Inca Minerals Limited

ACN 128 512 907

Half Year Financial Report

For the half year ended 31 December 2019

CONTENTS

CORPORATE PARTICULARS

Directors	Mr Ross Brown - Managing Director Mr Gareth Lloyd Dr Jonathan West
Company Secretary	Malcolm Smartt
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 2019.

Directors

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

Mr Ross Brown
Dr Jonathan West
Mr Gareth Lloyd

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 2019 (**report period**) was $687,868 (2018: $1,000,949). 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 1,075,218,405 fully paid ordinary shares to raise $2,265,890 (before associated raising costs). Funds raised are to be used for drilling and exploration at the Group's Australian and Peru-based projects and for working capital.

The principal focus of the Group during the report period was exploration at the Group's Greater Riqueza Project (**Riqueza**). The Company has a Share Subscription and Earn-in Agreement (**Earn-in Agreement**) with South32 Group Operations Pty Ltd (**South32**) to fund exploration at Riqueza via a Peruvian project company called Brillandino Minerals S.A.C. (**Brillandino**). At the time of writing, the Earn-in Agreement is in Year-1 (of a four year term) with an expenditure commitment of US$1.7million.

South32-funded exploration conducted by Brillandino includes an extensive 1,268 sample soil geochemical survey, detailed mapping and sampling, 3D airborne magnetics data modelling, satellite imagery interpretation and ground geophysics. Many high-priority targets are defined. South32's exploration focus is large-scale skarn and/or porphyry mineralisation.

DIRECTORS' REPORT (continued)

Review of Operations and Exploration Activities (continued)

With the focus on Riqueza, very little work was conducted on the original Cerro Rayas concessions (La Elegida and La Elegida I) during the report period. La Elegida I was dropped for commercial reasons whilst eight new concessions were granted. Current plans include a possible project-wide geophysics survey, interpretation and drilling to test possible targets.

Through various MOU agreements, several exciting Australian-based projects were acquired in the reporting period. These include the MaCauley Creek Project (**MaCauley Creek**), in northeast Queensland, the Frewena Fable Project (**Frewena**) and the Lorna May Project (**Lorna May**) both in the Northern Territory. MaCauley Creek is highly prospective for porphyry-style mineralisation. Initial reconnaissance mapping and sampling conducted in the report period confirms this potential with strong copper, silver, base-metal results. A review of past exploration indicates that mineralised "telescoped" granites occur within a large geophysical magnetic feature. The Northern Territory projects are at an early stage of development. Both are prospective for IOCG mineralisation. Frewena is granted and hosts coincident geophysical, topographic and satellite anomalies. It occurs within the new Tennent East IOCG corridor. A site visit to Frewena has confirmed its IOCG potential. Lorna May is not granted at the time of writing.

The company lodged applications for three projects in East Timor (Manatuto, Ossu and Paatal) in the previous reporting period. Manatuto and Ossu are polymetallic projects with known copper, gold, silver and chromium mineralisation. Paatal hosts known phosphate-beds. These applications have not, as yet, been granted.

Events Subsequent to Reporting Date

On 9 January 2020, the Company completed a Selective Buy-Back of 110,000,000 fully paid ordinary shares, which was approved by shareholders at the Annual General Meeting held on 15 November 2019. As a result of the Selective Buy-Back, the number of fully paid ordinary shares on issue in the Company reduced to 4,062,606,994.

On 10 January 2020, the Company issued 11,788,223 fully paid ordinary shares at $0.00203 per share, being for salaries and fees to directors. The issue of shares was approved by shareholders at a General Meeting held on 31 May 2019.

In February 2020, the Board of Directors decided to discontinue with the Toolebuc project.

Other than as disclosed in this report, there have been no further material items, transactions or events subsequent to 31 December 2019 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 2019.

Signed in accordance with a resolution of the Directors.

Ross Brown
Managing Director
Dated at Perth this 4th day of March 2020.

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.

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4 March 2020

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 2019, 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 2019

	Note	31 December 2019 $	31 December 2018 $
Funding received from South32	2	-	277,988
Interest received		284	572
Total income		284	278,560
Exploration and evaluation expenditure written off	4	-	(583,640)
Directors' fees		(35,145)	(41,388)
Salaries and wages		(76,861)	(151,738)
Administrative expenses		(312,080)	(279,802)
Advertising and promotion costs		-	(39,500)
Professional fees		(63,340)	(28,444)
Listing and share registry expenses		(67,215)	(49,307)
Environmental rehabilitation		(33,075)	-
Depreciation		(17,092)	(3,622)
Foreign exchange losses		(5,405)	(7,814)
Provision for impairment related to Peruvian Value Added Tax		(77,939)	(94,254)
Loss before income tax		(687,868)	(1,000,949)
Income tax expense		-	-
LOSS FOR THE PERIOD		(687,868)	(1,000,949)
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		(140,542)	118,408
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(828,410)	(882,541)
Loss attributable to:			
- Members of Inca Minerals Limited		(687,868)	(1,000,949)
Total Comprehensive Loss attributable to			
- Members of Inca Minerals Limited		(828,410)	(882,541)
LOSS PER SHARE			
Basic and diluted loss per share (cents per share)		(0.02)	(0.04)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	31 December 2019 $	30 June 2019 $
Assets			
Current Assets			
Cash and cash equivalents		2,003,571	1,377,481
Trade and other receivables	3	57,868	30,597
Total Current Assets		**2,061,439**	**1,408,078**
Non-Current Assets			
Plant and equipment		221,724	237,937
Exploration and evaluation expenditure	4	8,154,485	6,871,149
Total Non-Current Assets		**8,376,209**	**7,109,086**
Total Assets		**10,437,648**	**8,517,164**
Liabilities			
Current Liabilities			
Trade and other payables		79,492	172,055
Funding in Advance		2,561,959	1,706,542
Provisions		101,673	126,359
Total Current Liabilities		**2,743,124**	**2,004,956**
Total Liabilities		**2,743,124**	**2,004,956**
Net Assets		**7,694,524**	**6,512,208**
Equity			
Contributed equity	5	41,521,799	39,543,924
Accumulated losses		(33,963,878)	(33,276,010)
Foreign currency translation reserve		103,752	244,294
Share option reserve		32,851	-
Total Equity		**7,694,524**	**6,512,208**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2019

	Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Share Option Reserve	Total Equity
	$	$	$	$	$
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**
Balance at 1 July 2019	39,543,924	(33,276,010)	244,294	-	6,512,208
Loss attributable to members of the Company	-	(687,868)	-	-	(687,868)
Other comprehensive income for the period	-	-	(140,542)	-	(140,542)
Total comprehensive income/(loss) for the period	-	(687,868)	(140,542)	-	(828,410)
Shares issued	2,265,890	-	-	-	2,265,890
Cost of share issue	(288,015)	-	-	-	(288,015)
Issue of Share Options	-	-	-	32,851	32,851
Balance at 31 December 2019	**41,521,799**	**(33,963,878)**	**103,752**	**32,851**	**7,694,524**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2019

	31 December 2019 $	31 December 2018 $
Cash flows from Operating Activities		
Payments to suppliers and employees	(265,733)	(435,322)
Interest received	273	379
Net cash (used in) operating activities	(265,460)	(434,943)
Cash flows from Investing Activities		
Payments for exploration and evaluation expenditures	(1,806,704)	(1,517,153)
Payments for property, plant and equipment	(6,591)	(16,959)
Net cash (used in) investing activities	(1,813,295)	(1,534,112)
Cash flows from Financing Activities		
Proceeds from share issue	2,082,426	1,858,883
Costs of share issue	(256,697)	(66,064)
Proceeds from S32 under Share Subscription and Earn-in Agreement	879,116	-
Net cash provided by financing activities	2,704,845	1,792,819
Net increase / (decrease) in cash held	626,090	(176,236)
Effect of exchange rate changes on cash and cash equivalents	-	2,939
Cash and cash equivalents at the beginning of the half year	1,377,481	789,315
Cash and cash equivalents at the end of the half year	**2,003,571**	**616,018**

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 2019

1. Basis of Preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2019 (**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 2019, 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 considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: Leases

The impact of the adoption of this Standard and the respective accounting policies is disclosed below.

i. Leases

The Group as lessee

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2019

1. Basis of Preparation (continued)

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

i. Leases (continued)

The right-of-use asses comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

At 31 December 2019 and at 1 July 2019, the Board assessed the leases and have determined that the leases currently in force are not material and therefore adoption of AASB 16 has no significant impact on the financial statements.

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.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2019

(c) Going Concern (continued)

For the half year ended 31 December 2019, the Group incurred a loss of $687,868 and had net cash inflows of $626,090.

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 pursuant to the Share Subscription and Earn-in Agreement, and further funding that may be provided by South32.

(d) Leases

At the commencement of a lease term, leases are recognised as assets and liabilities in the Statement of Financial Position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is expensed to each period during the lease term.

2. Funding Received from South 32

The funding received from South32 in the prior period relates to the balance of the sale of option proceeds received from South32 in the year ended 30 June 2018 which was recognised as revenue in the period ended 31 December 2018 as the underlying performance obligations attached to these proceeds, were satisfied during the period.

3. Trade and Other Receivables

	Consolidated	
	31 December 2019	**30 June 2019**
	$	**$**
Other receivables	17,492	21,891
Prepayments	40,376	8,706
	57,868	30,597

4. Exploration and Evaluation Expenditure

	Consolidated	
	31 December 2019	**30 June 2019**
	$	**$**
At cost		
Balance at beginning of the period	6,871,149	5,307,999
Expenditure incurred (including foreign exchange rate movements)	1,283,336	2,218,349
Expenditure written off	-	(655,199)
Balance at end of the period	8,154,485	6,871,149

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.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2019

5. Contributed equity

	31 December 2019	30 June 2019
	$	$
Ordinary shares		
Issued and fully paid	41,521,799	39,543,924

Movement in fully paid ordinary shares:	No. of Shares	31 December 2019 $
At 1 July 2019	3,085,600,366	39,543,924
Issued at $0.005 per share 4 July 2019	8,750,000	43,750
Issued at $0.00375 per share 22 August 2019	40,000,000	150,000
Issued at $0.00336 per share 19 September 2019	5,680,813	19,099
Issued at $0.002 per share 30 October 2019	966,087,592	1,932,175
Issued at $0.003 per share 7 December 2019	8,700,000	26,133
Issued at $0.00206 per share 19 November 2019	46,000,000	94,733
Less: costs associated with issue of shares	-	(288,015)
At 31 December 2019	4,160,818,771	41,521,799

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 2019	284	-	284
December 2018	278,560	-	278,560
Segment result			
December 2019	(252,241)	(435,627)	(687,868)
December 2018	(130,184)	(870,765)	(1,000,949)
Segment assets			
December 2019	2,670,367	7,767,281	10,437,648
June 2019	227,598	8,289,566	8,517,164
Segment liabilities			
December 2019	(130,995)	(2,612,129)	(2,743,124)
June 2019	(188,181)	(1,816,775)	(2,004,956)
Depreciation and amortisation expense			
December 2019	(776)	(16,316)	(17,092)
December 2018	(1,467)	(2,155)	(3,622)

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2019

7. Events Subsequent to Reporting Date

On 9 January 2020, the Company completed a Selective Buy-Back of 110,000,000 fully paid ordinary shares, which was approved by shareholders at a General Meeting held on 15 November 2019. As a result of the Selective Buy-Back, the number of fully paid ordinary shares on issue in the Company reduced to 4,062,606,994.

On 10 January 2020, the Company issued 11,788,223 fully paid ordinary shares at $0.00203 per share, being for salaries and fees to directors. The issue of shares was approved by shareholders at a General Meeting held on 31 May 2019.

In February 2020, the Board of Directors decided to discontinue with the Toolebuc project.

Other than as disclosed in this report, there have been no further material items, transactions or events subsequent to 31 December 2019 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.

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 2019 $	Consolidated 30 June 2019 $
Not later than one year	1,002,296	791,786
Between one and five years	6,429,241	5,211,435
	7,431,537	6,003,221

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 2019 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:

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2019

10. Expenditure Commitments (continued)

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.*

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. On 10 April 2019, the Group executed an addendum to the option and assignment agreement extending the payment timing. The total consideration payable remains unchanged. The addendum extended the assignment period to 34 months form the commencement date.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2019

10. Expenditure Commitments (continued)

Other key terms are:

Total Mining Concession Transfer Option and Assignment (**MCTOA**) Consideration	US$244,000
Payment Timing of MCTOA Consideration	Mining assignment and purchase option payments (MAPOP): MAPOP on Commencement Date (CD): US$50,000* 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 -19 months from CD: US$4,000 per month. These payments total US$ 28,000 * MAPOP on April 02nd 2019 from CD: US$4,000 * MAPOP on or before 22 -23 months from CD: US$2,500 per month. These payments total US$5,000 * MAPOP on or before 24 - 32 months from CD: US$4,000 per month. These payments total US$36,000.* MAPOP on or before the 33rd month from CD: US$10,000 MAPOP on or before the 34th month from CD: US$10,000
Mining assignment period	34 months 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.*

3. Cerro Rayas Project - La Elegida I Concession: A 2.5-year mining concession transfer option and assignment agreement commencing 10 October 2016 granting the Group the exclusive option to acquire 100% interest in a mining concession known as La Elegida I which forms part of the Group's Cerro Rayas Project. The Group had 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. The group exercised its right to early terminate the agreement, through a letter dated February 27, 2019. On 9 May 2019, the Group lodged with the Lima Registry Office the termination of the agreement and has no further rights or obligations pursuant to 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 2019 $	Consolidated 30 June 2019 $
Not later than one year	45,258	38,618
Between one and five years	26,327	52,654
	71,585	91,272

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2019

11. Controlled Entities

	Country of Incorporation	Percentage Controlled (%)	
		31 December 2019	30 June 2019
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
Brillandino Minerales S.A.C.	Peru	100	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 2019 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 4th day of March 2020.

Stantons International Audit and Consulting Pty Ltd
trading as
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**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 2019, 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 2019 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.

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 4 March 2020.

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 2019 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*.

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

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director

West Perth, Western Australia
4 March 2020