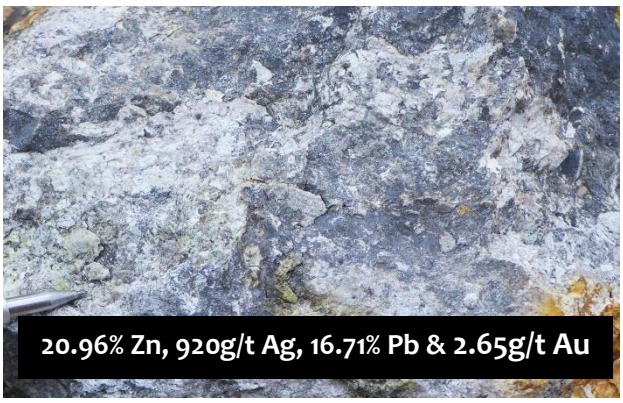
INCA MINERALS LTD
ACN: 128 512 907

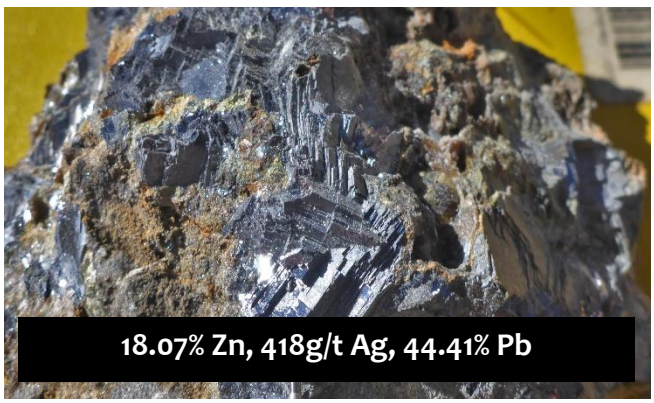
QUARTERLY REPORT
JUNE 2016

HIGHLIGHTS THIS QUARTER

EXPLORATION

- Very strong zinc-silver-lead (Zn-Ag-Pb) mineralisation confirmed in 2 sampling programs (**Program 1** and **Program 2**) at the Riqueza Project.
- Two highly prospective Zn-Ag-Pb prospects (Humaspunco and Uchpanga) recognised at Riqueza.
- All environmental base-line studies completed in readiness for the Riqueza drill permit.
- Current number of mineralised veins at Humaspunco jumps from **6** to **20** with average grades of:
  - **7.91% Zn, 239.04g/t Ag** and **11.12% Pb** in previous exploration; and
  - **10.05% Zn, 207.31g/t Ag** and **12.11% Pb** in Program 2
- Vein material from main workings at Uchpanga returns bonanza grades of:
  - **20.96% Zn, 920g/t Ag, 16.71% Pb, 2.65g/t gold (Au)** in Program 1
- 2 new mineralised breccias and a mineralised gossan over 750m long discovered at Riqueza.


20.96% Zn, 920g/t Ag, 16.71% Pb & 2.65g/t Au


18.07% Zn, 418g/t Ag, 44.41% Pb

- Manto mineralisation recognised along southern perimeter of Humaspunco and the crest of Humaspunco Hill and considered **open-ended to both the south and to the west**. Average grades reported from sampling are:
  - **7.11% Zn, 165.56g/t Ag** and **9.30% Pb** in previous exploration; and
  - **8.89% Zn, 264.07g/t Ag** and **12.51% Pb** in Program 2
- Manto horizons are now projected over **an area of 480,000m²** – the equivalent area of 384 Olympic-sized swimming pools.

CORPORATE

- Placements during the quarter to Resource Capital Fund VI L.P. and other existing shareholders raise A$485,000 in capital (before costs).
- Immediately post quarter (4 July 2016) the Company issues a Prospectus to raise up to A$2,476,960 (before costs) via a non-renounceable 1 for 2 entitlement offer.

PROJECT ACTIVITIES

Riqueza Zinc-Silver-Lead Project

During the June 2016 quarter (**quarter**) Inca Minerals Limited (**Inca** or **Company**) completed two mapping and sampling programs at its Riqueza Zn-Ag-Pb project. The purpose of the first program in May 2016 (Program 1) was to investigate possible southern extensions of known high-grade manto mineralisation at Humaspunco and also to investigate an extensive gossan and a series of small-scale mine workings occurring at Uchpanga.

The purpose of the second program in June 2016 (Program 2) was to investigate possible northern and western extensions of the manto mineralisation. The program also set out to investigate multiple vein-like structures occurring along the crest of Humaspunco and to investigate a prospective area south-east of Humaspunco.

Both Program 1 and Program 2 were tremendously successful in identifying numerous high grade Zn, Ag, Pb veins and breccias, high grade manto extensions and bonanza grade mineralisation associated with a 750m long gossan.

Program 1 peak metal results include:

- Zinc: **20.96%** at Uchpanga; **18.06%** at Humaspunco.
- Silver: **920g/t** at Uchpanga; **418g/t** at Humaspunco.
- Lead: **44.41%** at Humaspunco; Pb: **16.71%** at Uchpanga.
- Gold: **2.65g/t** at Uchpanga.

Program 2 peak metal results from Humaspunco include:

- Zinc: **22.70%** (in vein HV11), **21.70%** (in vein HV19), **20.20%** (in vein HV18);
- Silver: **583g/t** (in manto NW), **560g/t** (in manto NE), **400g/t** (in vein HV11);
- Lead: **24.15%** (in vein HV16), **21.65%** (in manto S), **20.70%** (in vein HV11).

Program 2 produces discovery of eight new highly mineralised veins averaging:

10.05% Zn, 207.31g/t Ag and 12.11% Pb

Samples from the manto along the southern perimeter of Humaspunco returned:

- Peak values: **18.06% Zn, 418g/t Ag, 44.41% Pb.**
- Average values: **7.54% Zn, 98.29g/t Ag, 9.76% Pb.**

Samples from the gossan and Rita Maria working of Uchpanga returned:

- Peak values: **20.96% Zn, 920g/t Ag, 16.71% Pb, 2.65g/t Au.**

The total number of mineralised bodies (veins, mantos and breccias) at Humaspunco grew during this quarter from 6 known veins and 3 known mantos to:

- 20 mineralised veins.
- A 15m thick manto sequence comprising 4 manto horizons.
- 2 discrete breccia bodies.

New mineralised discoveries from Program 2 include:

- Vein 13: NW-SE strike; peak assay value: 11.65% Zn, 215.0g/t Ag, 17.13% Pb
- Vein 14: NW-SE strike; peak assay value: 14.79% Zn, 230.0g/t Ag, 8.37% Pb
- Vein 15: NW-SE strike; peak assay value: 3.86% Zn, 196.6g/t Ag, 14.98% Pb
- Vein 16: NW-SE strike; peak assay value: 3.69% Zn, 291.0g/t Ag, 24.15% Pb
- Vein 17: NW-SE strike; peak assay value: 16.68% Zn, 204.0g/t Ag, 20.12% Pb
- Vein 18: NW-SE strike; peak assay value: 20.20% Zn, 74.6g/t Ag, 0.61% Pb
- Vein 19: NW-SE strike; peak assay value: 21.70% Zn, 205.0g/t Ag, 10.02% Pb
- Vein 20: NW-SE strike; peak assay value: 5.92% Zn, 239.0g/t Ag, 6.05% Pb
- Upper Manto NW: peak assay value: 15.73% Zn, 583.0g/t Ag, 18.65% Pb
- Upper Manto NE: peak assay value: 15.63% Zn, 560.0g/t Ag, 19.87% Pb
- Breccia 1: peak assay value: 18.07% Zn, 418.0g/t Ag, 44.41% Pb[1]
- Breccia 2: peak assay value: 9.00% Zn, 331.0g/t Ag, 14.62% Pb

The total combined strike length of the veins is now estimated to be at least 3,000m. Vein widths range from circa 3m to less than 1m. Manto mineralisation, previously known in exposures along a fault and within shallow old workings traversing Humaspunco, is now known along an 800m front to the south and a 500m front to the north. It is now believed to cover an area of circa 480,000m² (the equivalent area of 384 Olympic-sized swimming pools).

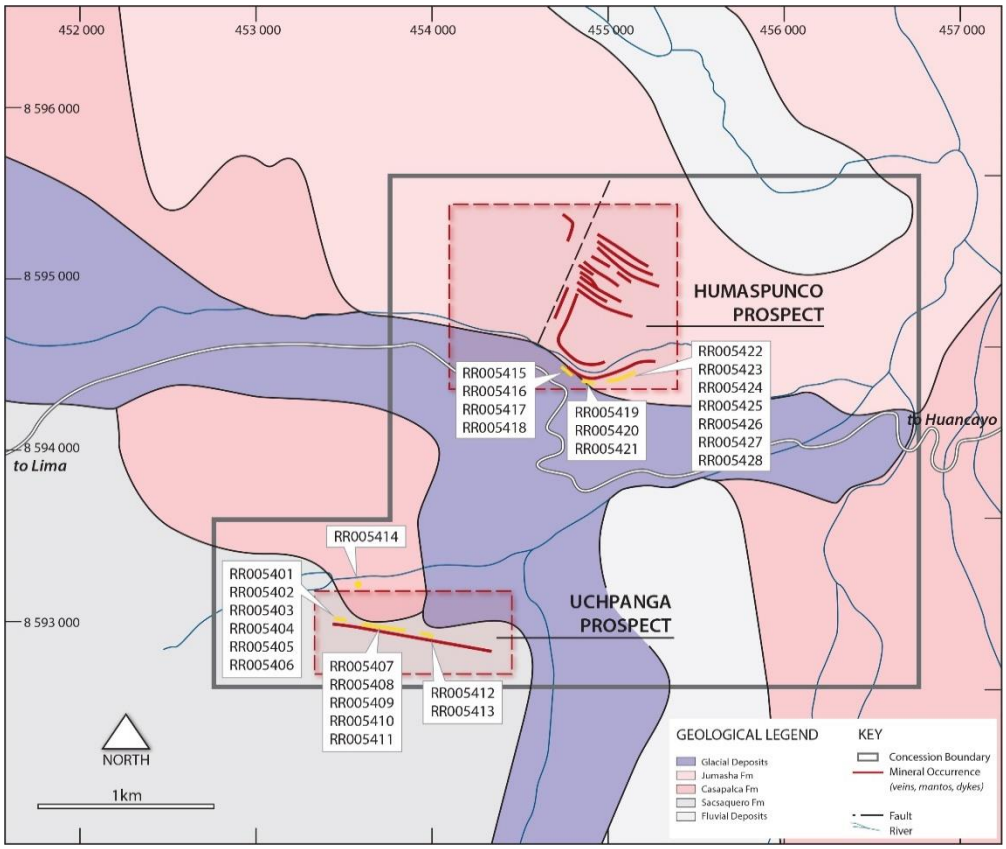


Figure 1: **LEFT** Sample location plan of Program 1 showing simplified geology and the mineralised occurrences at the Humaspunco and Uchpanga prospects.

[1] Sampled in the May 2016 Program 1 but not recognised as discrete breccia body until Program 2 in June 2016.

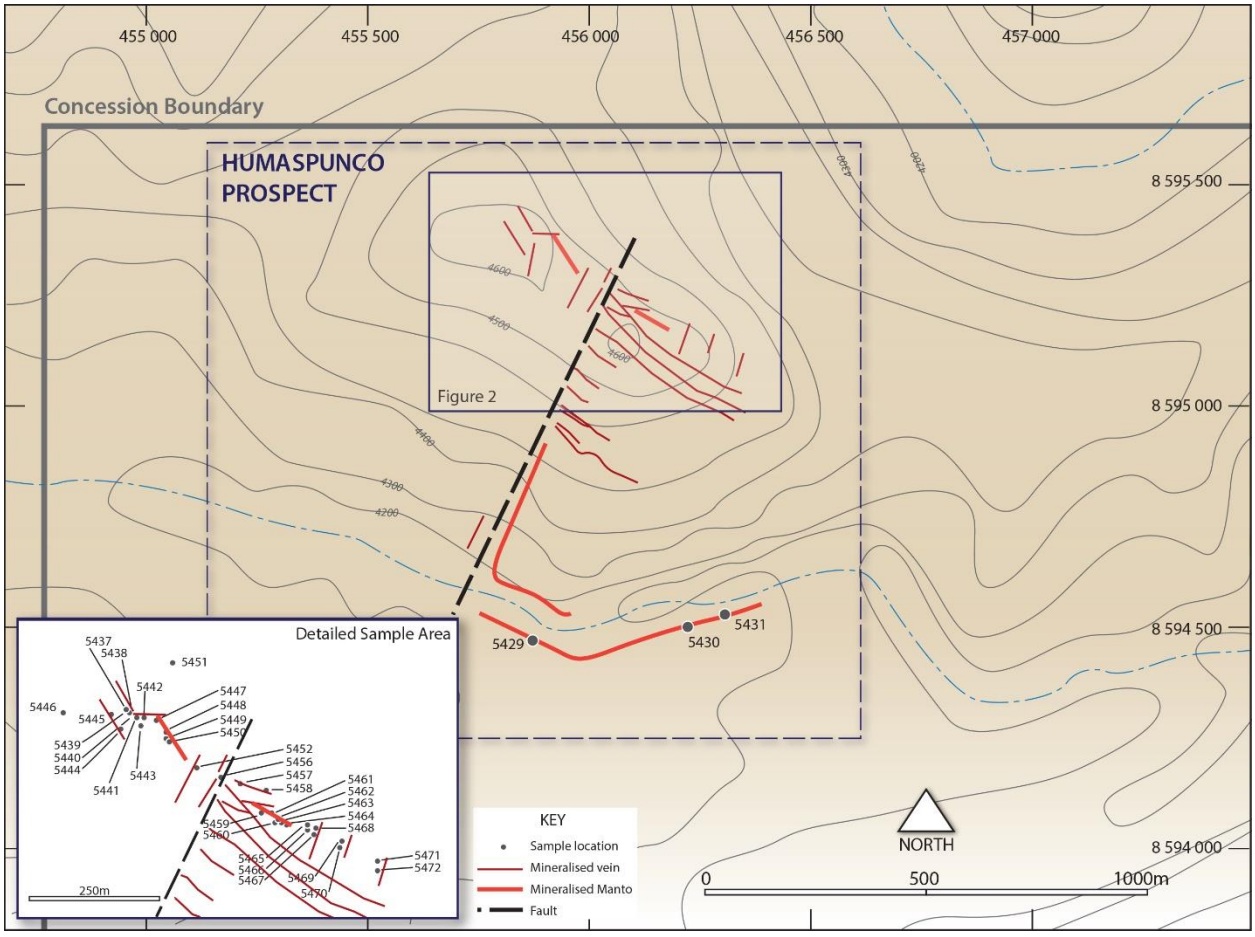
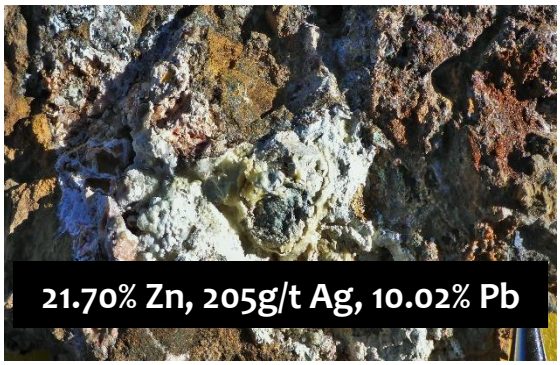
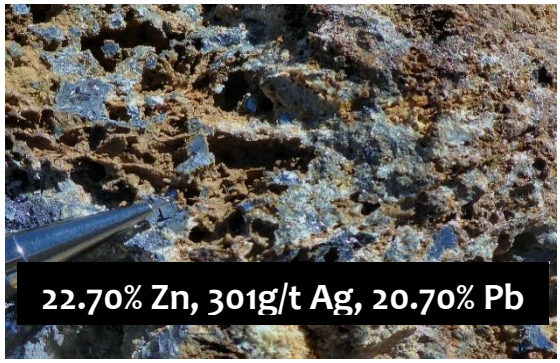


Figure 2: **ABOVE** Sample location plan for Program 2 at Humaspunco.

Significance of Results During Quarter

A total of 20 mineralised veins, a laterally extensive mineralised manto sequence, covering an area of 480,000m², and two mineralised breccias have now been discovered at Humaspunco. They occur in close juxtaposition and consistently have a very high grade. Their spatial relationship is provided in Figure 4 and shows the intensity of mineralisation at Humaspunco.





Humaspunco is considered highly prospective for the following reasons: 1) Manto and vein mineralisation is laterally extensive and contiguous; 2) Manto and vein mineralisation appears "repeatable" (additional manto

Figure 3: **ABOVE** Satellite image showing known vein and manto locations at Humaspunco. Mineralised veins (HV1 to HV12) are shown as solid white lines. The 8 newly discovered mineralised veins (HV13 to HV20) are shown as solid red lines. The newly discovered manto horizons are shown as solid blue lines. *NOTE: Scale and location of area in Figure 2 is provided in Figure 1.*

horizons at depth and additional veins laterally; 3) The Zn, Ag and Pb grades are consistently very high; and 4) The mineralisation is at or close to the surface with topography that favours possible development.

VEINS: Humaspunco currently hosts 20 mineralised veins occurring in two main orientations, NW-SE and NE-SW. Both vein-sets contain high levels of coarse galena and sphalerite with calcite and barite as gangue material. At surface, the veins are semi-gossanous due to the weathering of the metal sulphides.

The estimated total combined strike length of the veins (HV1 through to HV20) is at least 3,000m with known vein lengths ranging from 30m to 300m. The veins range in width from ±3m to < 1m. They represent a significant quantum of mineralised material. Evidence suggests that the veins have significant depth potential: 1) That they are exposed in numerous underground workings; and 2) That they day-light at elevations ranging from 4,450m to 4,650m above sea level (a vertical range of 200m).

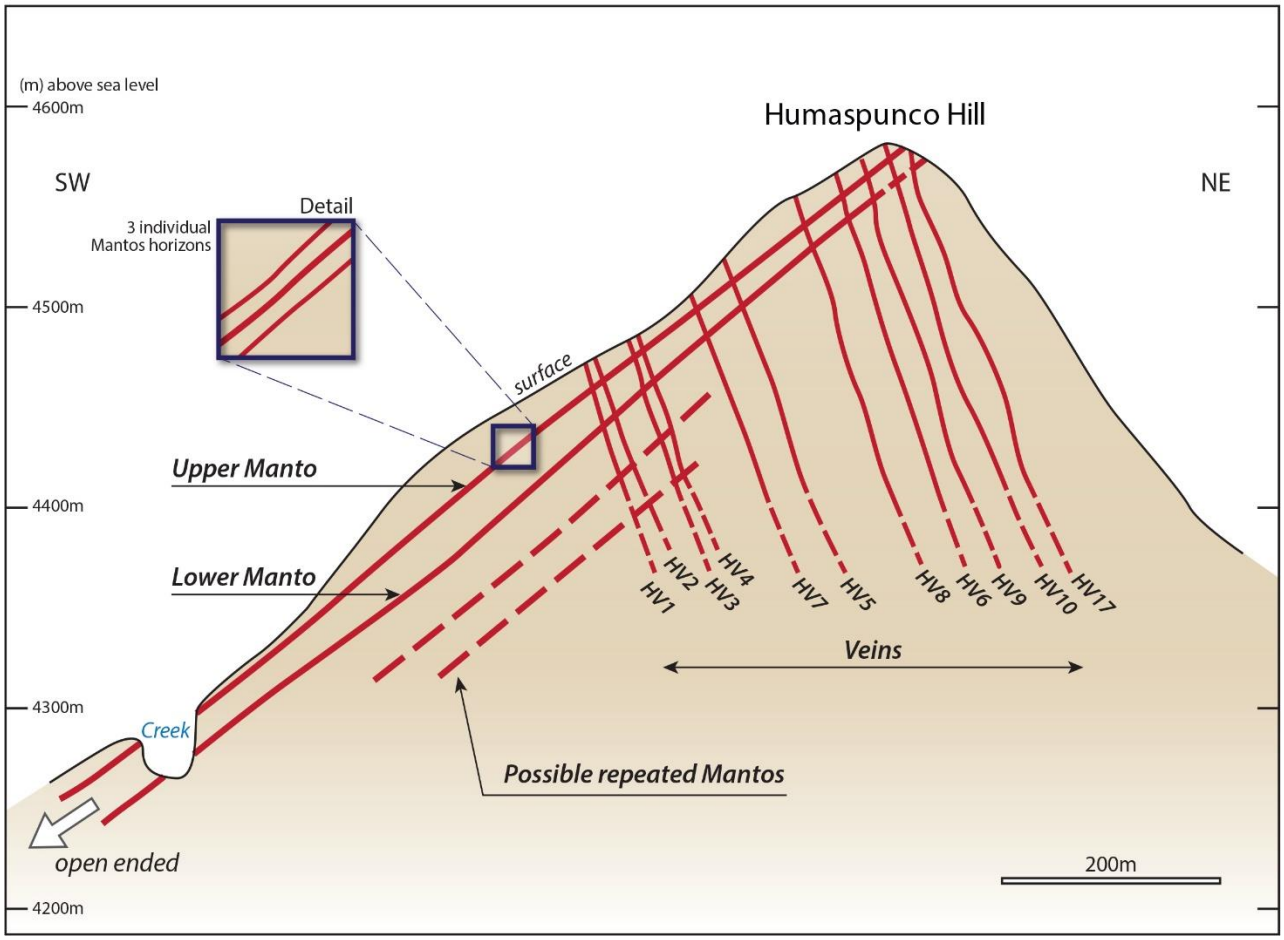


Figure 4: **ABOVE** A schematic cross-section showing the steeply N-dipping NW-SE trending veins in relation to the shallowly S-dipping mantos. The cross section has a times-two vertical exaggeration but is otherwise approximately to scale. The very close proximity of each vein and their projected intersection of the manto sequence, comprising four individual manto horizons, becomes apparent. Not drawn are the NE-SW veins which add further continuity to the overall mineralisation.

<u>MANTOS</u> The manto sequence at Humaspunco comprises an upper manto sequence of three individual manto horizons and a lower manto sequence (Figure 4). The individual mantos are on average < 1m thick (up to 3m thick) and together represent a true stratigraphic thickness of approximately 15m to 20m (including the inter-manto interval).

The upper manto sequence is now known along the northern ridge of Humaspunco Hill and along the southern perimeter of the hill. It is exposed at various locations down the side of the hill where it outcrops along cross-cutting fault scarps. It is not unreasonable to therefore believe that the manto extends sub-surface between these cardinal points (on the hill). This being the case, the manto has a lateral coverage of 480,000m^2. Importantly, manto style mineralisation is now known west of the cross-cutting Callancocha Structure. Inca's exploration has now shown that the manto sequence dips into the ground south of Humaspunco Hill. **It is therefore open-ended to two directions, to the west and to the south.**

BRECCIAS Program 2 identified two discrete breccia bodies. Breccia 1 occurs at an intersection between the NE-SW Callancocha Structure and a NW-SE fault and is believed to be related to mineralising processes concentrated in structurally-controlled dilatation zones where a certain degree of "rock fragmentation" takes place. Zegarra (1983) observed breccia bodies associated with manto and vein intersections extending vertically over 20m with thickness ranging from 1.5m to 4m. Past sample values of these structures at Riqueza average **20.04% Zn, 76.9g/t Ag and 4.94% Pb** (R. Walker 2011).

Breccia 2 occurs at the ridge top at a complex juncture of veins, joints and locally undulating bedding. It is more pipe-like in nature than Breccia 1 and is believed related to rising metal-bearing fluids along faults/joints.

In both cases, Breccia 1 and Breccia 2 occur at the intersections of structures. Humaspunco hosts 20 veins and four individual mantos. It is possible that the formation of breccias is in response to broad structural forces in which case, breccias may have developed at other manto-vein intersections. Consequently, there may be potential for considerably more mineralised breccias at Humaspunco.

Planned Exploration at Riqueza

The Company is waiting on further assay results from Uchpanga and from a possible new prospect south-east of Humaspunco. In the meantime, and in response to the significant discoveries already made project-wide, mapping and sampling will continue next quarter at all prospects. It is the Company's intention to create an inventory of all mineralised bodies occurring at surface. Geophysics will be designed to cover all such targets.

ALL ENVIRONMENTAL BASE-LINE STUDIES FOR THE DRILL PERMIT AT RIQUEZA ARE COMPLETED.

Planned future exploration activities at Humaspunco include:

- Complete mapping and sampling.
- Examine satellite structures for possible vein mineralisation.
- Examine stratigraphic exposures of the Jumasha Formation for possible manto mineralisation.
- Examine all parts of the +1% Zn soil anomaly.
- Detailed vein and manto sampling (channel-sampling, grade-width analysis, margin characteristics).
- Design geophysical coverage.
- Drill target prioritisation.
- Trenching & Drilling.

Exploration activities planned at Uchpanga include:

- Complete mapping and sampling.
- Design geophysical coverage.
- Drill target prioritisation.
- Trenching & Drilling.

Considerable progress has been made with respect to the Riqueza drill permit with all environmental base-line studies, which underpin the permit, having been completed. Using all mapping, sample assay and geophysical data, drill targets will be generated and prioritised ahead of drill testing.

CORPORATE ACTIVITIES

During the quarter the Company announced the raising of A$237,000 (before costs) through a placement to its largest single shareholder and one of the world's largest specialist resources funds, Resource Capital Fund VI L.P. (**RCF VI**). In doing so, RCF VI increased its percentage holding in Inca from circa 12% to circa 17%.

The Company conducted two further placements to existing Inca shareholders raising approximately A$248,000. All funds raised during the quarter were raised to fund exploration at Riqueza and working capital where warranted.

On 30 June 2016 the Company's securities were placed into a trading halt pending an announcement on 4 July 2016 that, under the terms of a Prospectus (dated 1 July 2016), the Company was conducting non-renounceable pro-rata entitlement issue of 1 new share for every 2 shares held by shareholders at the record date at an issue price of $0.004 per share to raise up to approximately $2.47 million (**Entitlement Offer**). The Company intends using the funds raised under the Entitlement Offer to conduct its exploration programs, primarily at the Riqueza Project, and to provide the Company with working capital. At the time of writing the Entitlement Offer remains open with the indicated Closing Date being 25 July 2016.

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 during June 2016 Quarter

ASX Announcement Title	Price Sensitive	Announcement Date	Competent Person
Inca Secures New High Grade Ag-Pb-Zn Santa Rita Project	Yes	5/04/2016	Ross Brown
Peru Projects Update	Yes	22/04/2016	Ross Brown
Inca Appendix 5B March 2016 Quarter	Yes	27/04/2016	
Inca Activities Report March 2016 Quarter	Yes	27/04/2016	Ross Brown
New High-Grade Veins and Manto Boosts Riqueza	Yes	5/05/2016	Ross Brown
Inca Strengthens Ground Holding at Riqueza	Yes	11/05/2016	Ross Brown
RCF VI Invests in Inca's Zinc Future	Yes	24/05/2016	
Trading Halt	Yes	26/05/2016	
RCF VI Placement - Notice Under ASX Listing Rule 3.10.5	No	26/05/2016	
Appendix 3B	No	26/05/2016	
Change in substantial holding	No	27/05/2016	
Placement to Existing Shareholders	Yes	30/05/2016	
Notice Under Listing Rule 3.10.5 and s.708A(5)(e) of the Act	No	30/05/2016	
Appendix 3B	No	30/05/2016	
Strong Zinc, Bonanza Silver and Now Gold at Riqueza	Yes	2/06/2016	Ross Brown
Trading Halt	Yes	10/06/2016	
Placement to Existing Shareholders	Yes	15/06/2016	
Notice Under ASX Listing Rule 3.10.5 and s.708A of the Act	No	17/06/2016	
Appendix 3B	No	17/06/2016	
More Significant Discoveries at Riqueza	Yes	22/06/2016	Ross Brown
Research Note Inca Minerals Highly Prospective Peruvian Zinc	No	28/06/2016	
Visible Mineralisation Recorded in Riqueza Photo Report	Yes	29/06/2016	Ross Brown
Trading Halt	Yes	30/06/2016	
Post-Quarter Announcements Referred to in this Announcement			
Inca to Undertake $2.4m Rights Issue	Yes	4/07/2016	
Company Investor Presentation	No	8/07/2016	Ross Brown
22% Combined Zn & Pb and 207g/t Ag in New Riqueza Veins	Yes	14/07/2016	Ross Brown

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