



23 July 2015

Chanape Drilling and Company Update

HIGHLIGHTS

Drilling

- Mineralised breccia intersected in first hole of new drilling campaign
- Breccia contains significant levels of sulphides including pyrite, chalcopyrite and arsenopyrite
- Breccia interval of 61.43m from 238.8m to 300.23m (down-hole)
- Assay results expected in two to three weeks



Figure 1: Partial core tray photo showing core between 271m and 273m: Complexly altered and veined sulphide-bearing tourmaline breccia similar to the Clint Breccia intersected in CH-DDH012.

Entitlement Offer Issue Date

- Entitlement Offer Issue Date extended to 27 July 2015

Chanape Drilling Update

Inca Minerals Limited (“Inca” or the “Company”) is pleased to announce that its first hole (CH-DDH013) in the new drilling programme has intersected a sulphide-bearing tourmaline breccia from 238.8m to 300.23m (a down-hole interval of 61.43m). The breccia is very likely to be the part of the Clint Breccia, which was intersected in the previous hole CH-DDH012 (see ASX announcement 27 May 2014). Sampling of CH-DDH013 is progressing and it is anticipated that assay results will be available in a two to three week time frame. Follow-up holes will be designed to further test the breccia once detailed logging is complete and assay results received.



The second hole of the current programme (CH-DDH014) has commenced in the summit area of Mount Chanape. This hole is designed to drill test gold-bearing breccias identified in prior channel sampling (peak sample result: 12.6g/t Au, 746g/t Ag, 14.95% Pb).



Figure 2: Complete core tray photo of CH-DDH013 from 284m to 291.4m. The tourmaline-sulphide rich nature of this breccia is reminiscent of the Clint Breccia, which contains copper, gold, silver and molybdenum (see ASX announcement 27 May 2014).

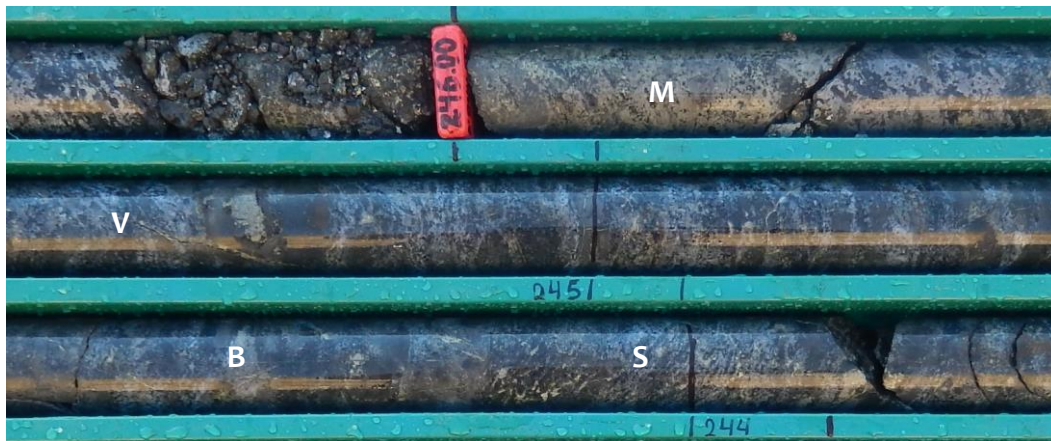


Figure 3: Partial core tray photo of CH-DDH013 between 243.7m to 246.3m. The sulphides occur in a variety of forms, including massive zones of replacement (M), blebs (B), veins (V) and stockwork zones (S). Tourmaline alteration is very well developed as is the physical extent of fragmentation (brecciation).

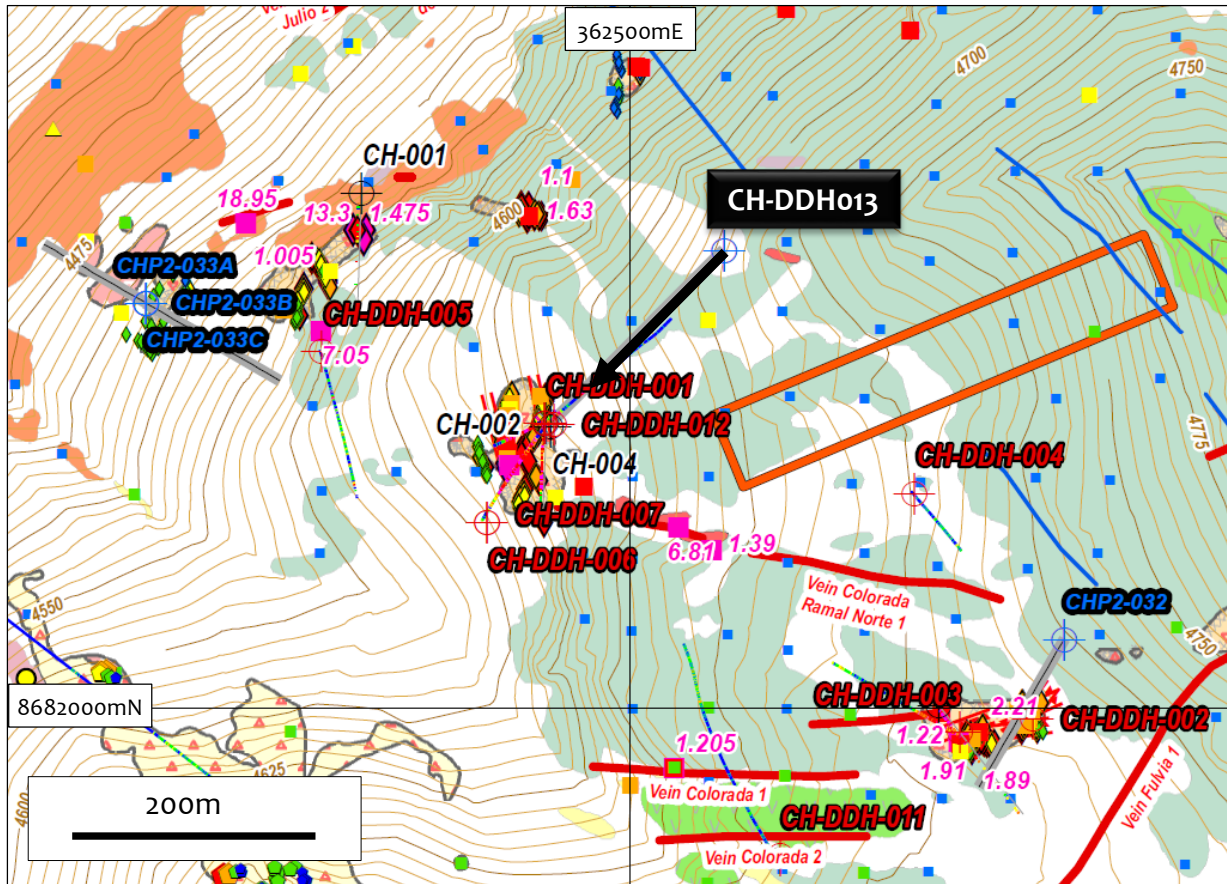


Figure 4: Plan showing the location of CH-DDH013 relative to CH-DDH012 (mentioned in text). Pink numbers indicate gold values in surface sampling (eg. 18.95 = 18.95g/t Au).

Entitlement Offer Update – Extension to Issue Date

As announced 20 July 2015 the Company recently completed a renounceable pro rata entitlement offer on the basis of 1 new share in the Company for every 3 existing shares held, at an issue price of \$0.01 per new share, to raise up to \$2,154,454 (before associated costs) (**Entitlement Offer**).

The Entitlement Offer has closed and to facilitate clearance of all settlement monies before allotment and issue of the new shares occurs, the Company has extended the Issue Date to Monday 27 July 2015 (having originally been scheduled for Thursday 23 July 2015).

Joint Company Secretary Update

As announced 30 June 2015 the Company appointed Mr Rowan Caren as Joint Company Secretary for a finite period being 2 July - 20 July 2015. Mr Caren's period of appointment has now ceased and Directors extend their thanks to Mr Caren for his services to the Company during the aforementioned period.

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Managing Director

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Competent Person Statements

The information in this report that relates to 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 epithermal and porphyry style mineralisation for the Chanape Project, located in Peru, and subsequently prepared 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, and 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 appear.



Figure 5: LEFT: The man-portable rig at CH-DDH013 – the first hole in the recently resumed drilling programme; RIGHT: Core logging at Chanape; BELOW: Chanape drill camp





Appendix

The following information is provided to comply with the JORC Code (2012) requirements for the reporting of the above diamond drilling results on the mining concessions known as San Antonio 5 and 10 De Julio de Chanape (located in Peru).

Section 1 Sampling Techniques and Data

| CRITERIA | JORC CODE EXPLANATION | COMMENTARY |
|------------------------------|--|--|
| Sampling techniques | <i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or hand-held XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i> | This current announcement refers to visual mineralisation in a section of drill core from hole CH-DDH013, which has a total down hole depth of 330 metres. No assay results concerning this hole were made part of this announcement. |
| | <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> | The hole location was determined by hand-held GPS. Drill core was/is logged noting lithology, alteration, mineralisation, structure. Sampling protocols and QAQC are as per industry best-practice procedures. |
| | <i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where ‘industry standard’ work has been done this would be relatively simple (e.g. ‘reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30g charge for fire assay’). In other cases more explanation may be required, such as where there is a coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i> | Each metre of drill core (of above) was/is currently being cut (longitudinally) and bagged separately. Samples are/will be sent to a reputable laboratory for multi-element analysis: Gold via FA-A finish (with detection limit 0.005ppm), multi-elements: Four Acid Digest ICP-AES (various detection limits). No assay results were made part of this announcement. |
| Drilling techniques | <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i> | The drilling technique used in the generation of reported geology was diamond core. Core diameter is NQ (47.6mm dia). The angled hole was orientated as per industry best-practice procedures. |
| Drill sample recovery | <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> | Core barrel v’s core length measurements were made. No significant core loss was experienced. |
| | <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> | No significant core loss was experienced. |
| | <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> | Not applicable - No assay results were made part of this announcement. |
| Logging | <i>Whether core and chip samples have been geologically and geo-technically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> | On-site geologist(s) log lithology, alteration, mineralisation on a shift basis. Core recoveries are noted. |
| | <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i> | Core logging is both qualitative and quantitative. Core photos were taken. |



| CRITERIA | JORC CODE EXPLANATION | COMMENTARY |
|---|---|---|
| Logging cont... | <i>The total length and percentage of the relevant intersections logged.</i> | 100% of the core was logged. |
| Sub-sampling techniques and sample preparation | <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> | Core was/will be sawn in half. One half was/will be bagged and labelled, the remaining half was/will be returned to the core tray. |
| | <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> | Not applicable – all samples subject of this announcement were core. |
| | <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> | Core sampling followed industry best practice procedures. |
| | <i>Quality control procedures adopted for all sub-sampling stages to maximise “representivity” of samples.</i> | No sub-sampling procedures were undertaken by the Company. |
| | <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> | The core sawing orientation is/was such that <u>mineralisation</u> is/was equally represented in both values of the core. Sample intervals are fixed to metre interval (in this case 1m interval) and not subject to visible signs of mineralisation. |
| | <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> | The sample sizes are considered adequate in terms of the nature and distribution of mineralisation visible in the core. |
| Quality of assay data and laboratory tests | <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> | No assay results were made part of this announcement. |
| | <i>For geophysical tools, spectrometers, hand-held XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> | No assay results (assisted by geophysical tools, spectrometers, etc...) or otherwise, were made part of this announcement. |
| | <i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i> | No assay results were made part of this announcement. |
| Verification of sampling and assaying | <i>The verification of significant intersections by either independent or alternative company personnel.</i> | No assay results were made part of this announcement. |
| | <i>The use of twinned holes.</i> | One drill hole only is the subject of this current announcement. |
| | <i>Documentation of primary data, data entry procedures, date verification, data storage (physical and electronic) protocols.</i> | No assay results were made part of this announcement. |
| | <i>Discuss any adjustment to assay data.</i> | No adjustments were made. |
| Location of data points | <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> | Drill hole location has been determined using a hand-held GPS. |
| | <i>Specification of the grid system used.</i> | PSAD56. |



| CRITERIA | JORC CODE EXPLANATION | COMMENTARY |
|--|---|---|
| Location of data points cont... | <i>Quality and adequacy of topographic control.</i> | Topographic control is achieved via the use of government topographic maps, in association with GPS and Digital Terrain Maps (DTM's), the latter generated during antecedent detailed geophysical surveys. |
| Data spacing and distribution | <i>Data spacing for reporting of Exploration Results.</i> | The one hole subject of geological reporting and sampling was/is being logged and sampled every metre (refer to above). Spacing (distance) between data sets with respect to geology and sampling is in line with industry best-practice. |
| | <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> | No representations of extensions, extrapolations or otherwise continuity of grade are made in this announcement. |
| | <i>Whether sample compositing has been applied.</i> | Sample compositing was not applied. |
| Orientation of data in relation to geological structure | <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> | Assay results are currently not available so “perpendicularity” to breccia-hosted mineralisation cannot be ascertained at this time. Note however: the drill hole subject of this current announcement was modelled to intersect a known mineralised breccia previously identified in CH-DDH012. The anticipated angle of intersection into the known mineralisation in CH-DDH012 is a maximum achievable given the position of the drill platform. The combination of CH-DDH012 and CH-DDH013 intersections may, in the future, enable true thickness calculations. At this time, there is no dimension to the mineralised breccia that might provide insight as to the “perpendicularity” of this hole in relation to it. |
| | <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> | There is no information pertaining to the orientation of the host lithology that is currently available to suggest that the sampling was biased in terms of orientation. |
| Sample security | <i>The measures taken to ensure sample security.</i> | Pre-assay sample security is managed by the Company in line with industry best-practice. |
| Audits or reviews | <i>The results of any audits or reviews of sampling techniques and data.</i> | The current sampling regime is appropriate for mineralisation prevalent at this project location. |



Section 2 Reporting of Exploration Results

| CRITERIA | JORC CODE EXPLANATION | COMMENTARY |
|--|---|--|
| Mineral tenement and land tenure status | <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> | <p>Tenement Type: Peruvian mining concession.</p> <p>Name: Two concessions: San Antonio 5 and 10 De Julio de Chanape.</p> <p>Ownership: The concession is registered on INGEMMET (Peruvian Geological Survey) in the name of the Company. The Company has a 5-year mining assignment agreement whereby the Company may earn 100% outright ownership of the concession.</p> |
| | <i>The security of the land tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> | With further reference to above, the mining assignment agreement is in good standing at the time of writing. The concession is all in good standing. |
| Exploration done by other parties | <i>Acknowledgement and appraisal of exploration by other parties.</i> | The drill hole subject of this announcement was carried out by Energold – a drilling company that adheres to industry best-practice. |
| Geology | <i>Deposit type, geological setting and style of mineralisation.</i> | The geological setting of the area subject to drilling (subsequently reported in this announcement) is that of Mesozoic subduction zone, mountain-building terrain comprising of acidic and intermediate volcanics and intrusives. Porphyry intrusions and associated brecciation have widely affected the volcanic sequence, introducing epithermal, porphyry and possible porphyry-related mineralisation. |
| Drill hole information | <p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> <i>Easting and northing of the drill hole collar</i> <i>Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar.</i> <i>Dip and azimuth of the hole.</i> <i>Down hole length and interception depth.</i> <i>Hole length.</i> | <p>Coordinates of CH-DDH013: 362560mE, 8682295mN (PSAD56) RL: 4,682m Dip and azimuth: 58°: 225° respectively. Down hole length of mineralisation: Mineralisation in this instance means sulphide mineralisation which does not imply grade). Hole depth (final): 330m.</p> |
| | <i>If the exclusion of this information is justified on the basis that the information is not material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> | Not applicable – the information has been provided (refer above). |
| Data aggregation methods | <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and</i> | Not applicable – no weighting averages nor maximum/minimum truncations were applied. |



| CRITERIA | JORC CODE EXPLANATION | COMMENTARY |
|---|--|--|
| Data aggregation methods cont... | cut-off grades are usually Material and should be stated. | |
| | Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations shown in detail. | Not applicable – no weighting averages nor maximum/minimum truncations were applied. |
| | The assumptions used for any reporting of metal equivalent values should be clearly stated. | Not applicable – no equivalents were used. |
| Relationship between mineralisation widths and intercept lengths | <p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. ‘down hole length, true width not known’).</p> | Where ever mineralisation was reported in this announcement, clear reference to it being “down hole” width/thickness was made. |
| Diagrams | Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not limited to a plan view of drill hole collar locations and appropriate sectional views. | A plan showing the hole location and terrain images with coordinates was provided to locate the hole subject of this announcement. |
| Balanced reporting | Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. | The Company believes the ASX announcement provides a balanced report on drill hole CH-DDH013. |
| Other substantive exploration data | Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | This announcement makes reference to geological results of CH-DDH012. Announcements pertaining to CH-DDH012 were made on the 12 May 2014, 23 May 2014 and 27 May 2014. Announcement pertaining to peak values in rock chip sampling (target of proposed hole CH-DDH014) was made on 22 October 2014. |
| Further work | The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). | By nature of early phase exploration, further work is necessary to better understand the mineralisation systems that appear characteristic of this area. |
| | Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | A plan showing the position of CH-DDH013 and CH-DDH012 provides relative positioning of the breccia intersections, and by virtue of this, shows the surface projection of this mineralisation. Notwithstanding the graphic representation of the holes, no comment and graphic representation has been made as to the shape (extension) of the breccia mineralisation. |