5 May 2016

New High Grade Veins and Manto Data Boosts Riqueza

HIGHLIGHTS

- Recently acquired reports dramatically increase known prospectivity of Riqueza Project with:
  - 4 previously unknown vein assays (average grades):
    - **12.41% Zn, 373.75g/t Ag** and **11.97% Pb** (HV1)
    - **8.21% Zn, 220.31g/t Ag** and **13.91% Pb** (HV2)
    - **4.24% Zn, 135.94g/t Ag** and **4.74% Pb** (HV4)
    - **7.49% Zn, 259.85g/t Ag** and **14.29% Pb** (HV12)
  - A new mineralised dyke recorded with a grade of **6.94% Zn, 94.97g/t Ag** and **8.77% Pb**
  - Very strong evidence for significant southerly continuation of mineralised manto deposit
- Above is in addition to 6 previously reported veins and manto averaging **7.18% Zn, 205.36g/t Ag** and **10.71% Pb**

View of the high grade manto exposed in extensive workings at Humaspunco

- A cross-cutting feeder zone responsible for the widespread Zn-Ag-Pb mineralisation at Humaspunco now interpreted:
  - Hosts two veins: *Vein HV11*: **11 of 12 samples >5% Zn, 10 of 12 >150g/t Ag** and **>5% Pb** over 100m strike length of vein; *Vein HV12*: **averaging 7.49% Zn, 259.85g/t Ag** and **14.29% Pb** over 30m
  - Hosts lateral disseminated sphalerite (zinc sulphide) and galena (lead sulphide)
  - Hosts hydrothermal alteration indicative of hot mineralising fluids
  - Trends NE-SW cross cutting the NW-SE trending mineralised veins
- Feeder zone strongly supports Polymetallic Replacement Model for Riqueza
- At the Uchpanga site at Riqueza (2.5km SW of Humaspunco): Strong hydrothermal alteration with disseminated sphalerite and galena up to 7m wide.

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Inca Minerals Limited ("Inca" or "Company") has recently obtained additional geological reports containing new information. These reports were acquired by Inca's Managing Director, Mr Ross Brown, during his recent trip to Lima and contain mapping and sampling results that shed considerable new insight as to the potential of Riqueza.

"Geological data and conclusions contained in the newly acquired Zegarra Report (1983) greatly enhances the prospectivity of Riqueza" says Mr. Brown. "The Zegarra Report describes hitherto unreported strong Zn-Ag-Pb vein mineralisation; it provides compelling evidence for a mineralised "feeder zone" at Humaspunco Hill; it provides direct evidence of fault activity that strongly supports extensions of manto mineralisation and it mentions cross cutting mineralisation at Uchpanga/Rita Maria, making Uchpanga/Rita Maria more similar to Humaspunco than previously thought."

This new data and geological evidence are discussed below in further detail.

Additional Veins at the Humaspunco Hill site

A total of 10 strongly mineralised Zn-Ag-Pb veins are now recorded in past geological reports in the Humaspunco Hill area of Riqueza. Two further veins are recorded as un-sampled. In previous announcements (5 and 22 April 2016) six veins were reported in association with a 2011 rockchip programme of 181 samples (veins HV3, HV5, HV7, HV8, HV10 and HV11 in Figure 2). The average grade of the six veins of this 2011 programme is **7.38% Zn, 227.12g/t Ag, 11.56% Pb**. In the newly acquired Zegarra Report (1983) seven veins are recorded (veins HV1 through to HV6 and HV12 – also shown in Figure 2), of which six were sampled by that author (Table 1). Two of these veins (HV3 and HV5) were resampled in 2011[1].

Inca Vein Names	Zegarra 1983 sampling	
	Vein Names	Average Grade
HV1	Vein 1	**12.41% Zn, 373.75g/t Ag, 11.97% Pb**
HV2	Vein 2	**8.21% Zn, 220.31g/t Ag, 13.91% Pb**
HV3	Vein 3	**9.58% Zn, 329.69g/t Ag, 19.74% Pb**
HV4	Vein 4	**4.24% Zn, 135.94g/t Ag, 4.74% Pb**
HV5	Vein 5	**7.20% Zn, 196.87g/t Ag, 16.16% Pb**
HV6	Vein 6	*Not sampled*
HV12	Level 4163m Vein	**7.49% Zn, 259.85g/t Ag, 14.29% Pb**

Table 1: Average grades for veins identified and sampled by Zegarra in 1983. The Company has introduced standardised names for the veins to lessen the need to refer to past reports and accommodate future vein discoveries.

Figure 1: Photo of the vein named HV5 which averages 7.20% Zn, 196.87g/t Ag and 16.16% Pb. The photo was taken during an Inca field trip in late 2015. The vein dips steeply to the N at approximately 70° and is on average 0.94m wide (true width) and strikes at least 100m.

[1] 2011 Report with 6 mineralised veins, 1983 Report with 6 mineralised veins, 2 sampled in both = 10 highly mineralised veins.

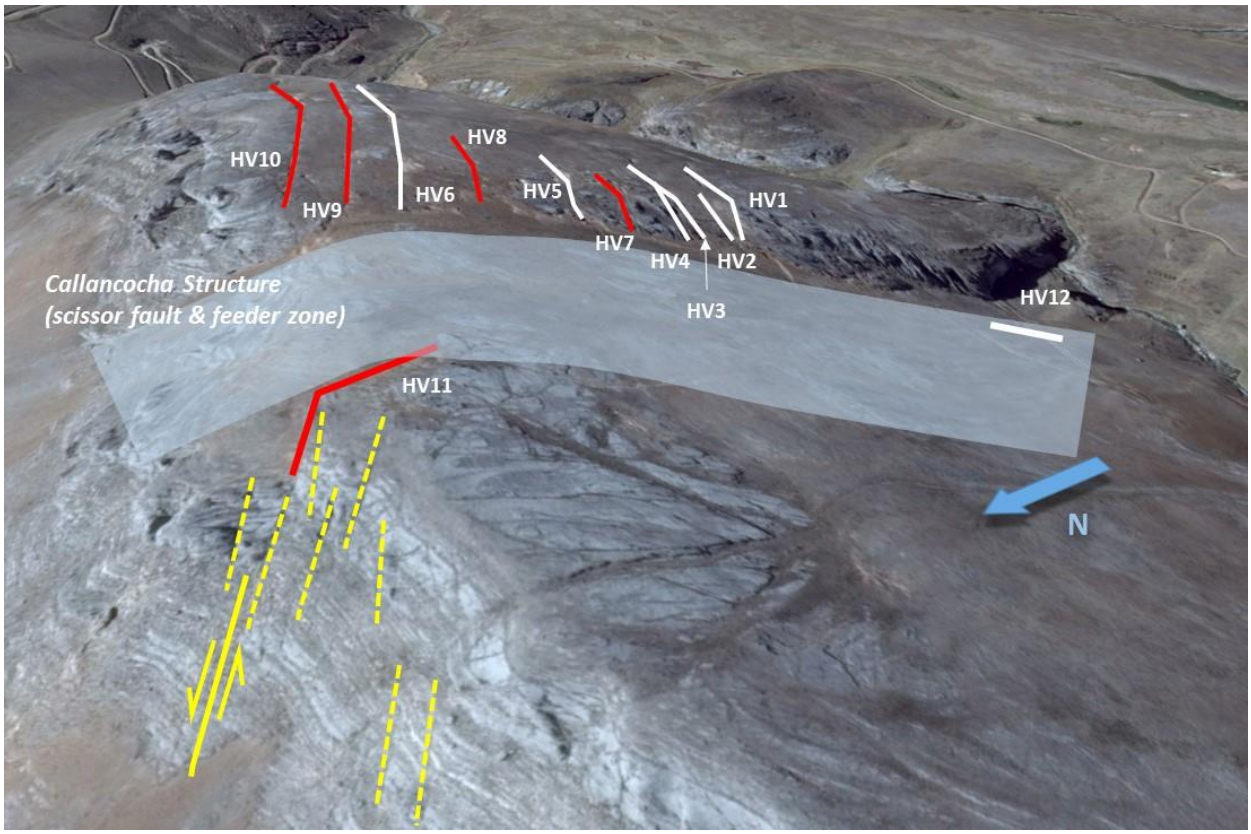

Figure 2: **ABOVE** An on-line satellite image of the Humaspunco Hill site viewed from the NW. The image shows the relative position of: the 10 mineralised veins as well as two un-sampled veins. The Callancocha Structure comprising the scissor fault and the interpreted feeder zone traverse Humaspunco roughly N-S (also Figure 3). An array of new and currently un-sampled veins are drawn in yellow. This includes a south side up fault that is almost certainly responsible for the shape of the hill.

"Humaspunco Hill now hosts ten known, highly mineralised veins as well as an extensive manto" (discussed below) says Mr Brown. "It appears as though past sampling was influenced by the location of previous small scale mining activities in the area and do not extend far beyond the mine workings themselves. Only during more recent visits has sampling addressed possible extensions of mineralisation. The 2011 soil programme is an example of this work, yet the very strong soil anomalies also remain untested. It is quite apparent that Humaspunco is massively under mapped and under sampled with obvious extensions of veins and mantos evident in aerial imagery."

Strong Evidence of a Feeder Zone Identified

Two structures (described in newly acquired reports) have been recognised that strongly indicate the presence of a NE-SW trending feeder-zone at Humaspunco. A feeder-zone (also referred to as a "root-zone") is the location where hot metal-bearing fluids rise up from an underlying heat source to form vein and manto style mineralisation. Feeder zones are typically represented as breccias, and/or dykes, and are characteristically highly altered and mineralised. A NE-SW trending fault was described in the Zegarra Report (1983) with strong hydrothermal alteration, vein mineralisation (Table 1: HV12: **7.49% Zn, 259.85g/t Ag** and **14.29% Pb**) and associated lateral disseminations of sphalerite (Zn) and galena (Pb). A second structure, trending broadly N-S to NW-SE was described by Walker (2011) with similar attributes, having hydrothermal alteration, vein mineralisation and associated lateral disseminations. It is ±100m long and 3.2m wide. Eleven of 12 samples from it returned >5% Zn, 10 of 12 returned >150g/t Ag and >5% Pb.

It is therefore considered that a feeder zone exists at Humaspunco and that it occupies a NE-SW structural weakness that has subsequently been reactivated as a west-side down scissor fault. The coincident feeder-zone (and scissor fault), referred to as the "Callancocha Structure" is responsible for (or has given rise to) the mineralised veins and mantos occurring at Humaspunco (Figures 2 & 3). It is particularly relevant to the Polymetallic Replacement Deposit model the Company is applying at Riqueza. Polymetallic Replacement deposits characteristically comprise mineralised veins and dykes, mantos and a feeder zone (or zones). All such elements now appear present at Humaspunco.

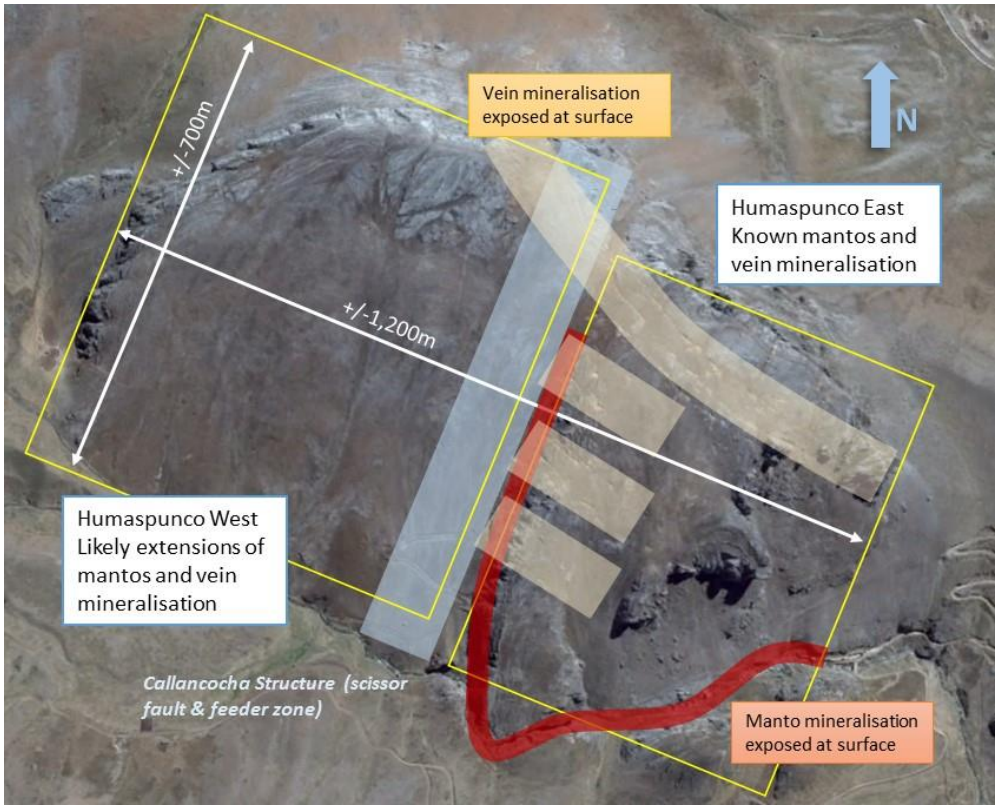

Figure 3: **LEFT** Plan view of Humaspunco Hill. The scissor fault and feeder zone defines the Callancocha Structure. The manto is exposed along the Callancocha Structure and along the south flank of Humaspunco Hill.

Southern and Western Extensions of the Mineralised Manto at Humaspunco

The high grade Zn-Ag-Pb manto deposit at Humaspunco Hill is well exposed in several mine workings along the Callancocha Structure and along contiguous outcrop on the southern perimeter of the hill. It dips gently to the south within the Jumasha Formation (a sequence of grey coloured limestones). Significantly, mapping and sampling by Zegarra also confirm the presence of the mineralised manto for over 500m on the southern side of a shallow valley at the base of Humaspunco Hill. The manto is therefore open-ended to the south (Figure 4).

The Callancocha Structure roughly divides Humaspunco Hill into halves (Figures 2 & 3). Block movement of this structure is west side down, which means that the limestone sequence that hosts the manto east of the Callancocha Structure is preserved on the west side of the structure. It is therefore likely that the manto horizon extends west of the Callancocha Structure and possibly across the entire hill, which is approximately 1,200m long and the southern flank 700m wide.

Extensions of the high grade manto deposit provides a quantum increase in potential manto deposit size and greatly enhances the prospectivity and tonnage potential of Riqueza.

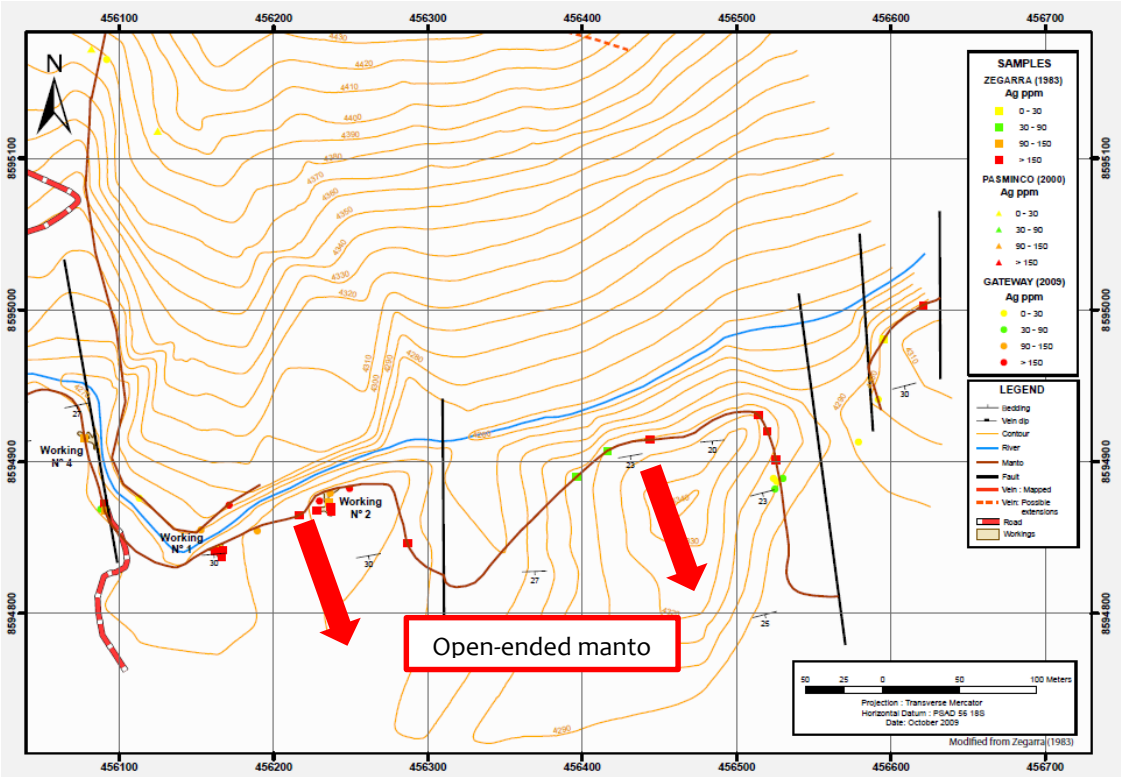

Figure 4: **ABOVE** Plan view of SE quadrant of Humaspunco Hill showing sample locations and broad Ag grades.

Repeat of Humaspunco at Uchpanga/Rita Maria

The Uchpanga/Rita Maria workings are centred 2.5km SW of Humaspunco Hill. A zone of mineralisation approximately 800m long is currently defined by these workings, an extensive outcropping gossan[2] and a 12m thick manto deposit (as previously described in ASX announcements 5 and 22 April 2016). It is likely that the outcropping gossan represents sulphide rich parts of the manto.

In the recently acquired Zegarra Report, reference is made to a mineralised dyke (a vertical or near-vertical tabular intrusion – often vein like), exposed in a mine drive at Uchpanga. The dyke is highly mineralised: **6.94% Zn, 94.97g/t Ag** and **8.77% Pb**. Prior to obtaining the Zegarra report, known mineralisation at this location was thought to be concordant (not cross cutting stratigraphy– therefore like a manto).

An additional reference is made to a **5m to 7m wide zone of mineralisation with strong hydrothermal alteration and associated disseminated sphalerite (Zn) and galena (Pb)**.

Both these features suggest that, in addition to the manto/gossan, a more invasive style of mineralisation occurs at Uchpanga/Rita Maria. In this way, the Uchpanga/Rita Maria area appears to have more similarities to Humaspunco than previously thought. Like Humaspunco, Uchpanga/Rita Maria hosts vein/dyke forms of mineralisation (as well as a manto) and has zones of alteration and disseminated sulphides not dissimilar to the feeder zone at Humaspunco.

[2] A gossan is a highly weathered massive to semi-massive sulphide.

Planned Exploration

The Company is actively progressing a permit to enable drilling to commence as soon as practicable. Pre-drilling activities will include:

- The verification of the high grades of mineralisation of the known veins and mantos at Humaspunco and Uchpanga/Rita Maria.
- The identification of extensions of the known mineralised veins and mantos at Humaspunco and Uchpanga/Rita Maria.
- The identification of additional veins and mantos at Humaspunco and Uchpanga/Rita Maria.
- Specific tasks include *inter alia:*
    - Mapping and sampling of the Callancocha Structure.
    - Mapping and sampling of the Humaspunco West area.
    - Mapping and sampling over all soil anomalies.
    - Mapping and sampling of the manto along the southern perimeter of Humaspunco Hill.
    - Mapping and sampling of the manto where-ever the Jumasha Formation occurs at Riqueza.
    - Mapping and sampling of the 600m long gossan at Uchpanga/Rita Maria.
    - Geophysics surveys covering Humaspunco and Uchpanga/Rita Maria.

"There is persuasive evidence that a Polymetallic Replacement Style deposit occurs at Humaspunco and Uchpanga/Rita Maria. Strong Zn-Ag-Pb mineralisation occurring in veins, mantos, dykes and possible feeder zones are very typical of such styles of deposit." says Mr. Brown. "Multiple ounce silver and consistent Zn-Pb grades *circa* 20% in a dozen or so known bodies; the likelihood of multi-directional extensions of the veins and mantos; and the prospect of Uchpanga/Rita Maria developing into another "Humaspunco" fuels expectations of sustained positive exploration activities.

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For further information contact Ross Brown (Managing Director).
Office: +61 (0)8 6145 0300
Email address: info@incaminerals.com.au

Competent Person Statements

The information in this report that relates to mineralisation for the Riqueza 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 information concerning mineralisation for the Riqueza 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 appears.