



27 February 2013

## **Mineralised Porphyry Below Gold, Silver Epithermal Breccia System Discovered at Chanape**

Inca Minerals Limited (Company) is very pleased to announce the first phase of drilling at its Chanape project in Peru has produced a major breakthrough with both:

- 1. A copper, silver, molybdenum porphyry discovery in the very first drill hole; and**
- 2. Gold and silver bearing breccia pipes firming up as a near-surface resource target.**

The discovery of both a mineralised porphyry below a highly mineralised epithermal gold-bearing system is an extremely exciting result for the Company. Having produced the result in its maiden drilling campaign, the Company has avoided the lengthy process typically associated with discovery of porphyry systems and fast-tracked progression up the exploration and development curve. In addition the mineralised breccia pipes provide a genuine opportunity to prove up a near-surface epithermal gold-silver resource target and assist in delineating the underlying mineralised porphyry.

### **EXPLORATION RESULTS**

#### **Gold and Silver Epithermal Breccia System**

- Epithermal gold and silver mineralisation identified in CH-DDH001
- **108m at 2.0g/t Au and 41g/t Ag (3.0g/t Aueq)** from 0m to 108m, including:
  - **25m at 2.2g/t Au and 95.4g/t Ag (3.87g/t Aueq)** from 33m to 58m
  - **42m at 3.3g/t Au and 34.9g/t Ag (3.91g/t Aueq)** from 63m to 105m, including:
    - **8m at 4.4g/t gold and 64g/t silver (5.52g/t Aueq)** from 76m to 84m
    - **17m at 4.67g/t gold and 29.5g/t silver (5.19g/t Aueq)** from 88m to 105m

#### **Copper, Silver, Molybdenum Porphyry System**

- Broad copper, silver, molybdenum mineralisation identified in monzonite porphyry in CH-DDH001 from 380m to 600m (EOH)
- **220m at 0.13% Cu and 120ppm Mo** from 380m to 600m (EOH) including
  - **10m at 0.78% Cu, 20g/t Ag** from 573m to 583m
  - **33m at 0.2% Cu, 4.56g/t Ag, 296 ppm Mo and 0.12g/t Au** from 405m to 439m
  - **2m at 0.5% Cu and 14g/t Ag** from 467m to 469m
  - **10m at 0.1% Cu, 4.1g/t Ag, 580ppm Mo and 0.1g/t Au** from 483m to 493m
- Cu, Ag, Mo porphyry and epithermal Au, Ag mineralisation occurs within large SP anomaly covering an area of approximately 2.5km x 1.0km within the Chanape Project area



## Chanape Mineralisation Typical of Classic Porphyry Model

The Company's inaugural drilling program at Chanape successfully intersected a sulphide bearing porphyry with broad zones of copper, silver and molybdenum mineralisation discovered in the bottom 220m of diamond drill hole CH-DDH001. The associated argillic alteration and pervasive extent and levels of mineralisation suggests drill hole CH-DDH001 has drilled into a late-stage Cu, Ag, Mo monzonite porphyry. Significantly, the Cu, Ag, Mo porphyry remains open-ended at depth and in all directions.

The mineralised porphyry at Chanape has important similarities to the nearby Toromocho porphyry - a 1.5Bt Cu, Ag, Mo porphyry deposit being developed by Chinalco International. Toromocho is located 30km northeast of Chanape and is believed part of the same regional cluster of porphyries that also includes the Codicada porphyry and the newly discovered Ticlio porphyry.

Chinalco International recently listed on the Hong Kong exchange, raising approximately US\$435m, and is scheduled to commence production at Toromocho in late 2013.

Figure 1 shows that, in addition to the discovery of a mineralised porphyry, the upper section of CH-DDH001 intersected rich epithermal gold and silver mineralisation associated with Hydrothermal Breccia 8. Epithermal style mineralised breccia bodies are very typically associated with the upper levels of mineralised porphyry systems. With a cluster of over 50 breccias now identified on the property, a number of which have rich epithermal gold-silver mineralisation (refer to Inca's 31 January 2013 December 2012 quarterly activities report), the Company now has an exciting opportunity to firm up a near surface epithermal gold-silver resource target as part of its exploration development strategy.

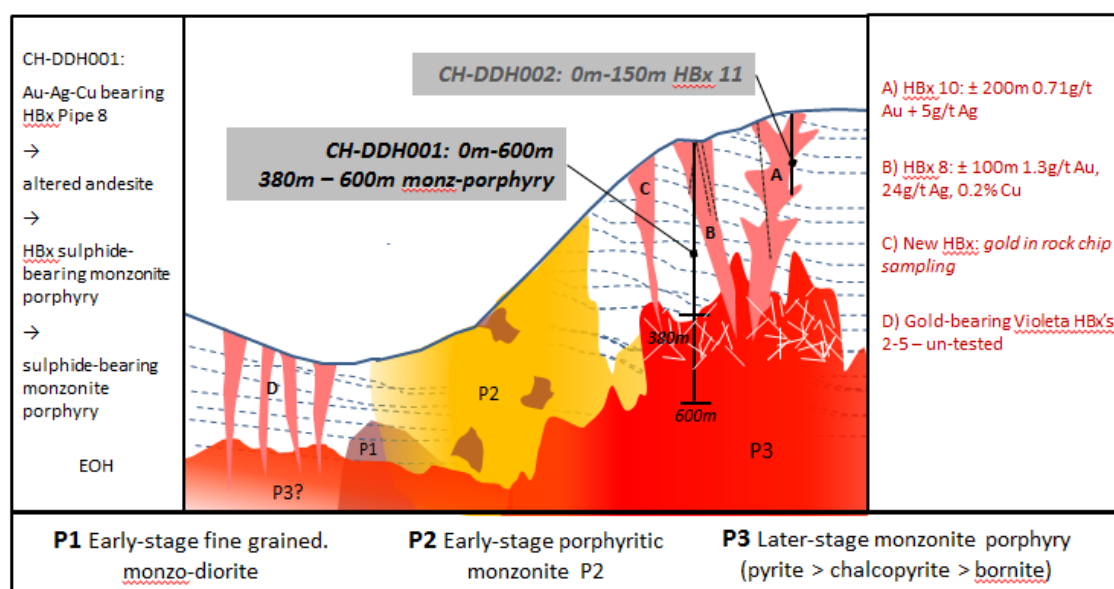
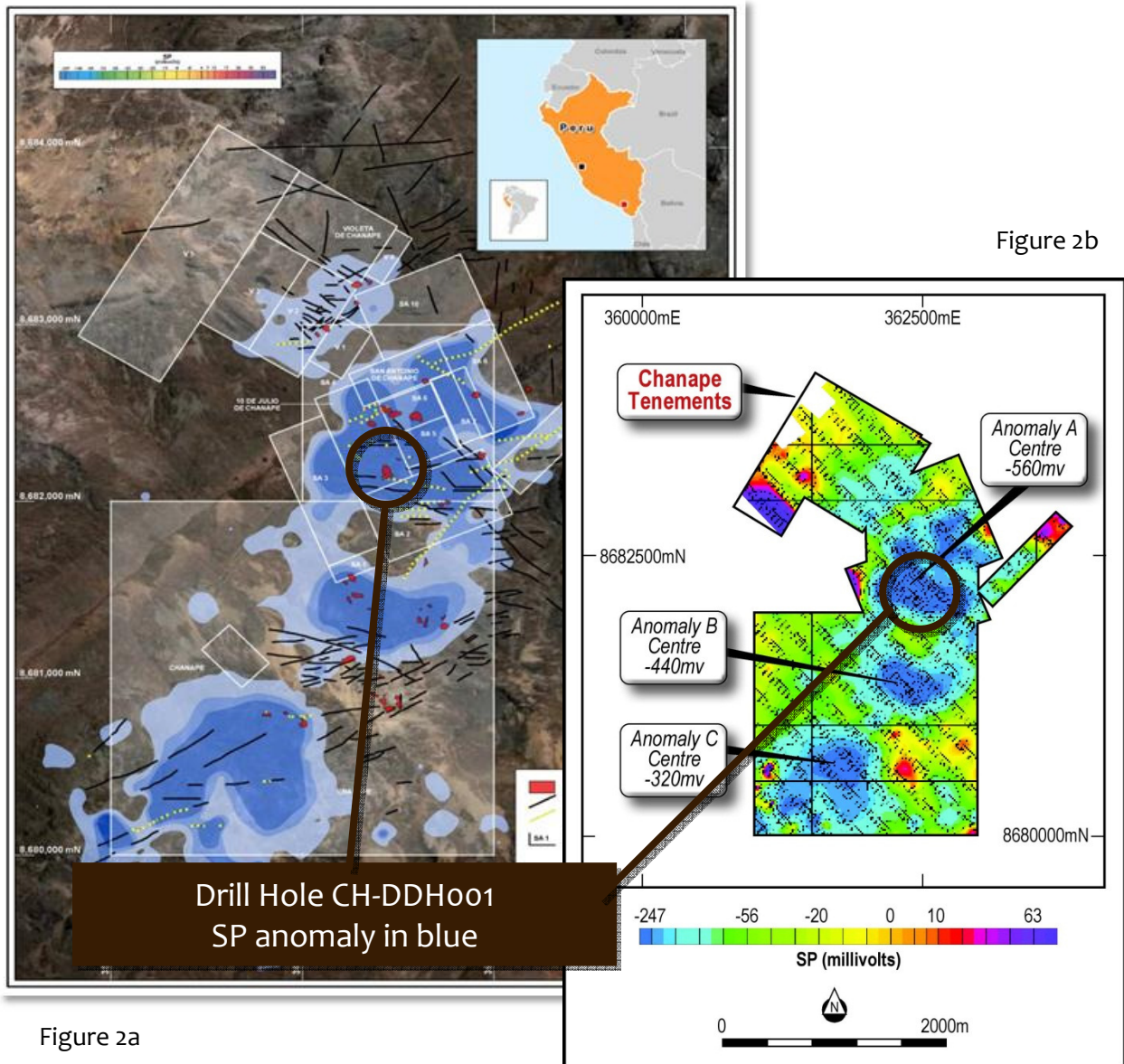


Figure 1: Schematic (not to scale) EW section showing the relative position of the upper epithermal Au-Ag mineralisation associated with the hydrothermal breccia pipes, and the lower Cu-Ag-Mo mineralisation associated with the monzonite porphyry.



## Geophysics Point to Potential Size

In previous exploration conducted at Chanape, a +100line kilometre Induced Polarisation (“IP”) and ground magnetics survey was completed and a large Spontaneous Potential (“SP”) anomaly subsequently identified. The SP anomaly (represented by the blue shaded area in Figures 2a and 2b) is approximately 2.5km by 1.0km in size and almost entirely contained within the project area.



SP is geophysical method effective in the exploration and delineation of porphyry occurrences as SP anomalies are consistently found in association with large, un-oxidised porphyry sulphide deposits. The amplitude and spatial extent of SP anomalies are a function of the size and depth of the sulphide system (C. Corry 1985).



The large SP anomaly covering an area of approximately 2.5km x 1.0km at Chanape (Figures 2a and 2b) is believed to be associated with the un-oxidised sulphides occurring in the recently discovered monzonite porphyry in drill hole CH-DDH001. It follows that the SP anomaly occurring at Chanape is indicative to the spatial extent of the sulphide system prevailing at depth within the project area.

Figures 2a and 2b show the SP anomaly in relation to the Chanape Project area and the position of drill hole CH-DDH001 which intersected the sulphide-bearing porphyry. In particular, Figure 2b shows that drill hole CH-DDH001 occurs in the middle of SP Anomaly A. Importantly, the SP anomaly closely coincides with the breccia cluster also occurring at Chanape (Figure 2a). The epithermal gold-silver bearing breccia pipes and veins are believed to be associated with the Cu, Ag, Mo porphyry. Therefore, the spatial extent of both the SP anomaly and spatial extent of the breccia pipe cluster provide evidence of the possible outer “sulphide-envelope” within which a possible economic porphyry system may exist.

## **Future Work**

This first phase of drilling at Chanape has produced major breakthroughs for the Company in that:

1. A copper, silver, molybdenum porphyry has been identified in the very first deep drill hole – CHDDH001;
2. CH-DDH001 occurs in a large SP anomaly approximately 2.5km x 1.0km in the project area; and
3. The SP anomaly closely coincides with the breccia cluster at Chanape and highly mineralised gold and silver bearing breccia pipes are firming up as a near-surface resource target.

The Company intends to actively progress the next phase of exploration at Chanape which will include:

1. Surface orientation work
2. Hydrothermal clay mineral mapping
3. Expert assessment of the mapped surface geology and the logged core geology, and
4. Further geophysical interpretations

all designed to facilitate optimal targeting and drilling, as soon as possible, for both the epithermal breccia occurrences and the underlying mineralised porphyry.

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The information in this report that relates to Exploration Results is based on information compiled by Mr Ross Brown, Managing Director, Inca Minerals Limited, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Brown is a full time employee of Inca Minerals Limited. 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 by the 2004 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Brown consents to the report being issued in the form and context in which it appears.

Gold Equivalent (Au eq) calculation represents the total value of each metal, multiplied by a conversion factor (to obtain a standard price per unit), summed and expressed in equivalent gold grams per tonne (g/t). These results are exploration results only and no allowance is made for recovery losses that may occur should mining take place. However, it is the Company’s opinion that the elements included in this calculation (Au, Ag) have a reasonable potential to be recovered as evidenced in previous mining in the area and similar multi-commodity natured mines and deposit-types in the world. The price assumptions are: gold: US\$1,600/oz; silver: US\$28/oz.



Core logging and sampling of CH-DDH001