



HIGHLIGHTS

Chanape Project - Peru

- Continuation of sampling programs resulting in the generation of additional drill targets
- High grade rock chip sample assay results included:
 - M183375: 12.65g/t Au, 746g/t Ag, 14.95% Pb
 - M190642: 12.90g/t Au, 34g/t Ag
 - M183365: 9.11g/t Au, 88.40g/t Ag
 - M183356: 7.25g/t Au, 94.10g/t Ag
 - M190650: 5.94g/t Au, 320 g/t Ag, 1.77% Cu
- Progression of sdEIA permit through receipt of MINEM observations and preparation of responses
- Continued interest from mining companies in Chanape

In the current reporting period, the Company continued the sampling and mapping programs commenced at Chanape in the previous quarter. It also monitored and carefully tracked the progress of its sdEIA permit, culminating in the receipt by the Company of Ministerio de Energía y Minas (“MINEM”) observations – regarded as a significant step forward in the approval process. The Company maintained the drill camp at Chanape during the quarter and a number of site-visits by major mining house teams, involving detailed geological investigation also occurred.

PROJECT ACTIVITIES

Exploration conducted at Chanape this quarter resulted in the identification of further zones of mineralisation in the summit, southern and northern parts of the project area. In doing so, the number and spread of drill targets was greatly increased. Ongoing geological mapping and a geophysical data review also combined to greatly enhance drill target definition. The identification of a broader spread of mineralisation and refined definition of drill targets reinforced the Company’s action in seeking a greatly expanded drilling capacity in the previous quarter.

Semi-Detailed Environmental Impact Assessment Permit (ASX announcement 23 December 2014)

The Company received official response from the MINEM with respect to the Company’s sdEIA. The MINEM’s response, commonly referred to as “observations” were keenly awaited by the Company. The observations were thorough and transparent, and importantly do not identify a material deficiency in the Company’s permit application. The observations were varied in nature and essentially revolved around Inca providing further information (particularly with respect to certain maps), clarification of information that Inca has previously provided, soil and air quality sampling and monitoring procedures, closure and post-closure rehabilitation of drilling and camp affected areas.



Channel Sampling-Mapping Programs (ASX announcement 23 December 2014)

Recently concluded and ongoing exploration programs at Chanape include a rockchip channel sampling program; a geological mapping program (to follow-up on recent reinterpretations and results from talus sampling); a geophysics review and; a surface sample hyperspectral Hylogger clay mapping program. The Company has recently completed a second phase of channel sampling at Chanape involving 135 samples. Further zones of strong epithermal mineralisation have been identified in the summit and southern areas of Chanape. Peak values include **M190642: 12.90g/t Au, 34g/t Ag**, **M190650: 5.94g/t Au, 320 g/t Ag, 1.77% Cu** and **M190638: 1.80g/t Au, 116g/t Ag**. The host material is in all cases highly altered (and Fe-oxidised) breccia structures in close proximity to a monzonite intrusive and volcanics (Figure 1).

The results of the first phase channel-sampling were released on the 22 October 2014 with peak values of 12.65g/t Au, 746g/t Ag and 14.95% Pb (in sample M183375).

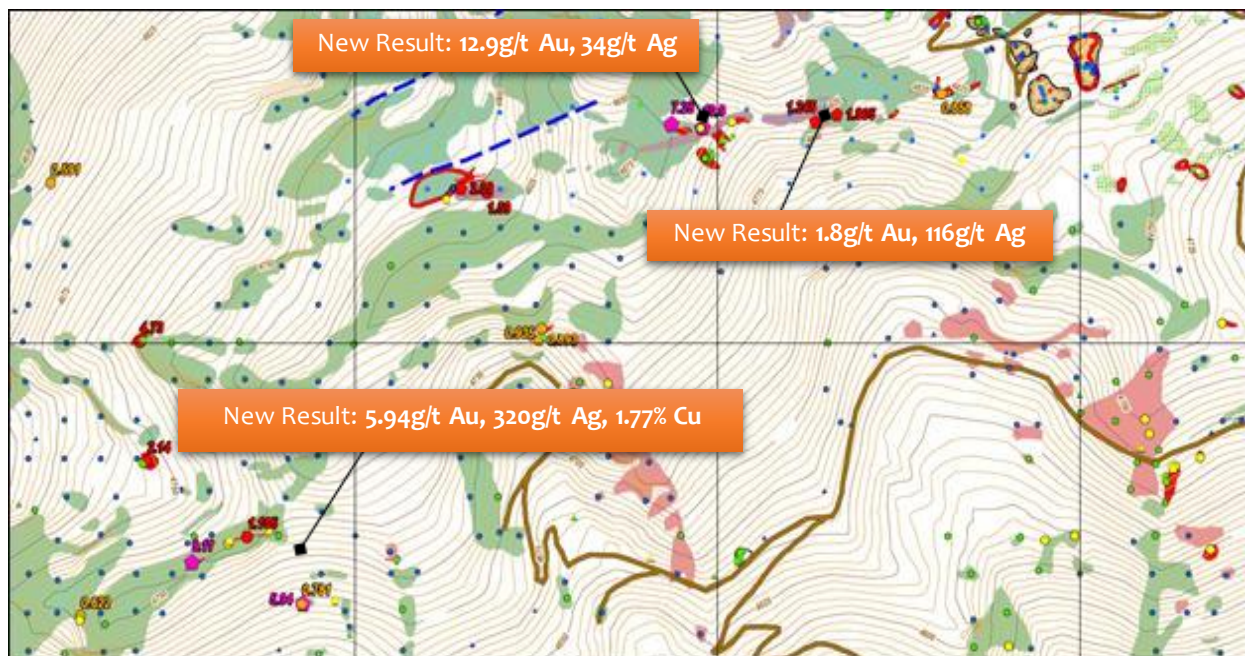


Figure 1: Geology plan of the summit and southern areas of Chanape showing highlighted channel sample results. Strong mineralisation is associated with strongly altered (and Fe-oxidised) breccia structures in proximity to a monzonite intrusive stock. Scale: grid is 500m x 500m.

Through the assistance of visiting geologists, a large phreatomagmatic breccia has been recognised at Chanape. Covering an elongated area of 900m x 300m, this breccia body is the largest on the property, extending from Hydrothermal Breccia Pipe 8 in the northwest, to the summit in the southeast. The proximity of Au-Ag±Cu±W-bearing epithermal mineralisation to this large phreatomagmatic breccia (with coincident widespread argillic/phyllitic alteration and chargeability anomalism), suggests that this new breccia may have caused or, at least, is related to such mineralisation.

Mapping in the northern part of the project has identified monzodiorite, an intrusive rock that is in close spatial and geological juxtaposition with several Au-bearing breccia pipes (referred to as the Violeta breccias). Past mining activity as evidenced by several adits and drives, appears to have focussed on the underground extensions of these pipes. A large chargeability anomaly (ASX announcement 22 October 2014) coincides with the new intrusive monzodiorite.



The Company's first phase of the channel-sample program (results released in ASX announcement 22 October 2014) targeted previously sampled, but as yet undrilled, breccia occurrences in the summit and southern areas of Chanape and identified a number of high grade breccia zones. The very high values of Au, Ag and Pb are indicative of strong epithermal mineralisation which typically occurs above porphyry deposits. Elevated levels of Cu and Mo are also recorded in this part of the project and are an indication that hotter mineralising conditions, like that associated with porphyry mineralisation, occur in proximity to the summit and southern areas.

At each sample location, the channels were conducted perpendicular to the breccia trend and each individual channel sample comprised a continuous, unselective two metre section of breccia. To have such high grades of mineralisation in such circumstances is unusual. The fact that these high grade zones of mineralisation are encountered where a strong chargeability anomaly occurs at the surface adds considerable importance to these new sample results [Refer below]. That the same chargeability anomaly defines a potential sulphide body up to 1.5km long, 0.75km across and 0.5km deep, is an unprecedented result for the Company. For the first time we have a modelled 3D shape – a discrete target that helps quantify the upside potential of Chanape.

Geophysics review identifies very large chargeability anomaly (ASX announcement 23 December)

The Company continued its review of geophysical data, including ground magnetics, in the current quarter. Results indicate a pattern of magnetics typical of porphyry/epithermal systems. An outer magnetic high forming a distinct, albeit imperfect, outer halo is evident at Chanape. This is believed to reflect magnetite associated with peripheral propylitic alteration. Centrally located, and coinciding with chargeability highs, a second form of magnetic anomalism occurs (Figure 2). This appears to be associated with conductive metal sulphides.

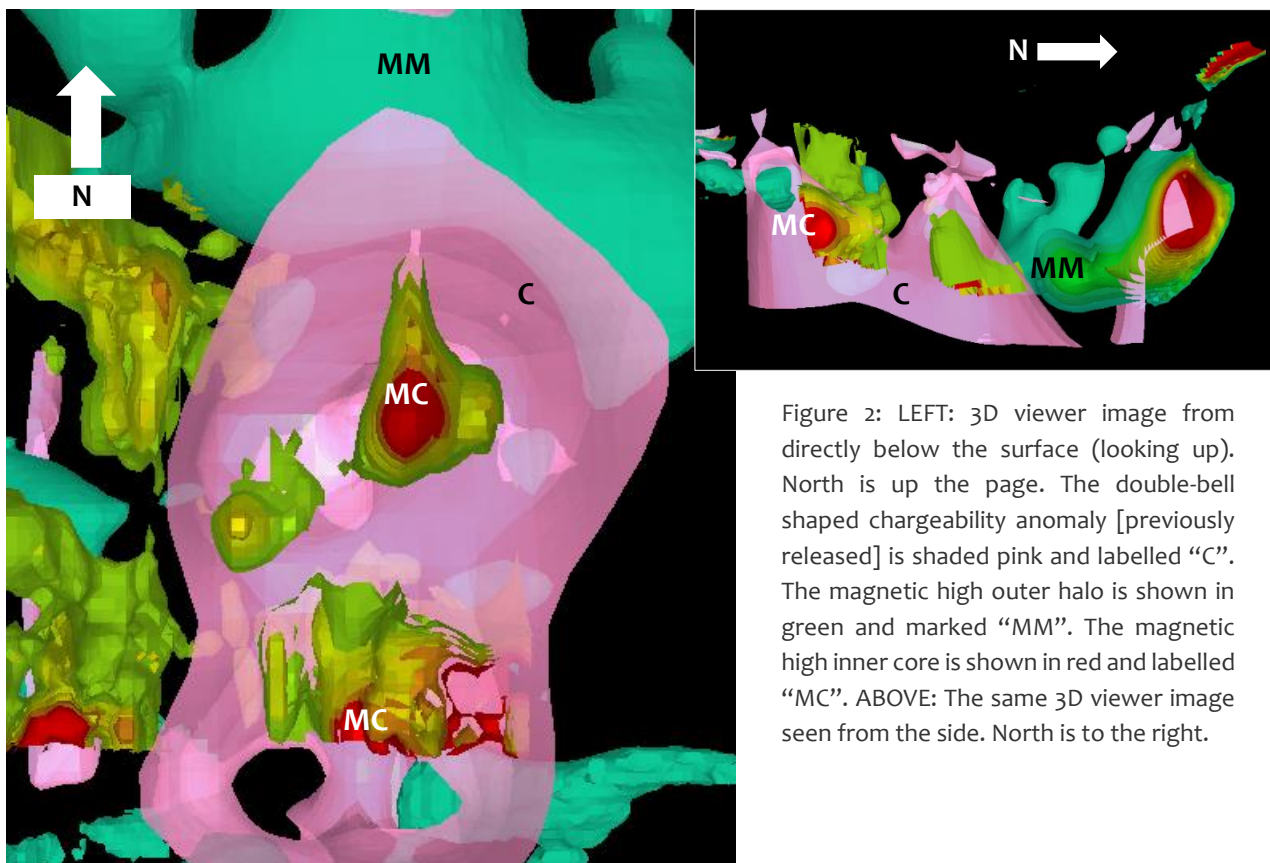


Figure 2: LEFT: 3D viewer image from directly below the surface (looking up). North is up the page. The double-bell shaped chargeability anomaly [previously released] is shaded pink and labelled "C". The magnetic high outer halo is shown in green and marked "MM". The magnetic high inner core is shown in red and labelled "MC". ABOVE: The same 3D viewer image seen from the side. North is to the right.



Chanape Attracts Further Interest

As well as having attracted interest from major mining houses, recent approaches during the quarter have included those from strong performing junior and mid-tier explorers. The Company continues to evaluate each and all potential partnerships in terms of project value-add and shareholder benefit.

KEY OUTCOMES OF THE QUARTER

Importance of Recent Exploration Results

During the report period, the Company continued to make significant strides forward in the exploration development of Chanape. Cognisant of the pause to drilling the application of an sdEIA would necessarily bring, exploration this quarter has added to and refined the drill targets at Chanape. More broadly, information generated from recently completed channel sampling, mapping and geophysical modelling (described above), has greatly enhanced the Company's understanding of the large porphyry system at Chanape. All parts of Chanape project have now been traversed by Inca geologists. Notwithstanding further discoveries and refinements in deposit modelling, a broad knowledge-bank of the Chanape porphyry has rapidly developed ahead of the granting of the Company's largest ever 22,500m drill permit. The heightened understanding of the Chanape porphyry system impacts very positively on drill target generation and prioritisation.

Key observations:

- Chanape contains a rich metal-mix with widespread Cu, Au, Ag, Mo, W and Pb mineralisation.
- Mineralisation occurs over a 1.3km vertical distance and metal variance is characteristic of large, multi-phase porphyry systems.
- There is a close spatial and presumed genetic relationship between the metal bearing breccias and the metal bearing intrusive stocks.
- There are over 70 breccias and 8 intrusive stocks at Chanape.
- Geology, alteration, mineralisation and geophysics are all characteristic of large porphyry systems.

Key existing and new targets now include:

- Breccia Pipe Eight Area: Known epithermal and porphyry mineralisation, extensive alteration, chargeability and SP anomalies, past mining activity – partially drill tested (DIA permit).
- The Summit Area: Extensive epithermal mineralisation, mineralised breccia pipes, alteration, chargeability, magnetics and SP anomalies – covered in future sdEIA permit.
- The Southern Area: Extensive epithermal mineralisation, intrusive stocks, chargeability and SP anomalies – covered in future sdEIA permit.
- The Northern Area: Intrusive stocks, mineralised breccia pipes, chargeability, magnetics and SP anomaly, past mining activity – covered in future sdEIA permit.



Ross Brown
Managing Director

Competent Person's Statements

The information in this report that relates to gold, copper, silver, zinc epithermal and porphyry style mineralisation for the Chanape Project, 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 full time employee of Inca Minerals Limited and consents to the report being issued in the form and context in which it appears.

Some of the information in this report may relate to previously released reports/data regarding gold, copper, silver, zinc epithermal and porphyry style mineralisation for the Chanape Project, located in Peru, and first disclosed under the JORC Code 2004. It has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Company is not aware of any new information or data that materially affects the information in this report and such information is based on the information compiled by Mr Ross Brown BSc (Hons), MAusIMM, SEG, MAICD Managing Director, Inca Minerals Limited, who is a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Brown is a full time employee of Inca Minerals Limited and consents to the report being issued in the form and context in which it appears.

**Table 1: List of ASX Announcements for December 2014 Quarter**

ASX Announcements	Price Sensitive	Date Announced	Competent Person
Strong Copper, Gold, and Silver Anomalies in Talus Results	Y	7 October 2014	Ross Brown
Notice of Annual General Meeting	N	21 October 2014	N/A
12.6g/t Gold, 746g/t Silver, 14.96g/t Lead at Chanape Summit	Y	22 October 2014	Ross Brown
2014 Annual Report	N	23 October 2014	N/A
Inca September 2014 Quarterly Activities Report	Y	30 October 2014	Ross Brown
Inca Appendix 5B - September 2014 Quarter	Y	30 October 2014	N/A
Progress on sdEIA Drilling Permit at Chanape	Y	26 November 2014	Ross Brown
Managing Director AGM Presentation	N	28 November 2014	Ross Brown
Annual General Meeting Results	N	28 November 2014	N/A
Appendix 3B	N	5 December 2014	N/A
Appendix 3Y - Change of Director's Interest	N	5 December 2014	N/A
Drilling Permit Advances & Rich Gold-Silver-Copper in Sampling	Y	23 December 2014	Ross Brown
