0.005 per share; and 25,150,000 fully paid ordinary shares at $0.004 per share, raising a total of $170,000 (before associated costs).

Other than as disclosed in this report, there have been no further material items, transactions or events subsequent to 31 December 2018 which, although they do not relate to conditions existing at that date, have not been dealt with in this report and which would cause reliance on the information shown in this report to be misleading.

8. Contingent Liabilities

There are no contingent liabilities at the reporting date.

9. Dividends

No dividends were paid or declared payable during or since the half year.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2018

10. Expenditure Commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets in which it has an interest. These commitments are optional and only required if the Company wishes to maintain its rights of earn-in or rights of tenure. Outstanding exploration commitments for not later than one year and for between one and five years are as follows:

	Consolidated 31 December 2018 $	Consolidated 30 June 2018 $
Not later than one year	517,743	646,501
Between one and five years	2,632,003	2,637,777
	3,149,746	3,284,278

The exploration expenditure commitments above include commitments related to agreements for the acquisition of interests in mining concessions pertaining to the Group's Riqueza and Cerro Rayas projects in Peru. As at 31 December 2018 the Group has met all its obligations in respect of the agreements and all future exploration commitments are payable at the Group's discretion and dependent upon the Group acquiring the exclusive rights to the mining concessions. The key terms of the agreements pertaining to concessions within the Riqueza and Cerro Rayas projects are set out below.

1. Riqueza Project: A 5 year mining concession transfer option and assignment agreement granting the Group the exclusive option to acquire 100% interest in a mining concession called Nueva Santa Rita and referred to as the Riqueza Project. The Group has the exclusive right to terminate at any time during the transfer option and assignment period and any unpaid amounts are not payable to the vendor. Other key terms are:

Total Mining Concession Transfer Option & Assignment (**MCTOA**) Consideration	US$1,773,000
Payment Timing of MCTOA Consideration	MCTOA Payment on Execution Date (**ED**): US$30,000* MCTOA Payment 6 months from ED: US$20,000* MCTOA Payment 12 months from ED: US$50,000* MCTOA Payment 18 months from ED: US$60,000* MCTOA Payment 24 months from ED: US$50,000* MCTOA Payment 30 months from ED: US$63,000* MCTOA Payment 36 months from ED: US$100,000 MCTOA Payment 42 months from ED: US$100,000 MCTOA Payment 48 months from ED: US$150,000 MCTOA Payment 54 months from ED: US$150,000 MCTOA Payment 60 months from ED: US$1,000,000
Mining assignment period	5 years from the Execution Date (17 May 2016)
NSR Royalty	2% NSR. The Group has a 20-year option to buy back 50% of the NSR for US$1,000,000 leaving a 1% NSR to the vendor.
Cancellability	The Group has the exclusive right to terminate at any time during the option and assignment period without cost or penalty. Any unpaid amounts are not payable to the vendor.

* *As at the date of the Directors' Declaration, the Group has met all applicable commitments under the agreement.*

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2018

10. Expenditure Commitments (continued)

2. Cerro Rayas Project - La Elegida Concession: A 2-year mining concession transfer option and assignment agreement commencing 30 June 2017 granting the Group the exclusive option to acquire 100% interest in a mining concession known as La Elegida which forms part of the Group's Cerro Rayas Project. The Group has the exclusive right to terminate at any time during the transfer option and assignment period and any unpaid amounts are not payable to the vendor. Other key terms are:

Total Mining Concession Transfer Option and Assignment (**MCTOA**) Consideration	US$245,000
Payment Timing of MCTOA Consideration	Mining assignment and purchase option payments (**MAPOP**): MAPOP on Commencement Date (**CD**): US$51,000* MAPOP on or before 6 months from CD: US$11,000* MAPOP on or before 12 months from CD: US$90,000* MAPOP on or before 13 – 24 months from CD: US$4,000 per month MAPOP on or before 24 months from CD: US$45,000
Mining assignment period	2 years from the Commencement Date (30 June 2017)
Cancellability	The Group has the exclusive right to terminate at any time during the option and assignment period without cost or penalty. Any unpaid amounts are not payable to the vendor.

* *As at the date of the Directors' Declaration, the Group has met all applicable commitments under the agreement.*

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

	Consolidated 31 December 2018 $	Consolidated 30 June 2018 $
Not later than one year	38,864	50,598
Between one and five years	-	180
	38,864	50,778

11. Controlled Entities

	Country of Incorporation	Percentage Controlled (%) 31 December 2018	30 June 2018
Subsidiaries of Inca Minerals Limited:			
Urcaguary Pty Ltd	Australia	100	100
Inca Minerales S.A.C.	Peru	100	100
Dos Colinas S.A.C.	Peru	100	100
Brillandino Minerales S.A.C.	Peru	100	-
Hydra Minerals Ltd	Australia	100	100
Dingo Minerals Pty Ltd	Australia	100	100

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standard AASB 134 Interim Financial Reporting; and

   (b) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Ross Brown
Managing Director

Dated at Perth this 15th day of March 2019.

INDEPENDENT AUDITOR'S REVIEW REPORT

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

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

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

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Inca Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Inca Minerals Limited ("the consolidated entity"). The consolidated entity comprises both Inca Minerals Limited ("the Company") and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Inca Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Inca Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

INDEPENDENT AUDITOR'S REVIEW REPORT CTD

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Inca Minerals Limited on 15 March 2019.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Inca Minerals Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

Without modification to the review conclusion expressed above, attention is drawn to the following matter.

As referred to in note 1 to the financial report, the financial report has been prepared on a going concern basis. At 31 December 2018, the Group had net assets of $6,695,686, cash and cash equivalents of $616,018 and a net working capital surplus of $556,578. The Group had incurred a loss for the half-year ended 31 December 2018 of $1,000,949.

The ability of the Group to continue as a going concern and meet its exploration and administration commitments is dependent upon the Group raising further working capital, successful conclusion of an Earn-In Agreement with South 32 Group Operations Pty Ltd in relation to the Group's Riqueza Project, commencing profitable operations and/or reducing ongoing commitments. In the event the Group is unable to raise further working capital and/or successfully conclude an Earn-In Agreement and/or commence profitable operations and/or reduce ongoing commitments, the Group may not be able to meet its liabilities as they fall due, or realise its assets at their stated values.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Samir Tirodkar
Director

Stantons International Audit and Consulting Pty Ltd

West Perth, Western Australia
15 March 2019