



INCA MINERALS LTD

Targeting a new generation of Tier-1 mineral discoveries in Australia and Peru



ASX Announcement | 11 May 2023 | ASX: ICG

EXPLORATION AND CORPORATE UPDATE

Inca outlines funding strategy and key exploration priorities for 2023 field season

Inca Minerals (ASX: **ICG**; **Inca** or **the Company**) is pleased to announce new funding initiatives which the Company has implemented as well as planned short-term exploration activities for 2023 across its portfolio of high-potential mineral projects in the Eastern Arunta region of the Northern Territory, and in Eastern Queensland near Townsville.

Highlights:

- Inca Director to provide a \$500,000 loan facility to support upcoming exploration activities.
- The Company's Mt Isa facility has also been listed under a sale and leaseback arrangement.
- Multiple grant proposals submitted under the Resourcing the Territory Geophysics and Drilling Collaborations Program, to assist with upcoming exploration activities.
- 2023 field season to commence with shallow RC drilling targeting outcropping copper mineralisation at the Camel Creek Prospect, Jean Elson Project.
- Drilling also planned at Spinifex Pigeon (Jean Elson) and a large magnetic target at Wallaroo (MacAuley Creek), where lithium potential will also be evaluated.
- Further compelling drill targets continue to be evaluated and prioritised for future activity.

Funding Initiatives

Loan Facility for \$500,000

Inca advises that a Director of the Company has agreed to provide Inca with a loan facility of A\$500,000. The loan funds will be used towards the Company's planned exploration activities during the 2023 field season. Refer to the table at the end of this announcement for the terms of the loan facility.

Sale and Leaseback of Mount Isa Property

Inca has also listed its Mount Isa property under a sale and leaseback arrangement. The lease terms for the Company (once Inca becomes the lessor) are at a commercial rate. The sale is expected to unlock additional short-term liquidity. The Company will update the market when the sale is completed to confirm the amount raised.

Grant applications under GDC Grants program

Inca is also participating in the Resourcing the Territory Geophysics and Drilling Collaborations Program, with multiple grant applications submitted for drilling across Inca's various projects in the Northern Territory. The outcome of these GDC grants will be conveyed to the Company by June 2023.

These funding measures are important in assisting the Company to continue its planned exploration programme in the short-medium term, without further diluting existing shareholders in the process.

Commenting on the exploration and funding initiatives, Inca Chairman, Adam Taylor, said:

“The funding initiatives outlined above will support our upcoming 2023 exploration activities. Our intent is to get the best value for money for shareholders from the 2023 exploration field season while progressing our understanding of all of Inca’s projects. We are blessed to have multiple quality projects and we look forward to being able to drill at both Jean Elson and MaCauley Creek in the near future – two projects where we have identified significant copper and other minerals at surface, backed up by the geophysics the Company has completed over the past two years. We are looking forward to getting on with this exploration work and reporting results to the market as they come to hand.”

Other Matters

Inca will be attending the RRS Investor Conference at the RACV Royal Pines Resort on the Gold Coast on 16-17 May and will have an Investor Pop-up where shareholders and potential investors are welcome to visit and to meet company representatives. The Company invites shareholders to take the opportunity to discuss matters of interest with company representatives who will include Inca Chairman Adam Taylor and the Company’s Australian Exploration Manager, Dr Emmanuel Wembenyui.

Exploration Priorities for 2023

In addition to an ongoing review of all its key projects, a planned high-impact Reverse Circulation (RC) drilling of shallow copper and lithium targets at the Jean Elson Project in the NT and MacAuley Creek Project in Queensland will be the Company’s first projects to be evaluated in 2023.

Inca plans to commence its 2023 exploration season with RC drilling at Jean Elson and specifically the Camel Creek and Spinifex Pigeon targets, as shown in Figure 1.

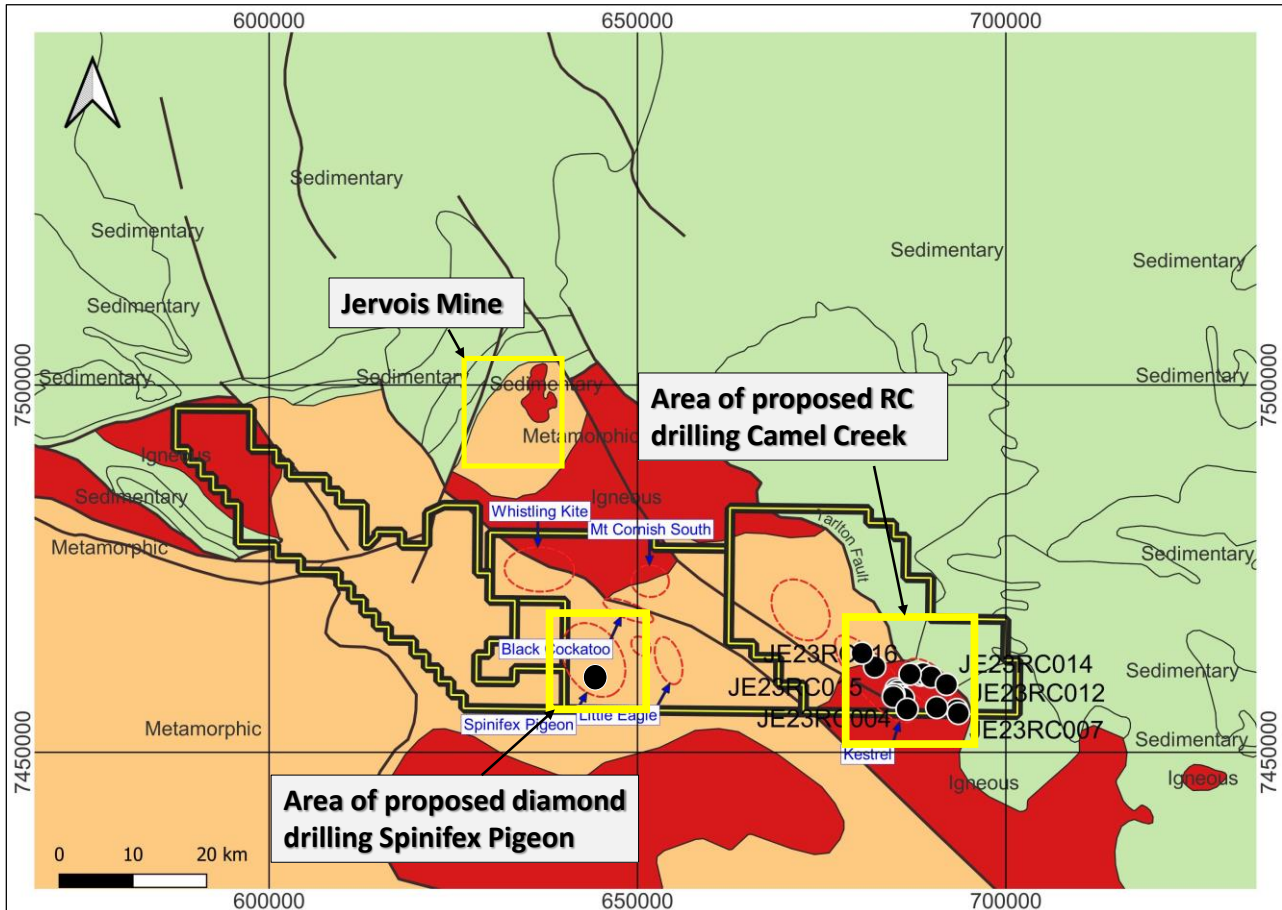


Figure 1: Regional geology and major structures over Inca’s Jean Elson Project area showing the location of the Jervois Mine relative to the Camel Creek and Spinifex Pigeon Prospects where drilling is planned.

Drilling will begin at Camel Creek targeting outcropping veins of copper mineralisation backed by gravity, magnetic and GAIP data compiled by the Company. Interpretation of INCA's 2021 AMAGRAD survey data identified multiple NW-SE oriented regional shears, where the westernmost shear is likely an extension of the Lucy Creek Fault Zone (Figure 2), with the Camel Creek and Ningaloo prospects bounded in between these shear zones.

The Camel Creek prospect is located between the Tarlton Fault zone and Ningaloo Shear, and is mapped as a coarse-grained leucogranite, associated with the Mount Tietkens Granite Complex. Although much of the Jean Elson Project is mostly sitting beneath thin regolith and dune cover, the high copper rock chips thematically mapped in Figure 2 are from within exposed rockfaces along the Camel Creek Prospect.

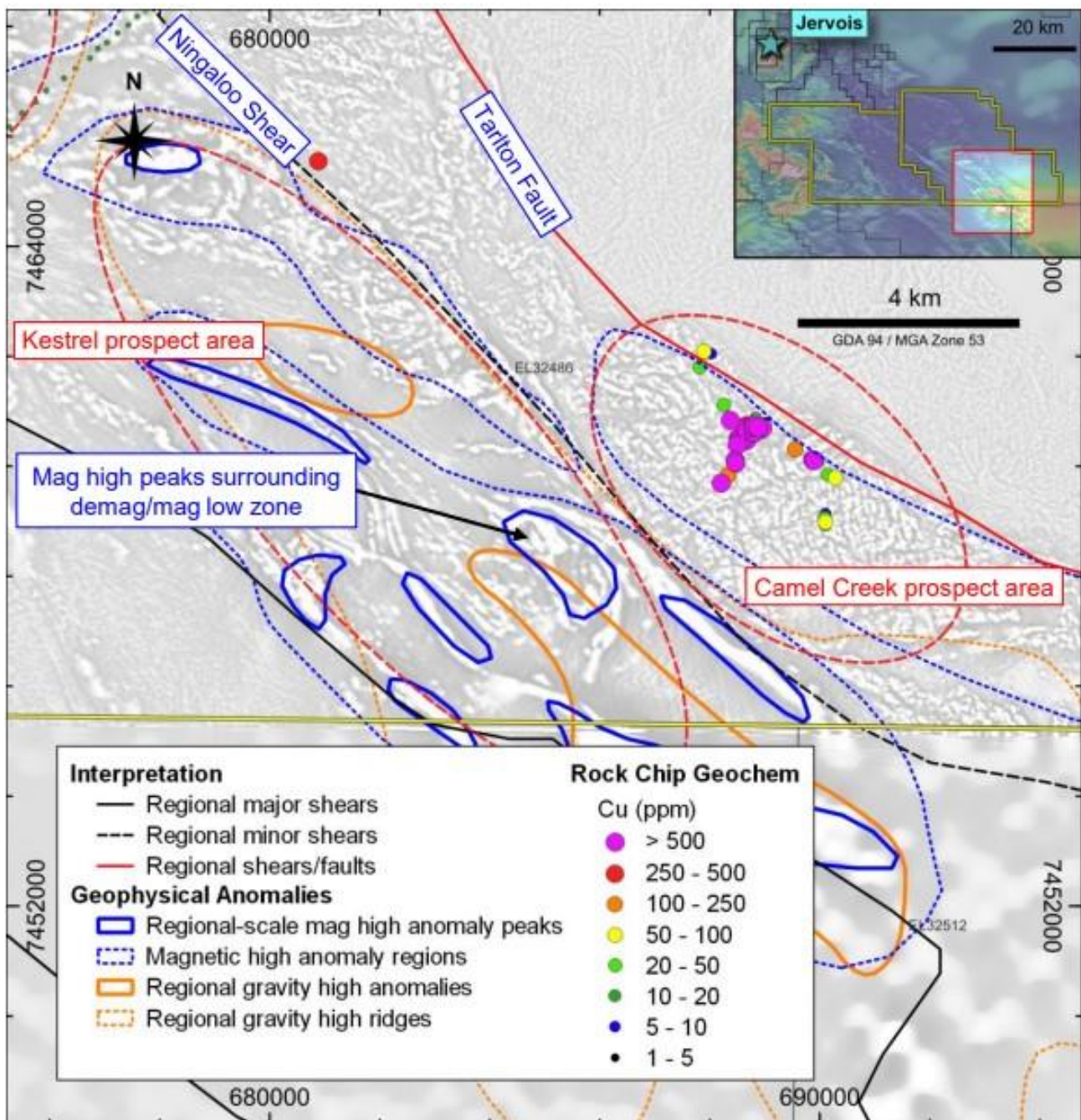


Figure 2: Linework interpretation of regional structural features, geophysical anomaly zones, and target areas zoomed-in to the Camel Creek and Kestrel prospect areas, shown over filtered magnetic anomaly image.

After Camel Creek, the rig will then move to Spinifex Pigeon to drill an RC pre-collar into basement rocks for a potential future deep diamond drilling into a target generated and shown in Figure 3.

The “Spinifex Pigeon” prospect, which is buried beneath regolith deposits and dune cover, is located within the south-western part of the Jean Elson Project area and is characterised by very strong coincident magnetic and gravity anomaly high zones. The strongest magnetic intensity anomaly highs are associated with intensely folded, potentially magnetite-rich ironstone units, which may be like the Bonya Metamorphic schist units present within the Jervois base metals project area. Magnetically ‘quiet’ zones to the east and south of the anomaly area may be associated with Paleoproterozoic siliceous metasediments. A cluster of small and discrete circular magnetic intensity anomaly highs observed to the east of the Spinifex Pigeon Prospect could be suggestive of association with kimberlite pipes.

Information from the assay results from this RC pre-collar, in combination with the outcome of a GDC grant, will form the basis of a decision by the Company to decide on the deeper drill-hole later in the season. Inca is currently finalising planning for mobilisation to site and expects to be on site drilling in Q3 2023.

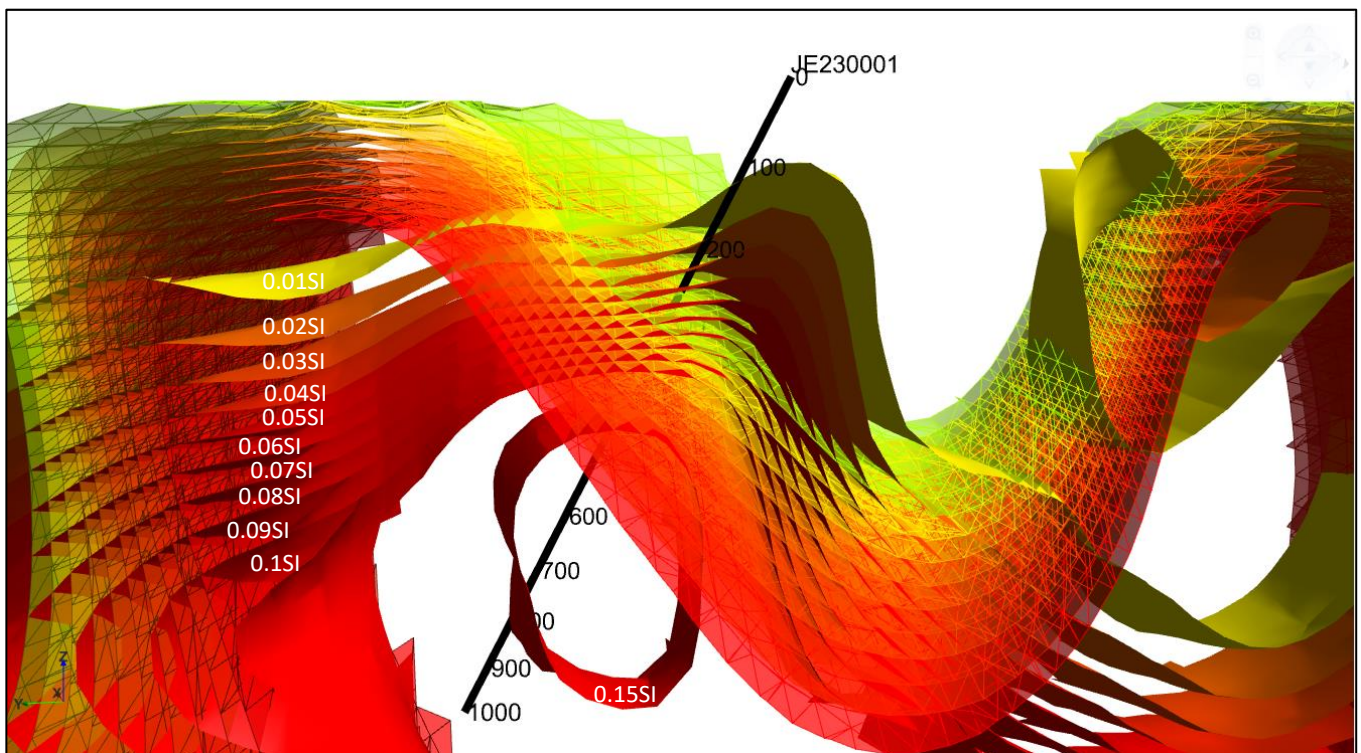


Figure 3: Proposed Jean Elson drillhole at the Spinifex Pigeon Prospect, JE230001; designed to test modelled coincident gravity and magnetic isosurfaces. The wireframed shells are gravity, varying from a low of 0.01g/cc at the periphery to a high of 0.1g/cc at deeper levels. Magnetic anomalism is defined by the plain isosurfaces, varying in intensity from 0.01 SI at the periphery to 0.15 SI at the centre.

The geological setting of planned drilling within the Camel Creek and Spinifex Pigeon Prospects is broadly proximal to contacts between igneous intrusions and metamorphic units associated with regional gravity and magnetic anomalies with numerous tightly folded and crosscutting sheared units. These prospects lie close to and are broadly parallel to the Tarlton fault which is a mantle tapping structure and therefore a potential conduit for mineralising fluids.

In addition to the Camel Creek and Spinifex Pigeon prospects, broad target areas within the Jean Elson Project area including Whistling Kite, Straw Neck Ibis, Kestrel, and Mt Cornish South, etc are defined based on strong geophysical anomalies, including gravity and magnetic anomaly highs and peaks, and proximity to interpreted regional structures, such as regional-scale faults and shears, which may have controlled or influenced mineralisation associated with geophysical anomalism (Figure 4). Depending on results from Camel Creek and Spinifex Pigeon, Inca Minerals Ltd has the option to test these other drill-ready targets.

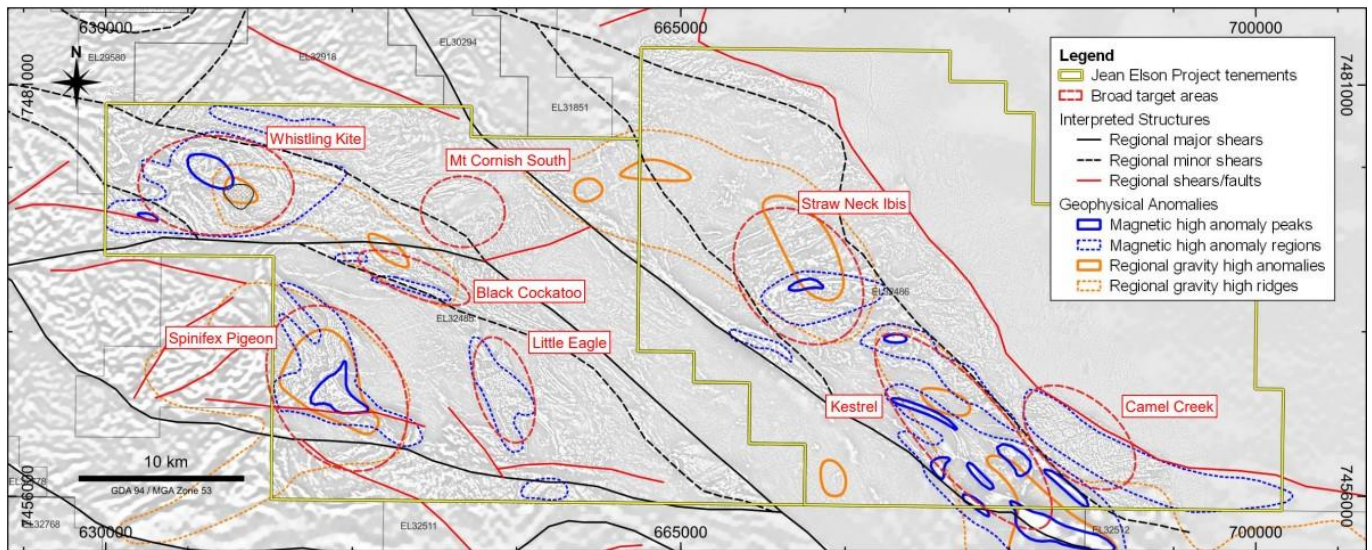


Figure 4: Linework interpretation of regional structural features and proposed broad target areas sitting under regolith cover for follow-up exploration, shown over a filtered magnetic anomaly image.

After Jean Elson (NT), the team will then head to MacAuley Creek in Queensland, again for shallow RC drilling at Inca's Wallaroo Prospect. The Wallaroo Prospect, which is located in the north-east of the MaCauley Creek tenure, is defined by ore-grade copper mineralisation in rock chips and is coincident with a 1000 x 400m NE-SW oriented magnetic feature (Figure 5). The target is very accessible with existing sealed roads servicing Mount Moss Mine and Zig Zag Station.

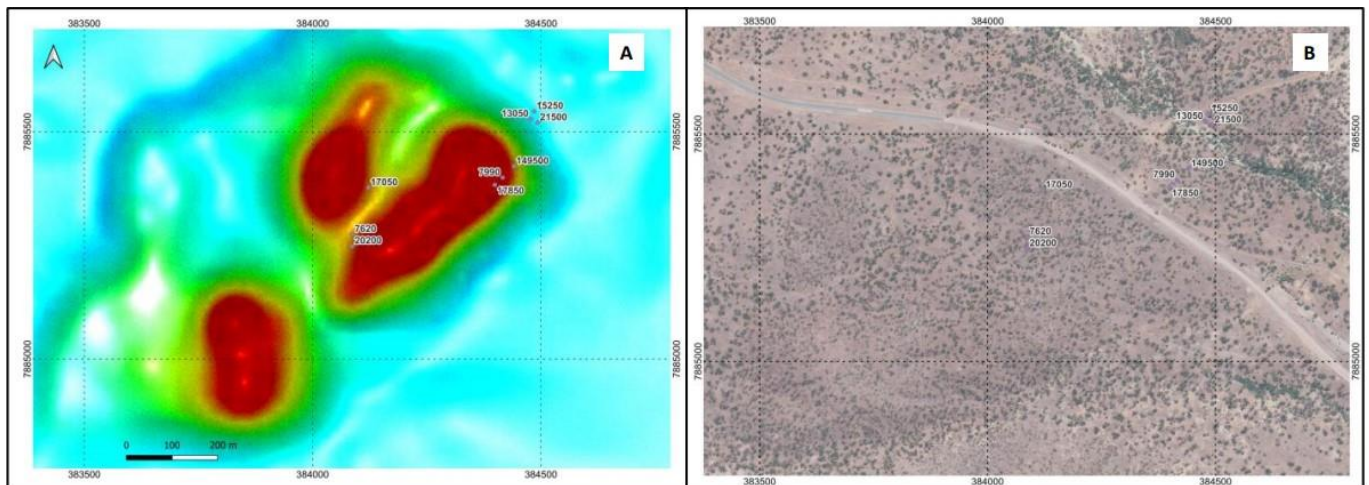


Figure 5: Wallaroo Prospect, defined by a NE-SW magnetic trend associated with outcropping copper, mainly as malachite (A). The area is highly accessible as it is cut by a sealed road, numerous station tracks and fence lines, which provide good access throughout the area (B).

3D modelling has demonstrated that the magnetic features, which define the Wallaroo prospect can be tested by shallow RC drillholes up to 150m (Figure 6).

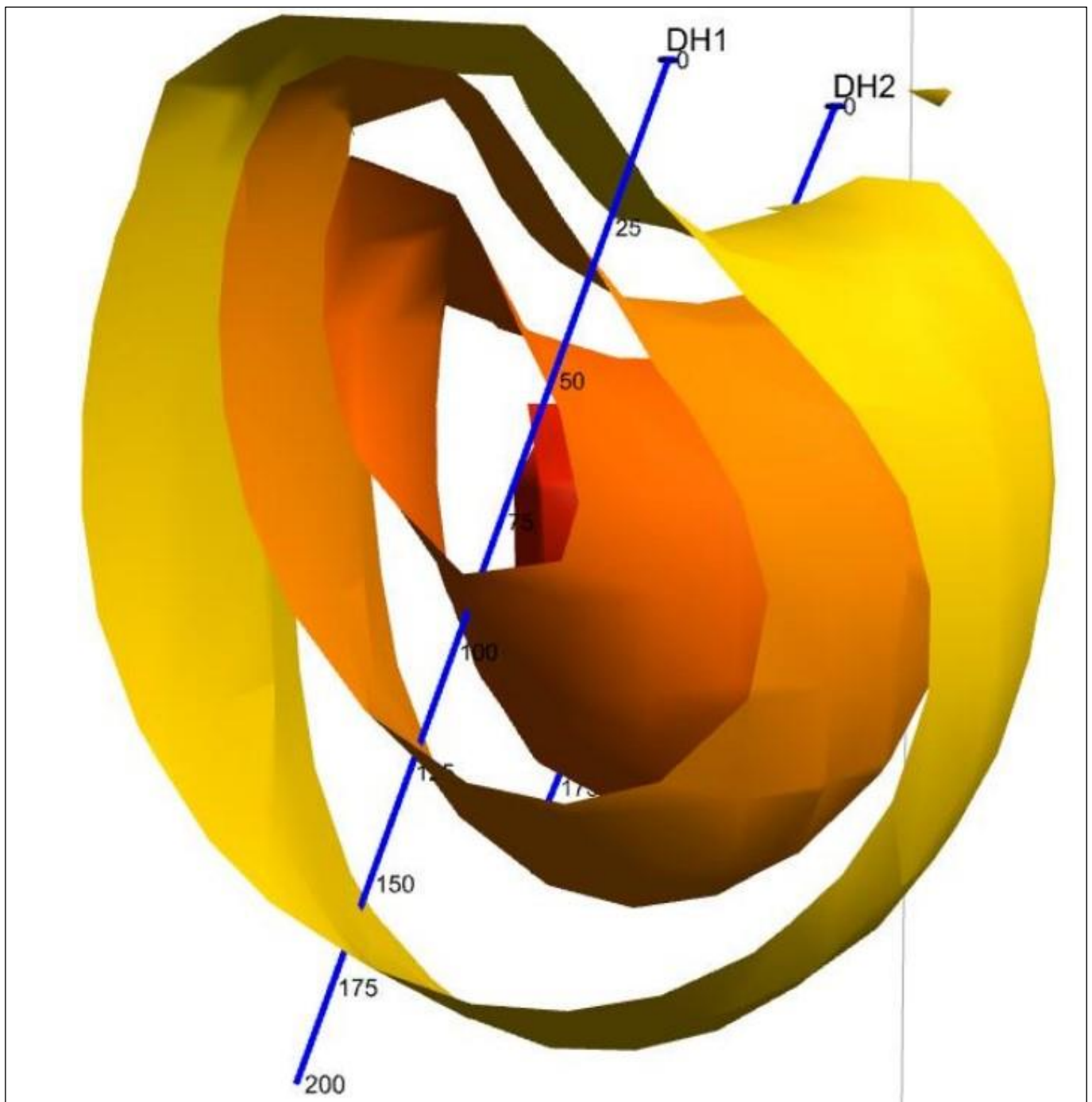


Figure 6: Magnetic model of the Wallaroo Prospect. Intensity of isosurfaces varies from 0.01 at the periphery through 0.02, 0.03 to 0.04SI intensity in the centre. This is a shallow target that can be tested with 150m drillholes.

As shown in Figure 7, the magnetic feature which defines the Wallaroo Prospect lies on a trend that stretches for 8km into the MaCauley Creek Central Prospect, broadly simulating the NE-SW orientation of the magnetics, which define the nearby Mt Moss mines, located 7km to the north-west.

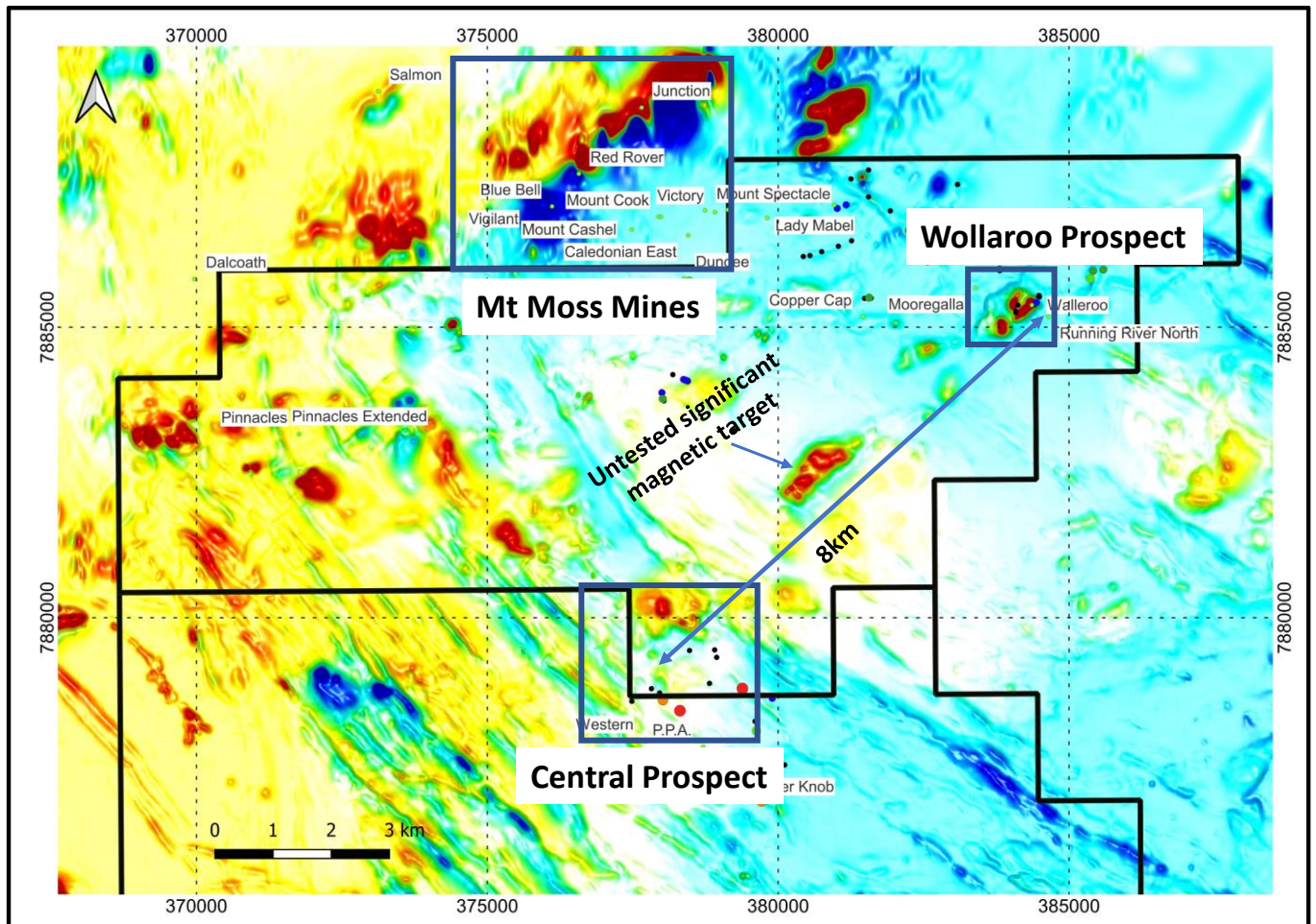


Figure 7: Location of the Wallaroo Prospect in NE MaCauley relative to the Central Prospect, other named prospects, and Mt Moss mines. Wallaroo is located 8km NE of the Central Prospect. A very significant and untested magnetic target, 1300m X 450m lies approximately halfway between Wallaroo and the Central Prospect.

While on site the team will also be looking to progress the Company's overall understanding of the project with soil surveys planned over selected areas, targeting magnetic and gravity anomalies, encouraging chargeability results identified from GAIP data and anomalous geochemical results identified from reconnaissance rock chips where positive copper and lithium including lithium indicator elements such as tantalum and tin were identified. Locations of the proposed soil grids are presented in Figure 8.

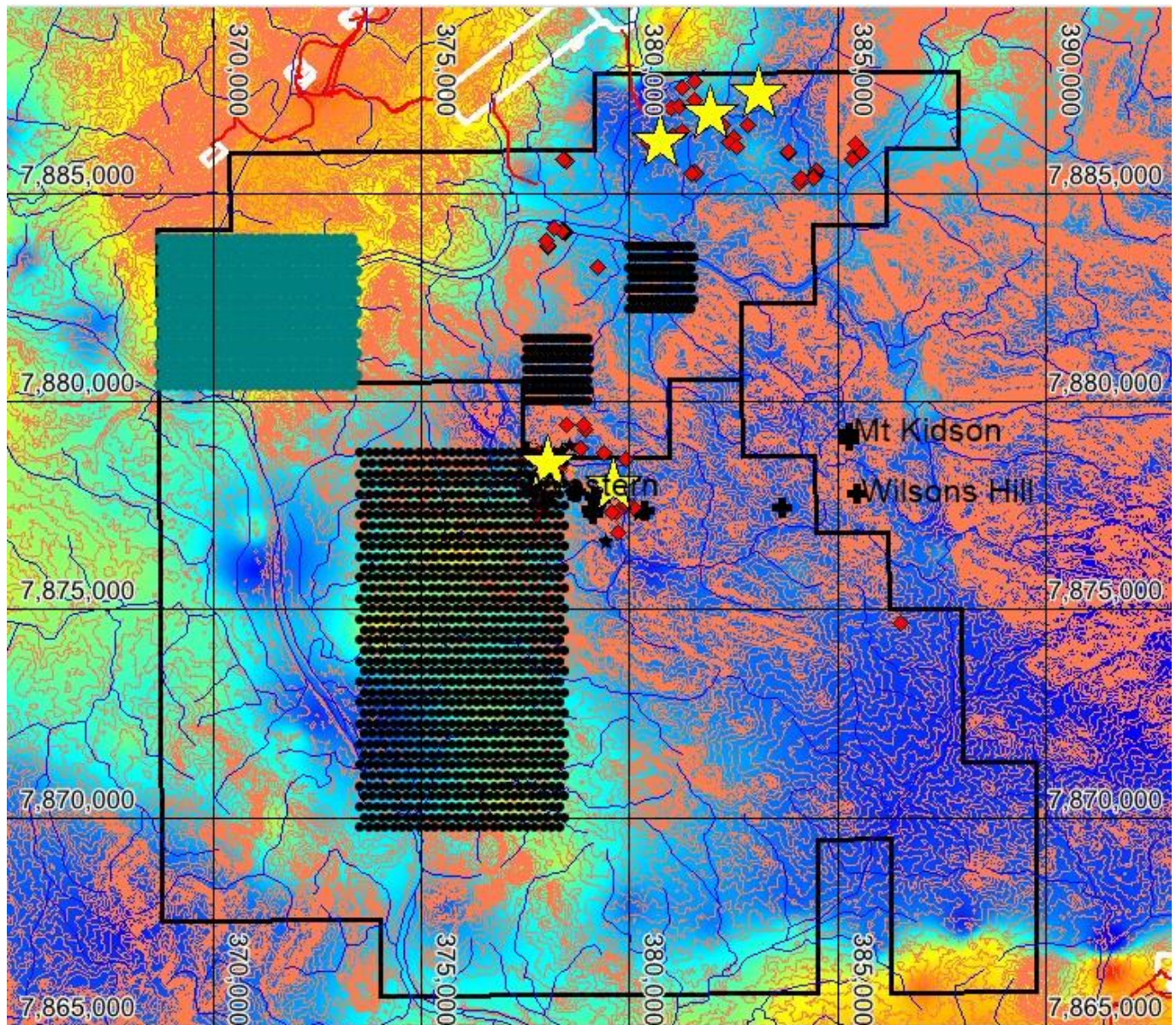


Figure 8: Locations of proposed soil grids that will be sampled in Q3/Q4, 2023. Grids are superimposed on regional gravity and topography contours. Yellow stars are areas where anomalous lithium was sampled in rock chips and red diamonds are Inca's regional rock chips.

Details of Loan Facility detailed in the announcement	
Loan amount	\$500,000
Loan term	12 months from date commencement (11 May 2024)
Security	Nil
Interest rate	RBA rate plus 4% on a compound interest basis
Repayment date	The repayment date is 12 months from the first drawdown.
Early repayment	Loan can be repaid at the Company's discretion ahead of the repayment date at no penalty
Lender	Adam Taylor

This announcement was authorised for release by the Board of Directors.

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Competent Person's Statement

The information in this announcement relates to exploration activities for the Jean Elson Project located in the Northern Territory and the MaCauley Creek Project, located in Queensland is based on information compiled by Dr Emmanuel Wembenyui BSc (Hons) Geology, MSc Applied Geology and PhD Geochemistry who is a Member of The Australasian Institute of Mining and Metallurgy, MAusIMM and The Australian Institute of Geoscientists, MAIG. 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". Dr Wembenyui is a fulltime employee of Inca Minerals Limited and consents to the report being issued in the form and context in which it appears.