



7 February 2017

DRILLERS ENGAGED FOR RIQUEZA CAMPAIGN

Inca Minerals Limited (**Inca** or the **Company**) (ASX code: ICG) is pleased to announce that global drilling firm Energold Drilling Corp (**Energold**) has been contracted for the upcoming diamond drilling campaign at the Company’s Riqueza Project. Energold is a highly reputable and specialised drilling company that services the mining and energy sectors in the Americas, Africa and Asia, operating over 230 rigs in 22 countries worldwide. “The Energold drill rigs that we intend using are ideally suited for Riqueza”, says Inca Minerals’ Managing Director Mr Ross Brown. “Meeting technical needs—the rigs’ portability provides rapid deployment whilst maintaining excellent penetration rates (metres drilled per day) and core recovery. Hole completion rates are expected to be high.”

The Company has previously used Energold “... so we know very well the capabilities of their rigs and the professionalism of the Energold crew” continues Mr Brown. “We are confident that Energold will ease into this new campaign and quickly deliver the Company best-quality drill core in a timely manner. We intend having two rigs at Riqueza. While drilling with one rig, the second rig is re-positioned. This will increase hole completion rates.”

DIA Permit Capacity and Drilling Parameters

The Company was awarded a DIA drill permit on 31 December 2016 (WST) (ASX announcement 3 January 2017). The DIA has an allowance of 14,000m of drilling, with a 20% extra capacity (2,800m) under DIA regulations, for total capacity of 16,800m. There is also a capacity of 3,070m of trenching.

Subject to regular ongoing reviews, the DIA drill program will be split into three sub-programs or phases. The following table summarises the important drilling parameters of each phase. The Company may adjust hole depths and undertake follow-up holes as real-time results are examined. The additional 2,800m capacity of the DIA will be allocated after the completion of the first drill phase and shared between the second and third phases according to results.

Drill Phase 1		Drill Phase 2													
• Number of holes:	22	• Number of holes:	13												
• Total metres:	5,675m	• Total metres:	3,790m												
• Maximum hole depth:	440m	• Maximum hole depth:	420m												
• Minimum hole depth:	40m	• Minimum hole depth:	140m												
• Average hole depth:	260m	• Average hole depth:	291m												
Drill Phase 3															
• Number of holes:	13	<table border="1"> <tr> <td>DIA</td> <td>Metres:</td> <td>14,000m</td> </tr> <tr> <td></td> <td>Extra capacity:</td> <td>2,800m</td> </tr> <tr> <td></td> <td>Total metres:</td> <td>16,800m</td> </tr> <tr> <td></td> <td>Total # holes:</td> <td>48+</td> </tr> </table>		DIA	Metres:	14,000m		Extra capacity:	2,800m		Total metres:	16,800m		Total # holes:	48+
DIA	Metres:			14,000m											
	Extra capacity:			2,800m											
	Total metres:			16,800m											
	Total # holes:	48+													
• Total metres:	4,535m														
• Maximum hole depth:	420m														
• Minimum hole depth:	245m														
• Average hole depth:	349m														

For personal use only



Brief Description of Drill Targets

Reported throughout the 2016 reconnaissance mapping and sampling campaign, the Company has generated an extensive array of high quality Zn-Ag-Pb-(Au-Cu) targets at Riqueza. There are over 60 strongly mineralised bodies at Riqueza concentrated at three prospect locations, Humaspunco, Pinta and Uchpanga. The Humaspunco-Pinta [combined] Prospect area, roughly 2,000m x 800m, hosts a Zn-Ag-Pb replacement deposit comprising mineralised veins, mantos and breccias (Figure 1); Uchpanga Prospect area hosts a Zn-Ag-Pb-Au-Cu-Mn hydrothermal deposit comprising a mineralised vein (or dyke) and associated 750m long gossan.



Figure 1: **ABOVE** Photo record of the three different forms of mineralisation that will be targeted in the Riqueza drilling campaign. **LEFT** Manto style mineralisation and vein-style mineralisation. In this photo, facing west across the Callancocha Structure at Humaspunco, an upper manto horizon is visible dipping into the hill (white box). Also visible are numbers of NS veins (opaque white lines) which are part of the Callancocha Structure, believed to be a feeder zone for the Humaspunco Zn-Ag-Pb deposit. **RIGHT** Breccia style mineralisation will also be targeted. Visible in this photo is the breccia being investigated in the foreground (white shading) and a collapse-structure in the background (white lines) showing the drop of the limestone layers above the breccia. Veins, mantos, breccias (or chimneys) are very common in replacement deposits – further reference in Figure 3).

Itemised drill targets at Riqueza include:

- Thirty-six (named) Zn-Ag-Pb-bearing veins at Humaspunco (HV1-HV36)
- Five (named) Zn-Ag-Pb-bearing veins at Pinta (PV1-PV5)
- More than twenty Zn-Ag-Pb-bearing manto occurrences representing a minimum of four manto horizons at Humaspunco-Pinta
- Innumerable Zn-Ag-Pb-bearing veinlets occurring in swarms at Humaspunco
- At least two Zn-Ag-Pb-bearing breccia pipes (or chimneys) at Humaspunco
- A Zn-Ag-Pb-Au-Cu-Mn bearing vein (or dyke) associated with a 750m long gossan at Uchpanga

All individual drill targets at Humaspunco and Uchpanga display strong levels of Zn-Ag-Pb-(Au) mineralisation determined in reconnaissance sampling. Drill holes have been designed not only to test several targets at a time, such as multiple veins and mantos, but to test for additional veins and mantos that do not “daylight” at surface.



The major objective of Phase 1 drilling is to test sub-surface mineralisation associated with the following targets:

- Major EW veins at Humaspunco East and Humaspunco West
- Major NS veins at Humaspunco East (including the Callancocha Structure feeder zone)
- Major veinlet swarms at Humaspunco East
- The complete manto sequence at Humaspunco East
- Manto extensions south of Humaspunco East
- Gossan-related vein/dyke at the old mine working at Uchpanga

The holes are designed to intersect mineralised veins and mantos at high angles so as to provide an accurate cross-section and long-section of mineralisation. Drill hole azimuths (the direction of the inclined hole) are designed to intersect multiple zones of mineralisation where possible.

Another objective of Phase 1 drilling is to examine the inter-connectedness of the Humaspunco-Pinta and Uchpanga Prospects, hitherto spatially separate deposits. “We have only intimated till now that Humaspunco and Uchpanga may be part of the same large intrusive-replacement deposit” says Mr Brown. “Drilling in an area south of Humaspunco [hereafter Humaspunco South] will be the first step in testing this hypothesis, which is soundly based when considering the nature of the nearby mines”.

Several Zn-Ag-Pb-Au-Cu mines in proximity to Riqueza clearly point to a genetic and spatial association between intrusive hosted Au-Cu mineralisation and limestone-hosted Zn-Ag-Pb mineralisation. It is not uncommon for vein and manto style mineralisation to be located several kilometres from skarn and intrusive mineralisation within a single intrusive-replacement metal-system (Figure 3). Several examples of economic deposits like this occur in proximity to Riqueza (Figure 4).

Holes drilled during Phase 1 at Humaspunco, Humaspunco South and Uchpanga will help determine the interconnectedness of these prospect areas. If Riqueza proves to be similar to other deposits in the vicinity, there are obvious far-reaching positive implications as to the future development of this Zn-Ag-Pb-(Au-Cu) project.

The objective of subsequent phases of drilling is to systematically in-fill and extend mineralised sections to generate an interconnecting matrix of mineralisation. The intention is to begin the process of resource building and, should the results prove positive, deliver the Company, in a timely manner, a JORC-compliant Exploration Target (expressed as a range of tonnes at a range of grades).

“We are optimistic that the mineralised veins, mantos and breccias at Humaspunco-Pinta may prove to form a coherent deposit” says Mr Brown. “Certainly, simple projections based on outcrop position and dip and strike measurements indicates that the veins and mantos will regularly intersect and on that basis may form a broad network of mineralisation. Should we also find that Humaspunco is potentially linked to Uchpanga, then Riqueza might develop into a very significant Zn-Ag-Pb+(Au-Cu) prospect indeed.”

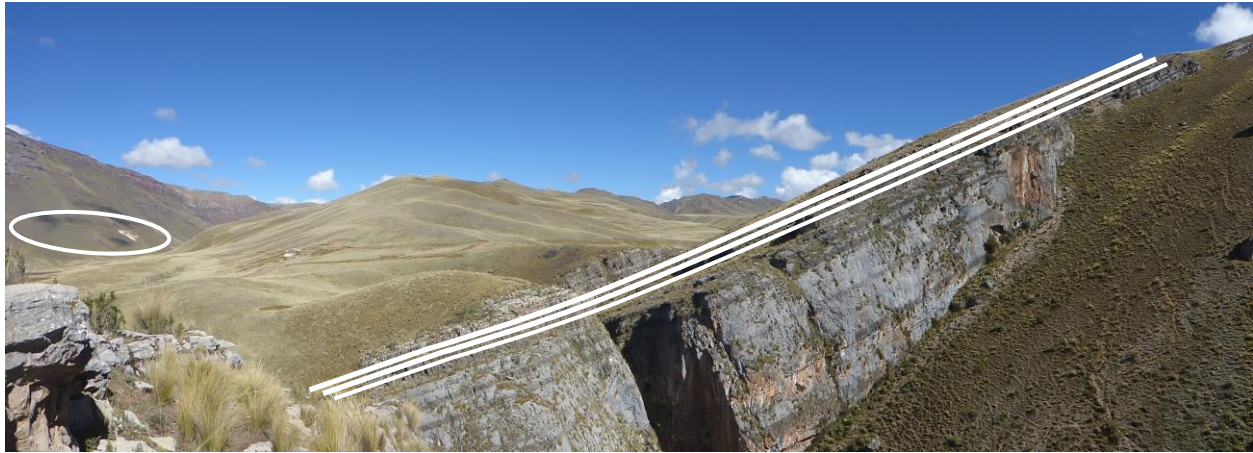


Figure 2: **ABOVE** The upper manto sequence (white lines) at Humaspunco are open ended to the south in the direction of Uchpanga, seen in the background (white circle), some 2.5kms away. With further reference to Figure 3, it is believed Humaspunco and Uchpanga are genetically and possibly spatially connected. Drilling will test this hypothesis.

A schematic section of the Pinargozu Zn-Ag-Pb+(Cu-Au) deposit in Turkey (Figure 3) shows how distal manto and vein Zn-Ag-Pb mineralisation is related to Ag-Pb-Zn+(Cu-Au) intrusive and skarn mineralisation and how fault dykes occur above the intrusive/skarn zone. An important aspect of this section is the scale. The lateral spread of mineralisation at Pinargozu Mine is over 6kms. It is therefore possible that Humaspunco and Uchpanga, only 2.5kms apart, are part of a large intrusive-replacement complex. In the context of the Figure 3 section, Uchpanga would be proximal to an intrusive body (above it) and Humaspunco would be lateral to an intrusive body.

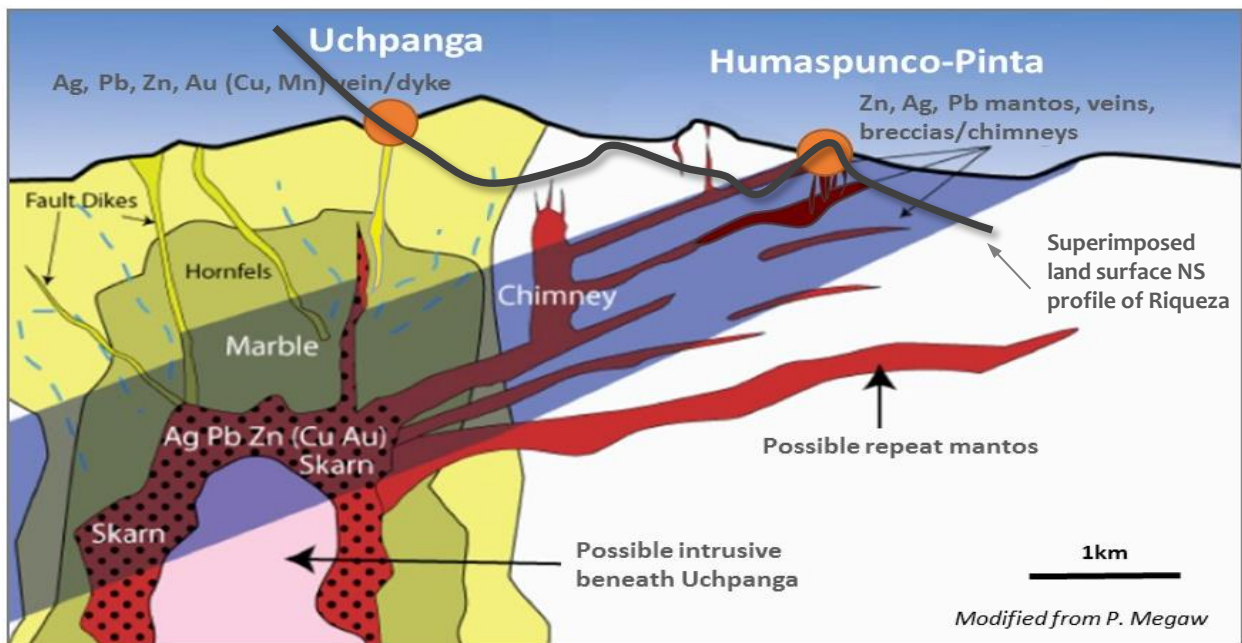


Figure 3: **ABOVE** A schematic regional section showing an intrusive-replacement deposit (Modified from P. Megaw – after Pasinex’s Pinargozu Mine). A simplified NS surface profile joining Humaspunco and Uchpanga is superimposed on to this section. It is a visual representation of the possible mineralising system at Riqueza.

For personal use only



There are three mines within 25km of Riqueza that are intrusive-replacement deposits, Corihuarmi, Bethanja and Heraldos Negros (Figure 4). “This reinforces the possibility that Riqueza is also an intrusive-replacement deposit” says Mr Brown, who adds that “these mines, including Riqueza, are aligned in a NW-SE mineral belt, a further strong indication that the deposits have similar provenance.”



Figure 4: ABOVE A regional plan showing the location of Riqueza in relation to mines in the vicinity, the Corihuarmi Au-Cu Mine, the Bethanja Zn-Ag-Pb Mine, the Heraldos Negros Zn-Ag-Pb-Cu Mine. This important mineral belt, denoted by a broad pale blue line, runs parallel to regional mountain building processes such as compressional folding, thrusts and faults, and magmatic emplacements (stock intrusions). A parallel mineral belt hosts Cerro Rayas.

The Energold rigs will mobilise ahead of the Company being formally advised as to drilling commencement date, which is expected soon. The Company is aware that Peru is experiencing stronger than usual seasonal rains. No access issues have arisen to date and the start-up has not been affected as at this time.

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 fulltime 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 fulltime employee of Inca Minerals Limited and consents to the report being issued in the form and context in which it appears.