



HIGHLIGHTS THIS QUARTER

EXPLORATION

- Inca signs exclusive Earn-In Option Agreement with South32 on Greater Riqueza Project (**Riqueza**)
- 23 targets generated in initial geophysical interpretation at Riqueza
- Strong manto mineralisation identified north of Rastrillo, Humaspunco Prospect, Riqueza
- Additional strong vein mineralisation identified at Rastrillo
- In-house review of Riqueza concludes
 - Project has potential to host porphyry and skarn mineralisation
 - Project has potential as a stand-alone polymetallic concentrate operation
- Three more new concession applications lodged at Cerro Rayas

PROJECT ACTIVITIES

Inca / South32 Exclusive Earn-In Option Agreement at Riqueza

During the June 2018 Quarter (**Quarter**) Inca and globally diversified metals and mining company South32 [ASX: S32] entered into an exclusive option agreement (**EOA**) with respect to Inca's Greater Riqueza project in Peru.

The EOA creates an exclusive arrangement between Inca and South32 concerning funding and execution of a project-wide aeromagnetic, radiometric and digital terrain model survey, with line spacing at 50m and a sensor height of 50m, and inclusive of interpretation and target generation (**AMAG-RAD**). Importantly, and indicative of the intentions of both companies, the EOA also establishes agreed up-front principles and conditions for an earn-in joint venture agreement.

Under the EOA South32 agreed to provide Inca with US\$275,000 to fund the AMAG-RAD geophysical survey over the entire Greater Riqueza project area (**Funding Amount**). During the Quarter, Inca received the Funding Amount and, as announced 22 June 2018, the AMAG-RAD survey was completed.

The AMAG-RAD geophysical survey was well suited for the intrusive related mineralisation at Greater Riqueza and its flight path and coverage took into account the presence and orientation of the project's mineralised features. The geophysics survey was designed to map, in three dimensions, the internal architecture of the intrusive related mineral system at Greater Riqueza. Mineralised features such as the vein-manto-breccia replacement system at Humaspunco, the Callancocha Structure, the 750m long gossan at Uchpanga and the intrusive stocks and related skarn mineralisation at Pampa Corral were flown during the survey and are expected to have a geophysical response. As a project-wide survey, it also included the pervasive alteration system at Alteration Ridge and the Au-Ag bearing vein/stockwork system at Colina Roja in its coverage. Inca fully anticipates a raft of additional drill targets, resulting from the geophysics, both within and well beyond the Nueva Santa Rita concession area of our current Riqueza drill permit.

As consideration for the US\$275,000 Funding Amount, Inca granted South32 an exclusive option to earn-in and acquire majority ownership of the Greater Riqueza Project (**Option 1**). Option 1 may be exercised within 30 business days of South32 receiving all results from the AMAG-RAD study. If Option 1 is exercised by South32 then, within a period of 90 days after the exercise notice, the two companies will negotiate an earn-in agreement (**EIA**) on the principles and terms which, under the EOA, have been agreed in advance by both companies (discussed below). The 90-day period may, if needed, be extended by mutual agreement.



If Option 1 is exercised but the EIA is not executed then Inca has granted South32 a second exclusive two-year option (**Option 2**). Option 2 grants South32 the right to match a *bona fide* offer from a third party for the Greater Riqueza Project or part thereof.

If Option 1 is not exercised, then Option 2 does not come into effect and the EOA terminates immediately without further obligation or cost to either party.

The EOA incentivises both companies to negotiate and execute the EIA with the advantage of not only knowing Inca's previous exploration results, but also the results of the AMAG-RAD geophysical survey and the targets generated therefrom.

In executing the EOA, both Inca and South32 also sought to agree, in advance, on key conditions and principles intended to form the basis for the EIA between the two companies. Principal among these is South32's acquisition of a 60% interest in the Project (**Phase 1 Interest**) if, during a specified period (**Phase 1**), it funds all agreed expenditure on the Project (**Phase 1 Funding**).

At the commencement of Phase 1, the title to all Greater Riqueza tenements shall be transferred into a newly incorporated Peruvian company (**Project Company**). A condition precedent to the EIA is South32's satisfaction with the results of all technical, commercial and legal due diligence on the Project Company and its assets (inclusive of the Greater Riqueza tenements).

On completion of the Phase 1 Funding obligations, Inca and South32 will enter into a shareholders' agreement and South32 will acquire a 60% equity interest in the Project Company. South32 may then elect to acquire an additional 10% interest in the Project Company in a second phase (**Phase 2**) in return for funding all project expenditure needed to conduct and complete a project pre-feasibility study (**Phase 2 Funding**). On completion of the earlier of the Phase 1 Funding obligation (where South32 elects not to complete or defaults on the Phase 2 Funding obligation) or the Phase 2 Funding obligation, each company shall fund all further project expenditure in proportion to their equity interest in the Project Company.

Under the EIA a technical committee shall be formed at the commencement of Phase 1 with equal representation from both companies (**Committee**). The Committee will approve the annual program of work and related budget (**Annual Program** and **Annual Budget** respectively). In the event of a deadlock on such approval, South32 shall have the casting vote. Inca will act as operator in accordance with industry standards throughout Phase 1 and Phase 2 unless, at any time after meeting the Phase 1 Funding obligation, South32 elects to assume operatorship.

South32 may elect to withdraw on completion of each Annual Program and Annual Budget and, in the event of such withdrawal, or in the event of default on the Phase 1 Funding obligation, South32 forfeits its entire interest in the Greater Riqueza Project and both companies are released from all further obligations or liabilities.

The EIA contains agreed principles which provide for standard bribery and corruption clauses to be agreed and area-of-interest provisions that require direct or indirect acquisitions of further tenements or property within an area of interest will be subject to consent of both companies.

The EIA is deliberately structured so that the Phase 1 timeframe, work program and Phase 1 Funding will be agreed after the AMAG-RAD geophysical survey is completed and Option 1 exercised. In doing so, both companies will negotiate the final form of the EIA with the advantage of knowing Greater Riqueza's exploration history, the results and targets generated through the AMAG-RAD, and the extent to which Inca's



current granted drill permit might be used. In turn this ensures the Project expenditure and related time frames are commensurately appropriate.

The EOA between Inca and South32 is an important and exciting step forward in Greater Riqueza's progression. It provides a robust, reputable and reliably independent validation of the project's prospectivity and facilitates a clear pathway to negotiate the earn-in agreement with considerable upside for shareholders.

Interim Geophysics Results at Riqueza

Shortly after completion of the South32 funded AMAG-RAD survey, Inca received an interim interpretation of the results (announced 4 July 2018) wherein at least twenty-three targets have been identified (Figure 1). The image, referred to as a TMIRTP, shows raw, gridded total magnetic intensity data reduced to pole and provides a basic level of interpretation highlighting some (not all) of the discrete magnetic anomalies. The anomalies highlighted in Figure 1 are more circular than others (not highlighted) with many having dipole responses (meaning an anomaly with both high and low magnetic signature responses).

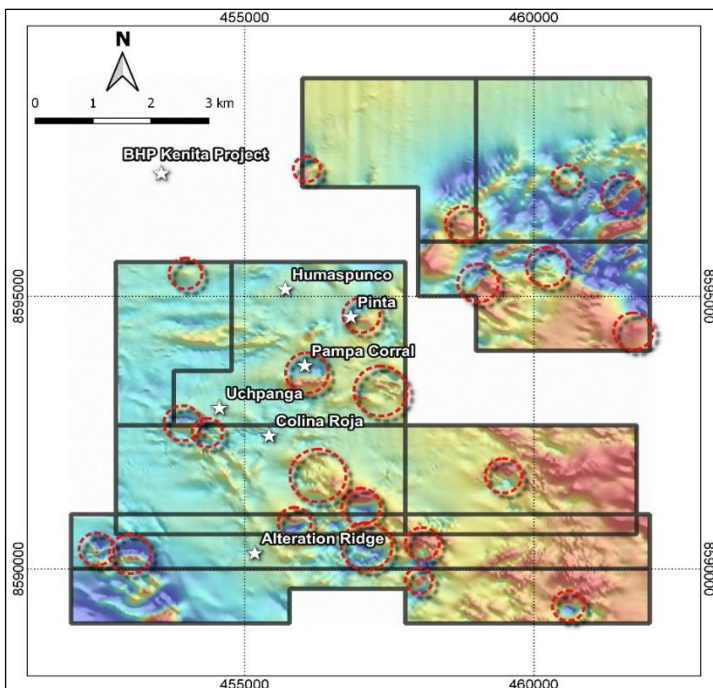


Figure 1 **LEFT:** An interim TMIRTP image of the AMAGRAD corresponding to the Greater Riqueza Project area with 23 targets circled across the project.

A strong percentage of the anomalies are large, and many occur in linear clusters defining target areas over two kilometres in length. While these are only interim results, the sheer number of anomalies is very encouraging and, in Inca's view, bodes extremely well for the Company. The configuration is particularly pleasing, showing distinctive northwest-southeast and northeast-southwest trends indicative of structural weakness and sites of possible mineralisation. A number of the anomalies occur within the project's Pampa Corral prospect (where skarn potential has been identified) and the Pinta prospect (where carbonate replacement mineralisation exists). Both these prospects are within Inca's existing drill permitted area – an important consideration in the event of any decision to commence drilling in the near future.



More detailed interpretation will continue for the next two to three weeks with targets increasingly better defined. Magnetic anomalies and radiometric anomalies will be made part of the final interpretation to be provided both to shareholders and to South32 who may then elect to enter into negotiations with Inca on an earn-in agreement for the Greater Riqueza project.



Figure 2 **ABOVE:** The helicopter used in the AMAGRAD survey at Greater Riqueza.

Strongly Mineralised Manto Identified at Humaspunco, Riqueza

This Quarter Inca completed an underground channel sample program (47 samples) of a recently opened manto mine working (**Mine 4548**) just north of Rastrillo (Figure 3). Assay results were received post-June and included here as an important post-quarter result. Highlight true-thickness manto grades include:

- **2.3m at 13.08% Zn, 254.4g/t Ag, 9.82% Pb** (channel samples IM-001574-1577)
- **1.55m at 8.07% Zn, 161.9g/t Ag, 4.72% Pb** (channel samples IM-001564-1566)
- **1.57m at 7.02% Zn, 181.4g/t Ag, 3.63% Pb** (channel samples IM-001533-1536)
- 1.90m at 5.05% Zn, 57.3g/t Ag, 1.93% Pb (channel samples IM-001547-1553)
- 1.95m at 3.90% Zn, 72.2g/t Ag, 3.48% Pb (channel samples IM-001571-1573)
- 1.45m at 3.69% Zn, 101.1g/t Ag, 3.46% Pb (channel samples IM-001567-1569)

Within Mine 4548 the manto has a maximum true thickness of 2.3m and an estimated average true thickness of 1.68m.

The channel samples (IM-001533 to IM-001584) were taken perpendicular to the manto to test the tenor of visible sphalerite, galena and smithsonite mineralisation. Approximately 25% of the samples report >10% Zn+Pb grades with 15% reporting >15% Zn+Pb grades. In addition, approximately 50% of the samples report >1 ounce per tonne Ag with 30% reporting >3 ounce per tonne Ag. For all assay results refer to Table 1.



Figure 3A **BELOW**: Location plan showing Mine 4548 in relation to Rastrillo, the Callancocha Structure Zone and Humaspunco. Also shown are drill holes RDDH-013 and RDDH-014 that have intersected the same manto that occurs in Mine 4548.

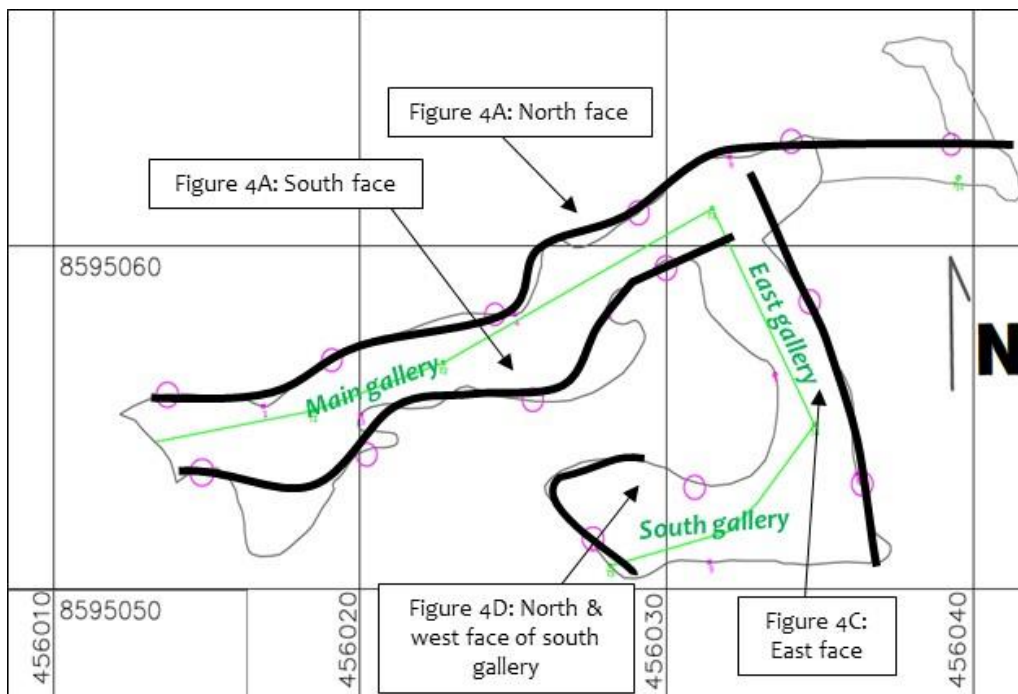
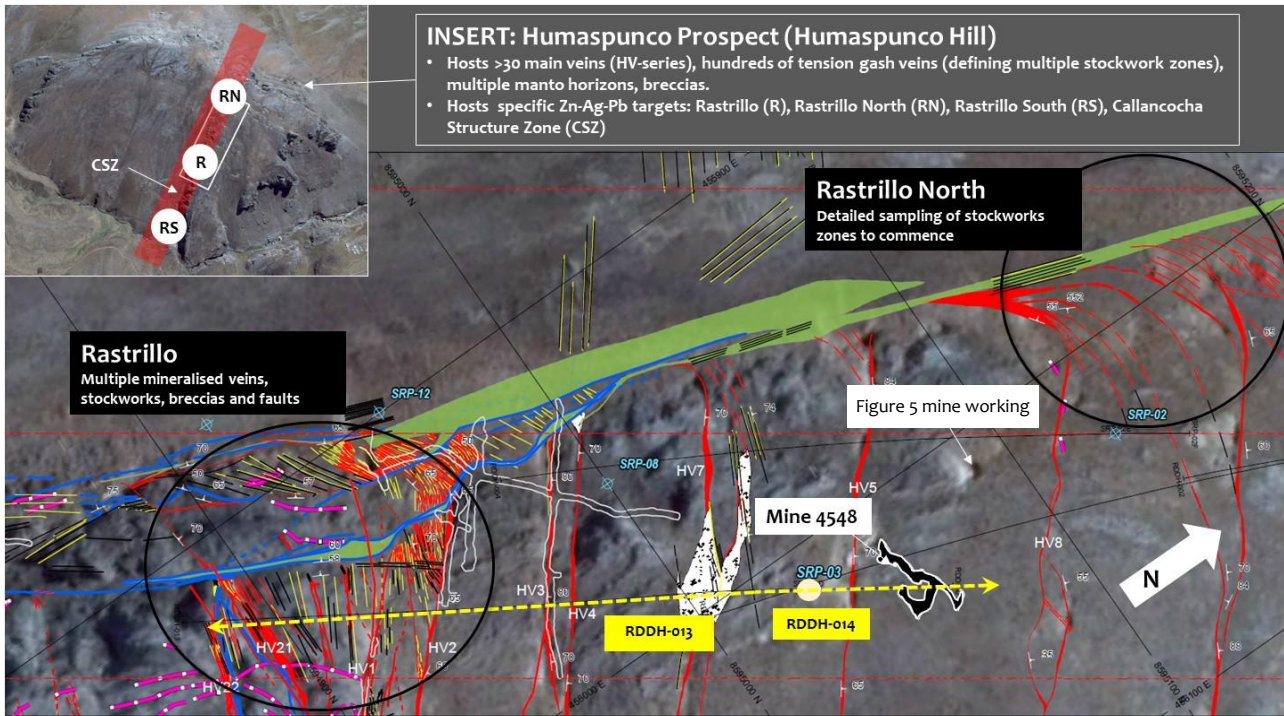


Figure 3B **LEFT**: Plan of mine working showing location of geological cross sections shown in Figure 4.

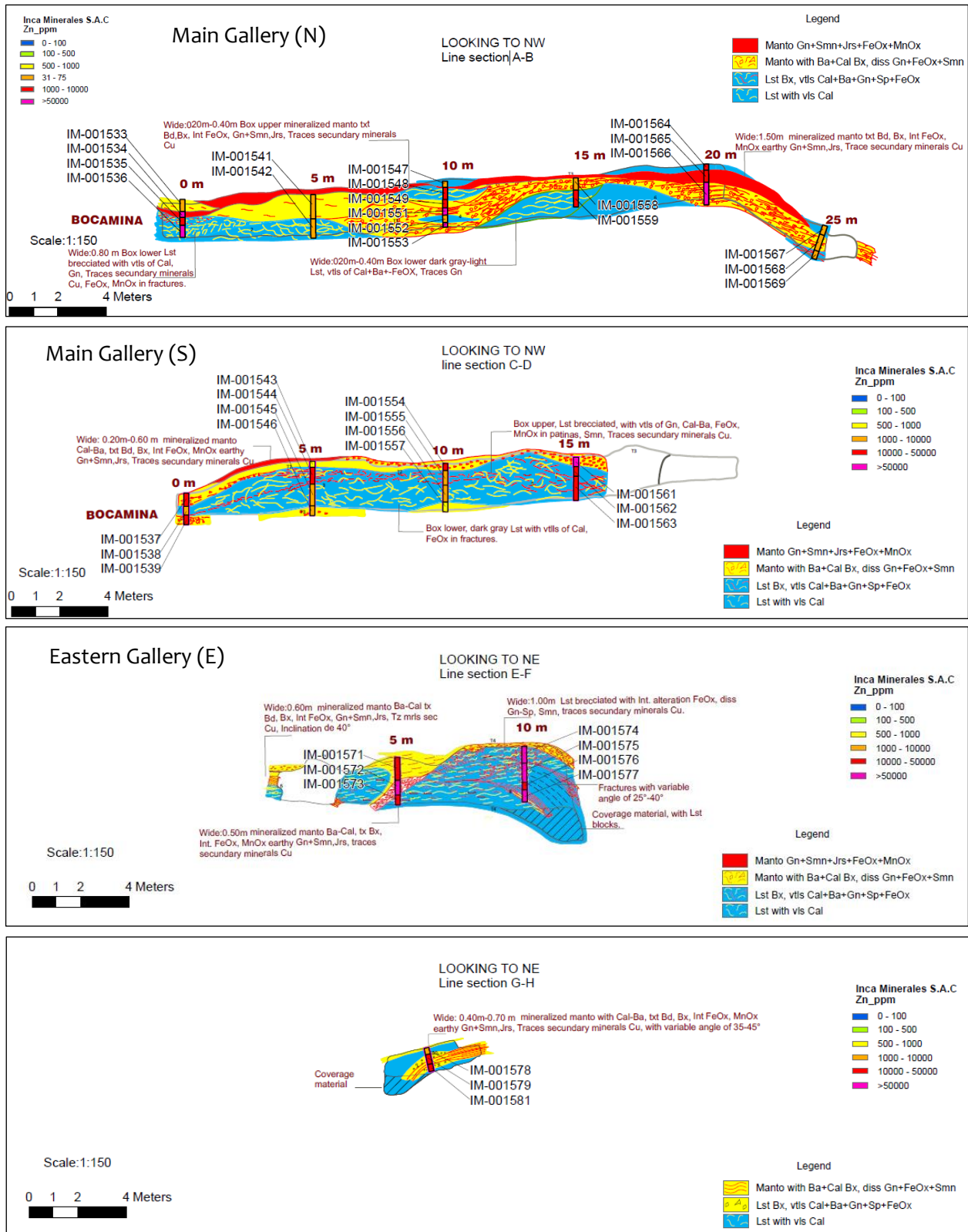


Figure 4A TOP to 4D BOTTOM: Mine 4548 cross sections showing channel sample locations. Where: Ba+Cal Bx = barite, calcite breccia, Gn = galena, Sp = sphalerite, Smn = smithsonite, diss = disseminated, Lst = limestone, vls/vtls = veins/veinlets, Jrs = jarosite. Refer to Figure 3B for cross section location and orientation.



The manto exposed in Mine 4548 is recognised in drill holes RDDH-013 and RDDH-014 (Figure 3A) with grades of **4.97% Zn, 119.6g/t Ag, 3.06% Pb** over 1.3m (down hole) and **3.85% Zn, 76.7g/t Ag, 4.03% Pb** over 2.3m (true thickness) respectively. As such, it is open ended in the direction of Rastrillo. Northwest from Mine 4548, the manto is exposed within a shallow mine working (Figure 5). Although not sampled, the manto here is >2m thick with visible mineralisation. The manto is open ended in all other directions (Figure 3A).



Figure 5 **LEFT**: The manto is exposed in a shallow mine working northwest of Mine 4548. Refer to Figure 3A for the location of this mine working relative to Mine 4548.

The manto has an estimated average true thickness of 1.68m where it is exposed in Mine 4548 and an estimated true thickness of 2.3m in drill hole RDDH-014. Maximum true thicknesses are 2.3m (in both the mine and in the drilling intersections).

Vein Sampling at Rastrillo, Riqueza

The Company also completed channel sampling across vein HV2, part of the Rastrillo Deposit, this Quarter. Channel sample results of batch 17, southeast of batch 14 (Figures 6 and 7), show strong mineralisation over significant widths associated with vein HV2. Results include: **6.89% Zn, 317g/t Ag, 16.36% Pb** over 3.0m (channel 4); and **5.64% Zn, 93.99g/t Ag, 3.82% Pb** over 4.0m (channel 10). These grade-over-width values show economic potential.

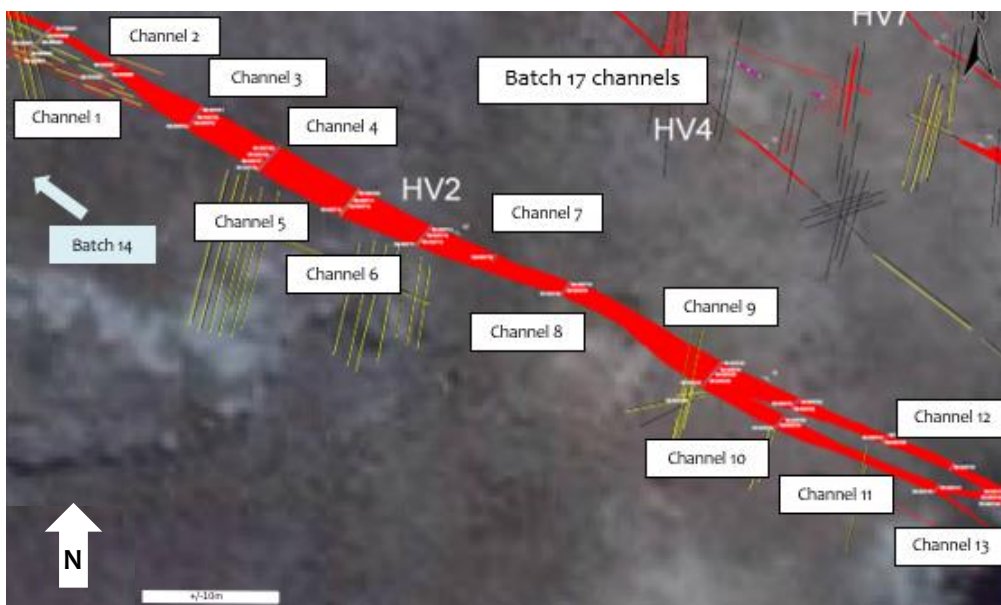


Figure 6 **LEFT**: Channel location plan of batch 17. For assay results refer to the original ASX announcement 14 May 2018.

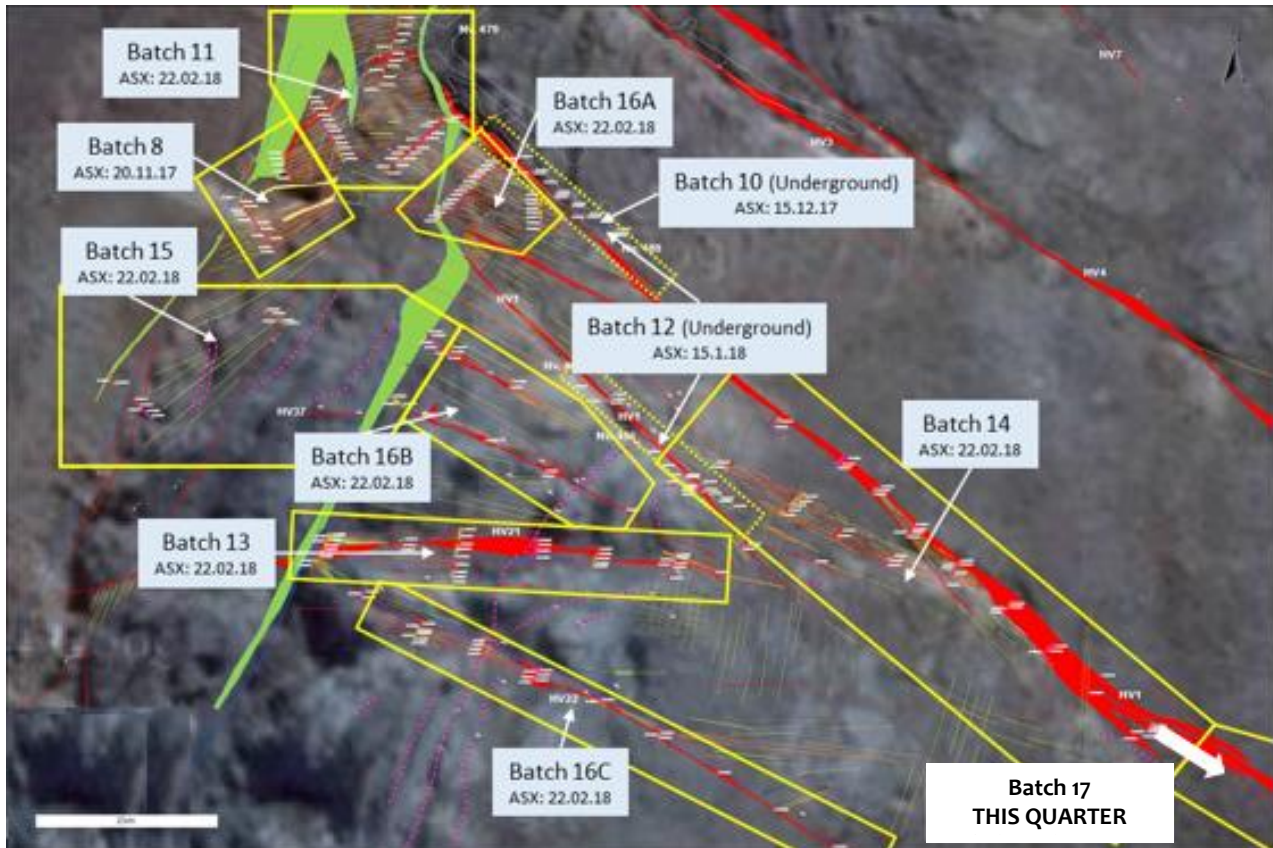


Figure 7 **ABOVE:** Batch location plan. Batch 17 represents a SE continuation of batch 14 of the major mineralised vein HV-02 which is a part of the Rastrillo Deposit. Refer to the original ASX announcements (listed under batch #) for assay results.

Broader Assessment of Riqueza

This Quarter, the regional geological setting of Riqueza was reviewed to provide some context for the anticipated geophysical results and to assess its broader porphyry and skarn potential. The review focussed on the position of Riqueza within the Chonta polymetallic mineral belt (**CPMB**), which plays an important role in the emplacement of porphyries and skarns in the area. Riqueza was also reviewed in terms of its stand-alone polymetallic mine potential.

The CPMB extends for more than 100kms and is part of the Central Miocene Epithermal Porphyry-Skarn Belt of Peru. Major structures within the CPMB control dozens of deposits/mines along its course, including several mineralised porphyry systems and dozens of replacement polymetallic Zn-Ag-Pb deposits (Figure 8).

It was concluded that Riqueza is very well positioned within the CPMB (shown with dashed yellow lines in Figure 8) and that large-scale CPMB-related structures traverse the project area. The main Chonta Fault is now believed to pass directly south of the Humaspunco Prospect and that the Callancocha Structure, along which Rastrillo, Rastrillo North and South occur, is a tension fault branching from the Chonta Fault (Figure 8 INSERT and Figure 9).

Regarding Riqueza's broad polymetallic mine potential, the size and grade of several small-scale mines located within the CPMB were assessed. While further exploration/metallurgical work is required to define a JORC resource, comparative assessment at Riqueza suggests that a stand-alone operation is not beyond its reach.

The Company is preparing to undertake preliminary metallurgical work at Rastrillo.



Other positive considerations include the fact that the CPMB has several Zn-Ag-Pb concentrate plants (Figure 8) which are open to toll treatment contracts.

The Quarterly Riqueza review concludes that:

- Riqueza has the potential for porphyry and skarn mineralisation;
- Riqueza has the potential as a stand-alone polymetallic concentrate operation.

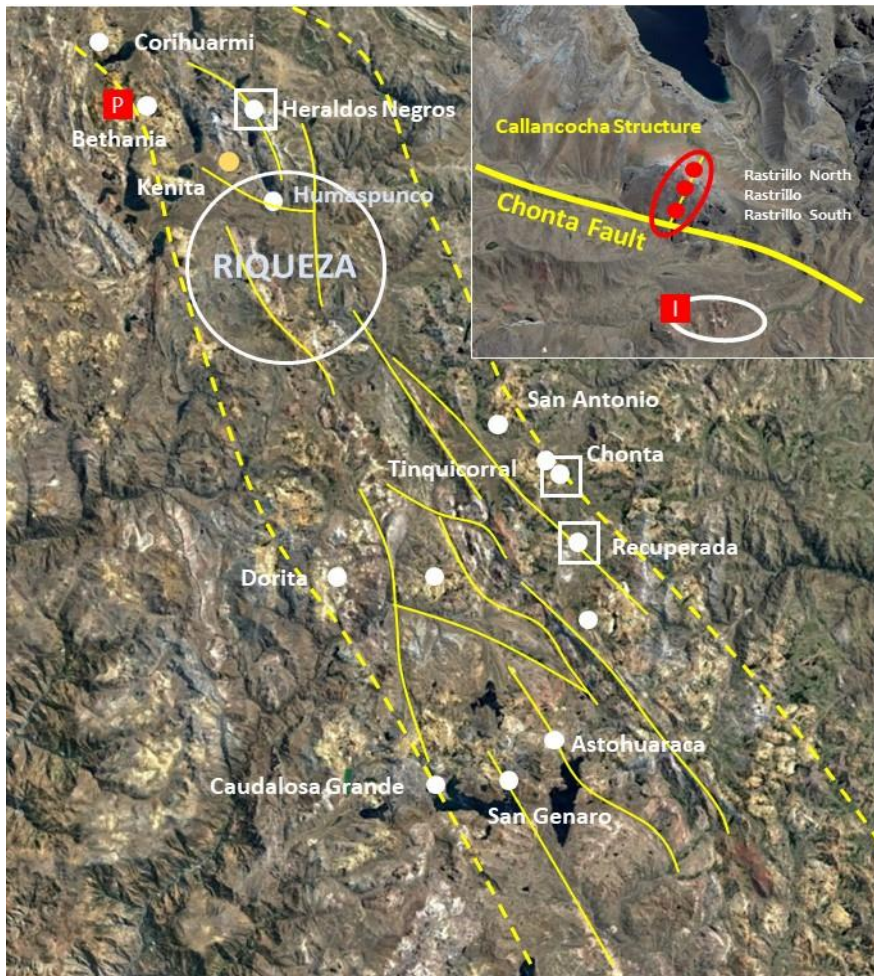


Figure 8 **LEFT:** Satellite image of the CPMB (shown with dashed yellow lines and wherein Riqueza is located). The Chonta Fault is the principal structure of a network of branching structures that generally trend northwest-southeast across central Peru. Several of the +30 mines/deposits that occur in this area are marked by white dots. There are several active treatment plants within this area (three indicated by white squares). Porphyries also occur in the CPMB; One occurs within 15kms of Riqueza at Bethania (P). **INSERT:** Close-up of Humaspunco showing the location of the Chonta Fault, the Callancocha Structure and the Rastrillo Deposit(s). The insert also shows the location of the intrusive stock (I) at the Pampa Corral Prospect which the Company discovered in 2017.

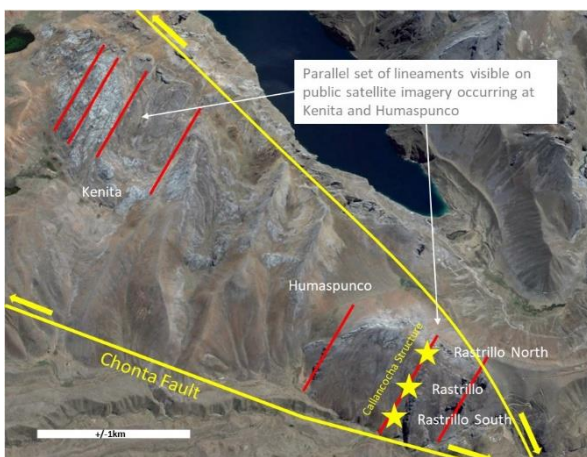


Figure 9 **LEFT:** Satellite image showing Humaspunco and Kenita (a BHP project). Also shown is a set of northeast-southwest trending lineaments (red lines), including the Callancocha Structure. The Callancocha Structure, which hosts the Rastrillo Deposit, is now believed to be a splay fault from the regional-scale, ore-controlling Chonta Fault (yellow line). The Chonta Fault continues northwest where it influences the Bethania Zn-Ag-Pb Mine (and porphyry) and the Corihuarmi Au Mine. The second large fault marked in the diagram continues northwest where it influences the Heraldos Negros Zn-Ag-Pb Mine.



New and Existing Concession Applications at Cerro Rayas

Reconnaissance mapping and sampling conducted by the Company during the Quarter on open ground near Cerro Rayas returned further good results. Consequently, three additional concession applications were lodged (Figure 10). A total of eight new concessions have now been applied for at Cerro Rayas, greatly increasing the size and prospectivity of the project.

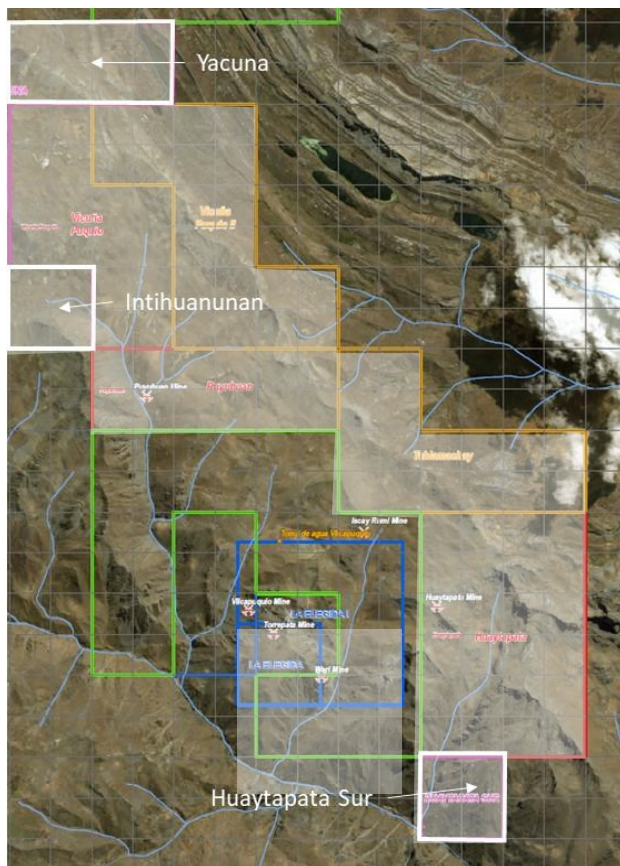


Figure 10 **LEFT:** Satellite image of Cerro Rayas project area with three new applications highlighted (thick white boxes).

New Exploration Regulations in Peru

New Exploration Regulations (NER's) in Peru were activated this Quarter with positive implications for Inca's future exploration and drilling activities at both the Greater Riqueza and Cerro Rayas projects.

The NER's will have a positive impact on exploration in Peru at both the national and project level. In the event that the NER's are followed as mandated, and prescribed timeframes for permit application assessment and approval are met, then the NER's should expedite the permit approvals process, facilitate improved drilling capacity and result in shorter lead times and greater flexibility for drilling programs. Inca's Greater Riqueza and Cerro Rayas projects should both be direct beneficiaries.

Implications of the NER for Inca's Greater Riqueza Project

Inca already has a valid DIA exploration and drilling permit for the Riqueza Project area (comprised of the Neuva Santa Rita concession as part of the Greater Riqueza project). Importantly, under the NER, this permit is unaffected other than being reclassified as a Ficha Técnica Ambiental (FTA) permit. The permitted number of drilling platforms and the drilling meterage capacity remain unchanged. Currently, Inca has used 12



platforms and completed circa 3,726 metres of drilling under the old DIA permit. Therefore, a further 8 platforms and at least 10,284 metres of drilling remain available to Inca under the old DIA, and Inca can recommence drilling at any time.

Importantly, interim AMAG-RAD survey results have generated targets within Inca's current DIA (now FTA) drilling permit. These may be drilled with no requirement for additional permits.

The geophysics survey has identified targets outside the current DIA/FTA permit area. In order to drill these then, under the NER, Inca will apply for another FTA or a Category 1 DIA permit (**CAT1DIA**). An FTA might typically be used for low environmental impact drilling and exploration. Under the NER, a valid FTA permit application must be approved by MEM in no more than 10 business days and will permit up to 20 drilling platforms.

A CAT1DIA allows up to 40 drilling platforms and an affected area of up to 10 hectares. Once submitted, and after meeting any environmental requirements, a valid CAT1DIA permit application must be approved by MEM in no more than 30 business days.

The prescribed approval timeframes under the NER are considerably shorter than the framework formerly in place. All other things being equal, this should provide significant timing and cost benefits for Inca.

Implications of NER for Inca's Cerro Rayas Project

Cerro Rayas is located 15km from Riqueza and, although the exploration model is different, the commodity mix of zinc, silver and lead is the same. Exploration at Cerro Rayas is less advanced than Riqueza but has already produced some exceptionally strong results. Consequently, and as previously discussed, the Company lodged applications for five additional concessions at Cerro Rayas in the previous quarter and three new concession applications in this Quarter.

The Company's initial field work clearly points to mappable extensions of known mineralisation within the five new concessions and this has only strengthened the prospectivity of Cerro Rayas. The new concession applications include numerous additional mine workings and many kilometres of structures believed to be important in controlling mineralisation.

Mapping and sampling will continue at Cerro Rayas with the purpose of generating drill targets. The Company then intends to lodge a valid FTA drill permit application and, under the NER's, should receive approval thereof within 10 business days.

CORPORATE ACTIVITIES

Inca completed a placement of 805,295 fully paid ordinary shares at an issue price of 0.62 cents per share (**Placement**) this Quarter. The Placement was made to Inca's Peruvian legal counsel as part of the non-cash remuneration for legal consulting services to be provided to Inca throughout 2018.



Competent Person's Statements

The information in this report that relates to exploration activities 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 exploration activities, 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.

Table 11 **BELOW:** List of ASX Announcements During and Post June 2018 Quarter

ASX Announcements	Price Sensitive	Date Announced	Competent Person
June 2018 Quarter Announcements			
Trading Halt	YES	04-April-2018	
Inca Signs Exclusive Earn-In Option with South32	YES	05-April-2018	
Share Placement, Appendix 3B and Cleansing Notice	NO	16-April-2018	
Peru's New Exploration Regulations Now in Force	YES	17-April-2018	
Change in Substantial Holding	NO	24-April-2018	
Appendix 5B - March 2018 Quarter	YES	30-April-2018	
March 2018 Quarterly Activities Report	YES	30-April-2018	Ross Brown
Strong Grades Increase Rastrillo Potential - Riqueza	YES	14-May-2018	Ross Brown
Update on Geophysics Survey at Riqueza	YES	18-May-2018	Ross Brown
Greater Riqueza Geophysics Survey Commences	YES	29-May-2018	Ross Brown
2.2 Metre Mineralised Manto Near Rastrillo	YES	06-June-2018	Ross Brown
Greater Riqueza Geophysics Survey Completed	YES	22-June-2018	Ross Brown
Post June 2018 Quarter Announcements			
23 Targets in Interim Geophysics Results at Greater Riqueza	YES	04-July-2018	Ross Brown
Company Update - Greater Riqueza Project	YES	17-July-2018	Ross Brown
Trading Halt	YES	20-July-2018	
20.98% Zinc in Manto Near Rastrillo	YES	23-July-2018	Ross Brown
