



DECEMBER 2017 QUARTER HIGHLIGHTS

During the December 2017 quarter (**quarter**) both of Inca Minerals Limited (**Inca** or the **Company**) zinc-focussed projects (**Greater Riqueza** and **Cerro Rayas**) produce numerous exciting >10% zinc sample results across several new and better-defined targets.

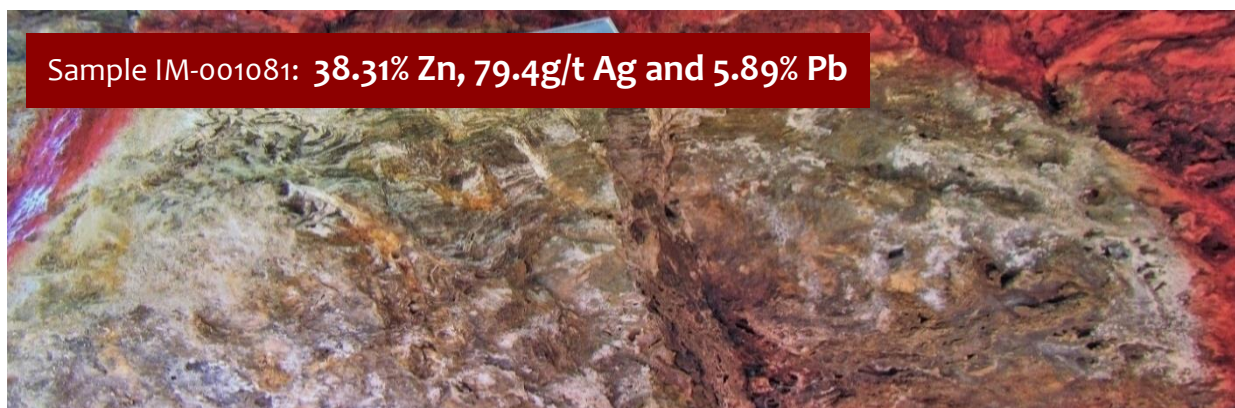
GREATER RIQUEZA PROJECT:

- Completion of first phase drilling with strong open-ended manto mineralisation identified in western and southern drill holes and all targeted veins intersected (Table 1)
- Underground and trench sampling at Callancocha generates outstanding zinc (Zn), silver (Ag) and lead (Pb) grades (consistent with previous quarter's results) (Table 2)
- Callancocha Prospect now defined as large, open-ended, highly prospective target



CERRO RAYAS PROJECT:

- Underground sampling program expanded
- Exceptional Zn, Ag and Pb grades in sampling (consistent with previous quarter) (Table 3)
- Cerro Rayas Project prospectivity confirmed



CORPORATE:

- Company raises \$1.2 million (before costs) through placement and rights issue
- 2017 Annual General Meeting



Table 1 **BELOW:** Headline drilling results from Riqueza during the quarter.

Hole Number	Hole Location	Target	Interval (m)	From (m)	Zn %	Ag g/t	Pb %
Drilling results for RDDH-016-17-18 (ASX Announcement 24 October 2017)							
RDDH-016	Humaspunco East	NS veins	1.60	8.70	4.09	--	--
including			0.80	9.50	5.99	152.0	3.49
RDDH-018	Humaspunco East	NS veins	1.10		2.13	--	--
Drilling results for RDDH-019-20-21 (ASX Announcement 29 November 2017)							
RDDH-021	Humaspunco West	EW Veins and mantos	1.50	3.00	7.40	99.1	1.44
within			3.00	3.00	4.31	81.2	1.21
within			6.50	3.00	2.75	32.5	0.74
RDDH-019	Humaspunco East	EW veins and breccias	0.50	35.10	9.06	22.5	1.37
RDDH-019	Humaspunco East	EW veins and breccias	0.65	22.85	1.87	138.0	7.10
RDDH-019	Humaspunco East	EW veins and breccias	0.45	95.70	2.72	45.1	3.61
Drilling results for RDDH-022 (ASX Announcement 6 December 2017)							
RDDH-022	Humaspunco South	Mantos	0.30	41.90	20.77	95.7	6.73
RDDH-022	Humaspunco South	Mantos	0.50	34.80	7.36	37.4	2.10

Table 2 **BELOW:** Headline channel sample results from Callancocha, Riqueza during the quarter.

Sample Number	Sample Location	Target	Sample Type	Channel Length (m)	Zn %	Ag g/t	Pb %
Channel sample results from trenching (ASX Announcement 20 November 2017)							
IM-000334	Trench	New	Channel	1.00	8.48	86.3	3.48
IM-000331	Trench	New	Channel	1.00	6.55	125.0	5.98
IM-000324	Trench	New	Channel	1.00	4.52	30.1	1.54
IM-000323	Trench	New	Channel	1.00	4.21	66.3	5.05
IM-000329	Trench	New	Channel	1.00	3.51	53.2	5.60
IM-000341	Trench	New	Channel	0.30	--	290.0	4.60
IM-000326	Trench	New	Channel	1.00	--	196.0	13.92
Channel sample results from underground Mine 4298 (ASX Announcement 11 December 2017)							
IM-000374	Underground	New NS-vein	Channel	0.58	18.23	25.8	0.29
IM-000375	Underground	New NS-vein	Channel	0.33	10.54	84.5	7.71
within			Channel #6 - Gallery 1	2.05	9.70	29.4	2.72
IM-000353	Underground	New NS-vein	Channel	0.44	17.36	55.3	3.76
IM-000375	Underground	New NS-vein	Channel	0.47	13.44	126.0	15.10
within			Channel #2 - Gallery 1	3.11	5.93	39.8	3.90
IM-000368	Underground	New NS-vein	Channel	0.60	15.45	50.5	7.86
within			Channel #5 - Gallery 1	4.03	4.41	15.9	1.89
IM-000359	Underground	New NS-vein	Channel	0.59	11.70	20.0	0.90
IM-000358	Underground	New NS-vein	Channel	0.28	8.85	269.0	19.10
within			Channel #3 - Gallery 1	1.19	8.68	81.2	5.58
IM-000415	Underground	New NS-vein	Channel	1.00	10.25	124.0	11.50
within			Channel #2 - Gallery 2SW	2.95	6.79	53.4	4.92
Channel sample results from underground Mine 4489 (ASX Announcement 15 December 2017):							
IM-000426	Underground	HV-02	Channel	0.28	9.79	74.5	7.39
within			Channel #4 - Gallery 1	0.88	5.43	64.7	5.09
IM-000416	Underground	HV-02	Channel	0.28	9.43	79.9	8.88
within			Channel #1 - Gallery 1	1.02	4.34	49.8	3.96
Channel sample results from underground Mine 4494-96 (ASX Announcement 15 January 2018):							
IM-000492	Underground	HV-01	Channel	0.44	15.45	168.0	11.61
within			Channel #4	1.66	7.78	135.4	8.36
IM-000487	Underground	HV-01	Channel	0.30	14.40	231.0	11.35
within			Channel #3	1.23	5.32	106.1	5.57
IM-000477	Underground	HV-02	Channel	0.38	8.43	132.0	14.96
IM-000472	Underground	HV-02	Channel	0.31	5.50	88.2	5.53



Table 3 **BELOW:** Headline channel sample results from Cerro Rayas during the quarter.

Sample Number	Sample Location	Target	Sample Type	Channel Length (m)	Zn %	Ag g/t	Pb %
Channel sample results from Mine Vilcapuquio and Torrepata (ASX Announcement 6 October 2017)							
IM-001004	Underground	Vilcapuquio	Channel	0.50	40.92	--	2.33
IM-001006	Underground	Vilcapuquio	Channel	0.50	34.63	--	7.85
IM-001012	Underground	Vilcapuquio	Channel	0.80	33.60	--	7.78
IM-001013	Underground	Vilcapuquio	Channel	0.60	32.26	--	10.45
IM-001001	Underground	Vilcapuquio	Channel	0.50	29.19	19.7	27.15
IM-001005	Underground	Vilcapuquio	Channel	0.50	27.65	--	14.06
IM-001002	Underground	Vilcapuquio	Channel	0.30	23.55	10.3	12.38
IM-001007	Underground	Vilcapuquio	Channel	0.50	20.31	--	4.61
IM-001008	Underground	Vilcapuquio	Channel	0.60	18.57	--	19.86
IM-001039	Underground	Torrepata	Channel	0.30	15.28	--	1.39
IM-001028	Underground	Torrepata	Channel	0.60	--	18.2	32.50
Channel sample results from Mine Torrepata and Wari (ASX Announcement 12 October 2017)							
IM-001084	Underground	Wari	Channel	1.00	42.61	181.0	9.77
IM-001083	Underground	Wari	Channel	0.80	41.82	--	--
IM-001048	Open pit	Torrepata	Channel	1.00	39.67	--	--
IM-001081	Underground	Wari	Channel	0.30	38.31	79.4	5.89
IM-001078	Underground	Wari	Channel	0.60	33.76	169.0	17.33
IM-001077	Underground	Wari	Channel	0.50	31.34	184.0	21.00
IM-001079	Underground	Wari	Channel	0.70	29.43	225.0	24.06
IM-001086	Underground	Wari	Channel	0.50	24.26	--	--
IM-001082	Underground	Wari	Channel	0.80	23.12	229.0	30.76



GREATER RIQUEZA PROJECT ACTIVITIES

The Company's exploration programs at the Greater Riqueza project (**Riqueza**) delivered considerable success over the quarter with multiple strong grades in both drilling and channel sampling. The first phase of drilling at Humaspunco was completed with strong open-ended manto mineralisation identified in the western and southern most drill holes. In addition, very strong channel sampling results in the Callancocha area included numerous outstanding grades with a materially positive effect on the prospectivity of the project.

Phase One Drilling at Humaspunco-Humaspunco South

Drilling at Humaspunco and Humaspunco South produced noteworthy results and particularly drill holes RDDH-021 and RDDH-022. Hole RDDH-021, the only hole drilled west of Callancocha, intersected a 6.5m thick manto horizon (down-hole). The manto intersection includes **7.40% Zn, 99.1g/t Ag and 1.44% Pb** over 1.5m from 3.0m within **4.31% Zn, 81.2g/t Ag and 1.21% Pb** over 3.0m from 3.0m. In hole RDDH-022, a rich manto horizon was also intersected. Two mantos were intersected at 34.8m and 41.9m (down hole depths) with grades of **20.77% Zn, 95.7g/t Ag, 6.73% Pb** over 0.3m and **7.36% Zn, 37.4g/t Ag, 2.10% Pb** over 0.5m respectively. Importantly, the occurrence of manto mineralisation in the southern most hole at Humaspunco, means that manto mineralisation is open-ended to the south (Figures 1 & 2).

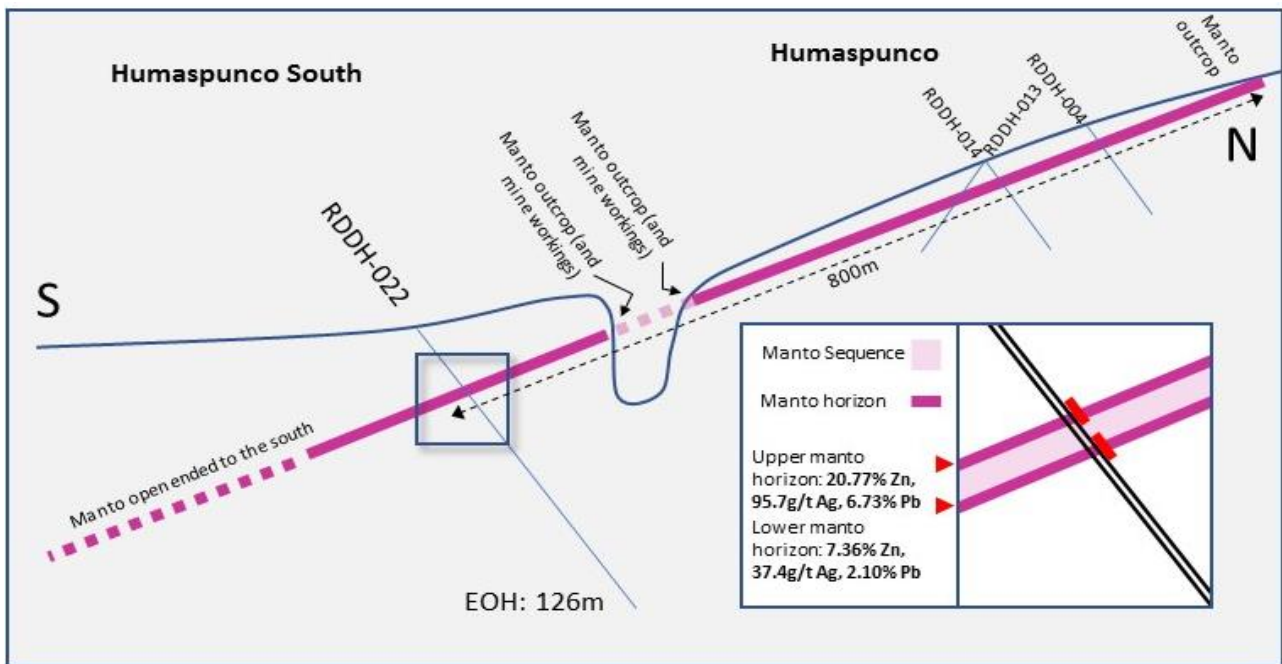


Figure 1 **ABOVE:** Schematic manto sequence cross section showing RDDH-022 and other holes intersecting the manto (RDDH-004, RDDH-013 and RDDH-014).



Figure 2 **BELOW**: Core photo of manto horizon at 42.1m in RDDH-022. The manto grades **20.77% Zn, 95.7g/t Ag and 6.73% Pb** over 0.3m.



Channel Sampling at Callancocha

During the quarter the Callancocha Structure Zone (**Callancocha** or **Callancocha Prospect**) emerged as an extremely significant target with new zones of strong mineralisation discovered in trenches and equally strong mineralisation confirmed in existing mine workings (see Table 2). Mineralisation is **regularly >5% Zn, 20z/t Ag and 5% Pb**. Sphalerite (zinc sulphide), smithsonite (zinc carbonate), galena (lead sulphide) and unidentified argentiferous minerals are the principal ore-forming minerals forming crustiform bands, blebs, veins, veinlets, stockworks and disseminations within veins and breccia zones hosted within this large-scale 900m x 250m target.

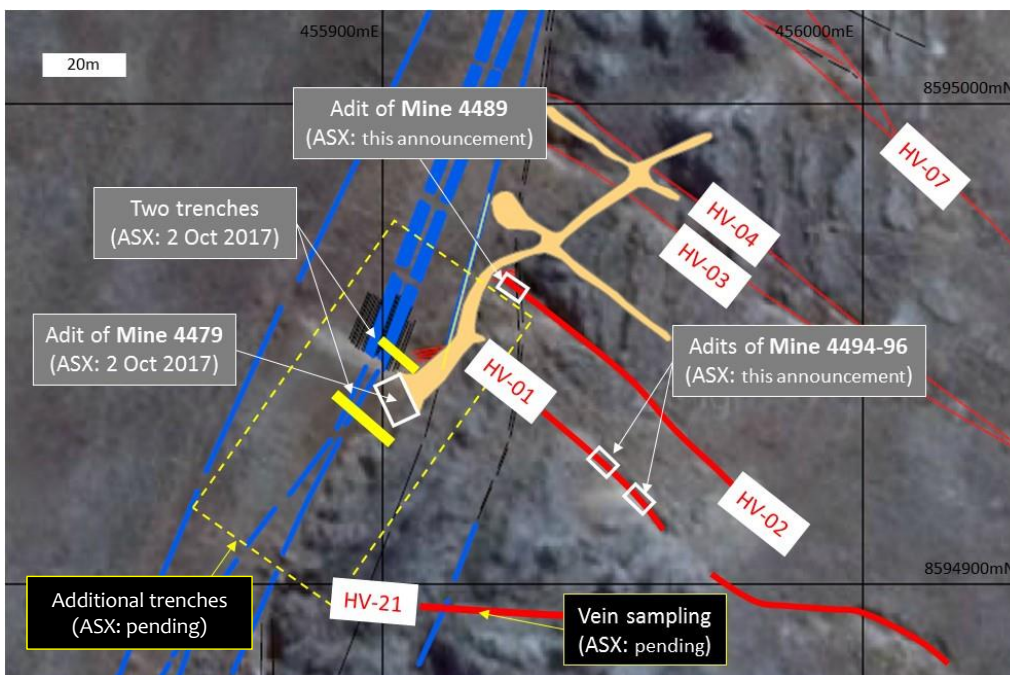


Figure 3 **LEFT**: Location plan of mines and trenches referred to in-text. The multiple blue lines show the trace of the regional-scale Callancocha Structure. The pale brown shape traces the underground extent of Mine 4479.

Several trenches were opened and sampled in the vicinity of Mine 4479, following the discovery of open-ended strong mineralisation (ASX announcement 7 September 2017). Results of the first two trenches were very positive (Table 2 - ASX announcement 20 November 2017). At the same time, two small mine workings (Mine 4489 and Mine 4494-6) were also sampled, again producing very strong grades (ASX announcement 15 January 2018). Results from the late December and post quarter trenches and results from vein HV-21 (Figure 3) are pending at the time of writing (refer also to Post Quarter Activities and New section of this quarterly).



As a result of this combined work, Callancocha is recognised as a large structurally controlled mineralised target comprising two major zones: 1) *a central mineralised structure zone* that hosts NE-SW trending breccia veins and stockworks. It corresponds to the broader trace of the Callancocha structure and comprises both high grade and lower grade forms of mineralisation; and 2) *a lateral mineralised structure zone* that hosts curvilinear breccia veins and stockwork. It corresponds to the margin of the Callancocha structure where tension gash and rock-breaking processes are concentrated (Figures 3 & 4).



Figure 4 **ABOVE:** Satellite image of Humaspunco showing the two mineralised zones that make up the Callancocha Prospect. *The central zone* comprises mineralisation that primarily trends NE-SW, examples including veins HV-011, HV-012, the large new vein in Mine 4479 and veins and stockwork in Mine 4229. The mineralisation is associated with the main structure. *The lateral zones* comprise mineralisation that is transitional between the main structure and the country-rock, typically curvilinear, NE-SW and NW-SE trending mineralisation, examples including the veins and stockwork in the two trenches near Mine 4479, and the curved veins at Hv-08, HV-09 and HV-10. It hosts mineralisation associated with brecciation and tension gash veins due to wrenching caused by the fault movement of the Callancocha structure.



CERRO RAYAS PROJECT ACTIVITIES

Exploration conducted at Cerro Rayas in the December quarter confirmed the highly prospective nature of this exciting project. The purpose of exploration was to understand the nature of the mineralisation occurring at three mine workings: Vilcapuquio, Torrepata and Wari. The objectives were met with numerous, better than expected grades generated from all sites and a style of the mineralisation identified (Table 3). **The top-10 Zn results are all >30% and average 36.89% Zn. The top-10 Pb results are all >20% and average 28.07% Pb** (Table 4). Dominant ore-forming minerals include smithsonite (Figure 5), galena and unidentified argentiferous minerals.

Sample Number	Channel Length (m)	Zn %	Sample Number	Channel Length (m)	Pb %	Sample Number	Channel Length (m)	Zn + Pb %
IM-001084	1.00	42.61	IM-001055	0.80	46.08	IM-001001	0.5	56.34
IM-001083	0.80	41.82	IM-001061	0.50	34.46	IM-001082	0.8	53.88
IM-001004	0.50	40.92	IM-001028	0.60	32.52	IM-001079	0.7	53.49
IM-001048	0.50	39.67	IM-001082	0.80	30.76	IM-001084	1.0	52.38
IM-001081	0.30	38.31	IM-001001	0.50	27.15	IM-001077	0.5	52.34
IM-001006	0.50	34.63	IM-001079	0.70	24.06	IM-001078	0.6	51.09
IM-001078	0.60	33.76	IM-001072	0.80	22.95	IM-001055	0.8	46.11
IM-001012	0.80	33.60	IM-001003	0.30	21.08	IM-001081	0.3	44.20
IM-001013	0.60	32.26	IM-001077	0.50	21.00	IM-001004	0.5	43.25
IM-001077	0.50	31.34	IM-001043	0.90	20.66	IM-001013	0.6	42.71

Table 4 ABOVE: Top-10 Zn, Top-10 Pb and Top-10 combined Zn + Pb channel sample results – Cerro Rayas.

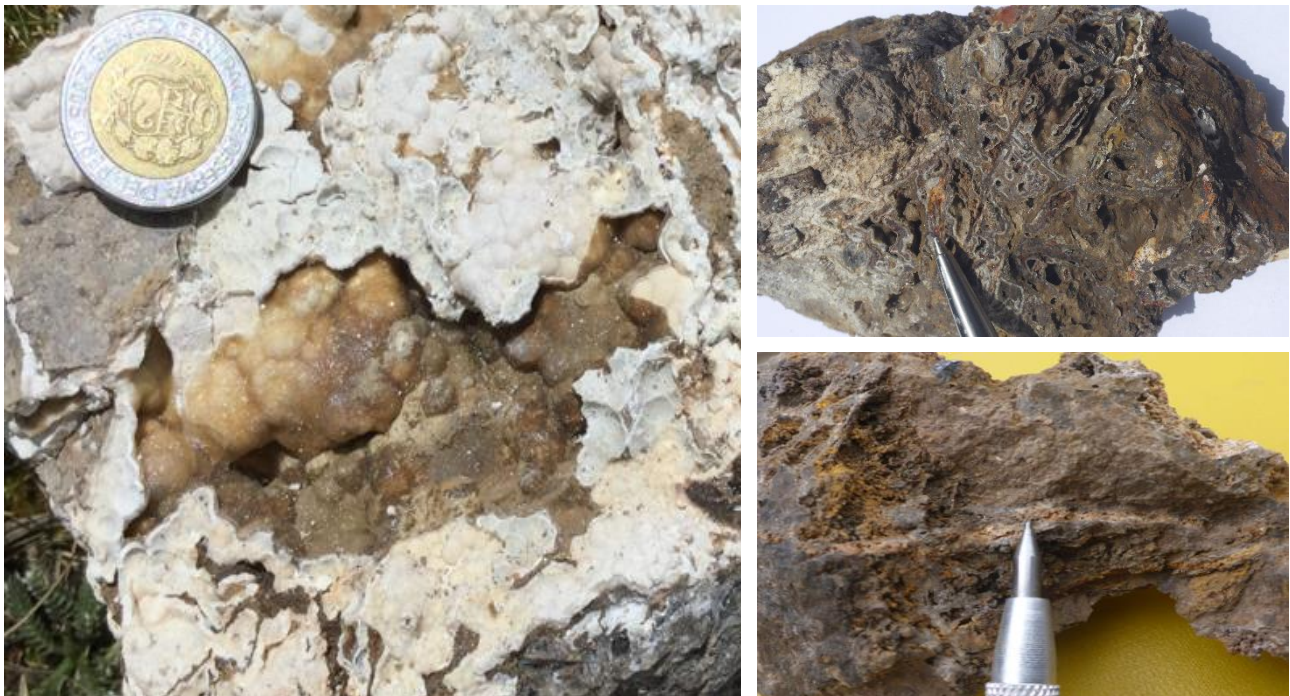


Figure 5 ABOVE: Various forms of smithsonite from the mine workings at Cerro Rayas. The left and top right rock specimens have been included in a rock-library for Cerro Rayas. The bottom right specimen was assayed and returned 42.77% Zn.



The three mine workings at Cerro Rayas (Vilcapuquio, Torrepata and Wari) define a mineralised NW-SE corridor that extends for 1.5km. At each mine working, mineralisation is associated with breccias or breccia veins, that appear to cross cut steeply dipping and tightly folded sequence of Jurassic aged limestone. These breccias commonly occur along faults which are believed to be related to larger scale regional structures. Importantly, there are 27 breccias and breccia veins currently known at Cerro Rayas (Figure 6). The style of mineralisation is Mississippi Valley Type (**MVT**), and as such, is different to the style of mineralisation at Riqueza, which is intrusive-related.

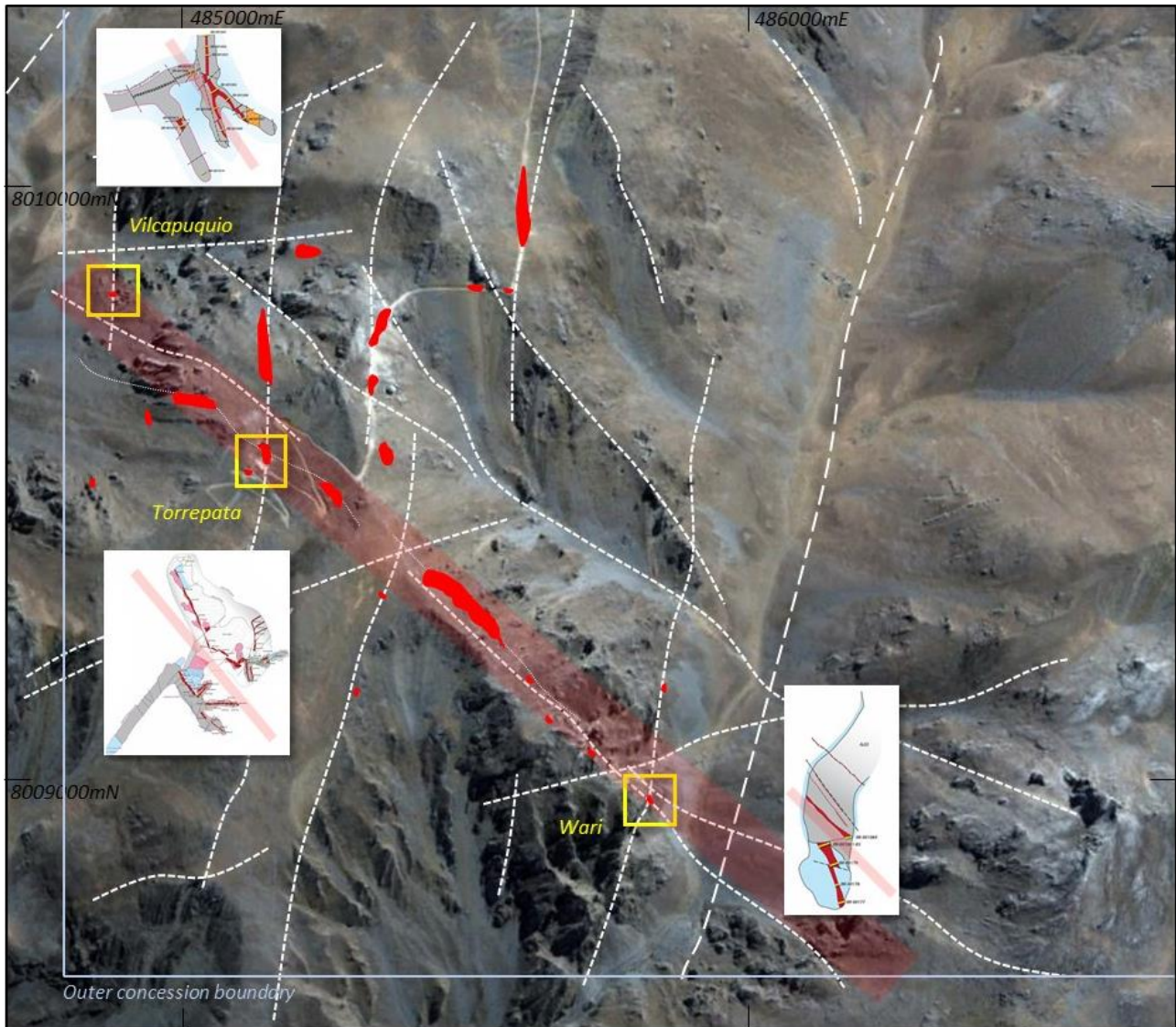


Figure 6 **ABOVE:** Structural interpretation on a satellite image showing breccias and lineaments occurring at Cerro Rayas (red shaded areas and white dashed lines respectively). There are 27 breccias (known so far) occurring at Cerro Rayas.



CORPORATE ACTIVITIES

Placement and Rights Issue

During the quarter the Company completed a placement and a rights issue (ASX announcements 21 November 2017 and 11 December 2017 respectively). The placement was conducted at an issue price of 0.86 cents per share and raised \$260,000 (net of raising costs).

Under a Prospectus dated 26 October 2017, eligible shareholders received a non-renounceable pro-rata entitlement offer of 1 new share for every 4 shares held on the record date at an issue price of 0.6 cents per share. A total of \$960,000 was raised (before associated costs). Capital raised during the quarter is intended to fund exploration at Cerro Rayas, drilling and other exploration at Riqueza and/or working capital.

International Precious Metals & Commodities Show

The Company attended and participated in the highly successful International Precious Metals & Commodities Show in Munich in the December quarter. The show was attended by over 6,000 people, generally European based resource-focussed investors some of whom are existing and prospective Inca shareholders who welcomed the opportunity to discuss the Company's activities (past and future) with Company representatives.

Results of the 2017 AGM

The Company's 2017 Annual General Meeting was completed on 29 November 2017 with results reported to the ASX in the Company's ASX announcement dated 30 November 2017.

POST QUARTER ACTIVITIES & NEWS

New Exploration Regulations for Peru Explorers

New Exploration Regulations (**NER**) were introduced in Peru over the Christmas/new year period via Presidential Decree (ASX announcement 15 January 2018). The NER are intended to expedite and incentivize exploration and Inca is currently reviewing the NER to ascertain the impact on Inca's future drilling programs.

However, at least two key changes within the NER include:

- The advent of a new form of drilling permit, for projects which meet certain criteria, allowing for up to 20 drilling platforms with the permit granting time being 10 business days.
- Reclassification of a DIA permit (such as the one currently held by Inca at Riqueza) whereby up to 40 drilling platforms are permitted (previously 20 under a DIA).

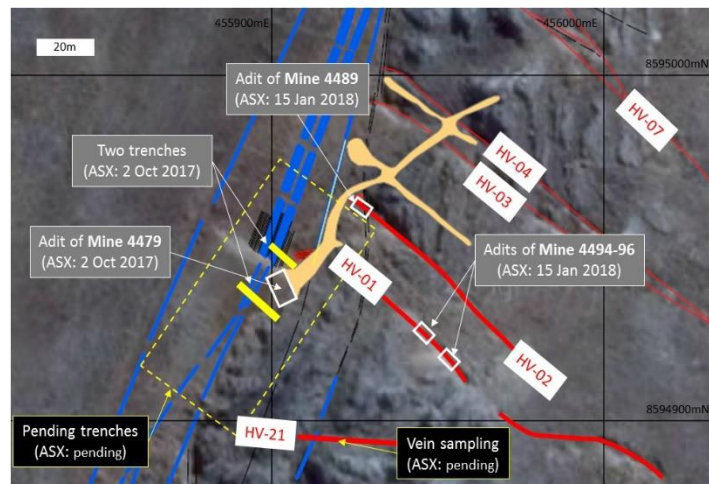
The NER are intended to come into force in the very near future, after the Peruvian government publishes two additional documents referred to in the NER as the Terms of Reference (**ToR**) and the Format of Technical Environmental File (**FTEF**). Together, all three documents will set out, *inter alia*, how the old and new permitting regimes co-exist and interphase but, based on the Company's current understanding of the NER, it should have a positive impact on the Company's 2018 exploration and drilling activities at both the Riqueza and Cerro Rayas projects.

In a recent ASX announcement (15 January 2018) the Company provided estimated timing of the release of results from the second Callancocha and vein HV-21 trench channel sampling program. As part of the wider trench program that had already generated exceptional results, important additional trenches were subsequently added to the program. As a consequence of the inter-relating nature of the work and so as to



provide complete information, results of these additional trenches and those of Callancocha and HV-21 will be now released together in the first half of February 2018.

Figure 7 **RIGHT:** Location of the trench program at Callancocha. The trenches are located close together and expose an array of different forms of mineralisation which may be connected. Therefore, results of trenches have a bearing on each other and for this reason, are best released as a single, unambiguous parcel of news.



DECEMBER 2017 QUARTER SUMMARY & MARCH 2018 QUARTER PLANS

Through the NER and related documents and processes, Peru's Ministry of Energy and Mines are seeking to improve permit conditions for explorers and mineral exploration in the country. Once in force the NER, ToR and FTEF will shape how Inca proceeds with drilling at both Riqueza and Cerro Rayas with the Company keen to optimize the new exploration and drilling opportunities and advise shareholders of same as soon as possible.

“The December quarter in some ways resets the focus at Riqueza” says Inca’s Managing Director, Mr Brown. “Whilst phase 1 drilling produced some mixed results, it did highlight the prospectivity of the manto and a focused channel sampling campaign defined a new target at Callancocha. The effect is that we now know Riqueza a great deal better. This knowledge-gain is accumulative and is helping us shape future strategies. Drilling priorities are being adjusted, targets are being added, additional exploration tools are being deployed. This is a tried and tested process of exploration, the objective is and always will be mineral production.”

Subject to the abovementioned timing for publication of the ToR and FTEF and capabilities arising from it, Inca has an ambitious exploration program planned for 2018. Inca has two very exciting zinc-focused projects in a resource-rich country. The Company is planning geophysics at Riqueza and drill target definition at both Riqueza and Cerro Rayas. Phase 2 drilling will commence at Riqueza and Phase 1 at Cerro Rayas as soon as possible.

Competent Person’s Statements

The information in this report that relates to exploration activities for the 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 5: ASX Announcements During the December 2017 Quarter

ASX Announcements	Price Sensitive	Date Announced	Competent Person
December 2017 Quarter Announcements			
Very Strong Grades in Riqueza Underground Sampling	YES	2/10/2017	Ross Brown
Trading Halt	YES	3/10/2017	
Voluntary Suspension	YES	5/10/2017	
40.92% Zinc in Underground Sampling at Cerro Rayas	YES	6/10/2017	Ross Brown
Reinstatement to Official Quotation	YES	6/10/2017	
Mineralised Samples From Cerro Rayas - Assays Pending	YES	9/10/2017	Ross Brown
42.61% Zinc in New Channel Samples at Cerro Rayas	YES	12/10/2017	Ross Brown
Inca Appendix 5B - September 2017 Quarter	YES	23/10/2017	
Notice of 2017 Annual General Meeting/Proxy Form	NO	24/10/2017	
Mineralised Veins and New Major Structure at Riqueza	YES	24/10/2017	Ross Brown
Strong Mineralisation in 1.5km Corridor at Cerro Rayas	YES	25/10/2017	Ross Brown
Trading Halt	YES	25/10/2017	
2017 Annual Report	NO	25/10/2017	
Inca Appendix 4G	NO	25/10/2017	
Inca to Undertake \$3.45 Million Rights Issue	YES	27/10/2017	
Inca Minerals Limited Prospectus	YES	27/10/2017	Ross Brown
Appendix 3B	NO	27/10/2017	
Inca Investor Presentation	NO	27/10/2017	
Inca Activities Report - September 2017 Quarter	YES	30/10/2017	Ross Brown
Letters to Eligible and Ineligible Shareholders	NO	1/11/2017	
Trading Halt	YES	7/11/2017	
Inca Rights Issue - Entitlement & Acceptance	NO	8/11/2017	
Company Release to Address Market Rumours	NO	9/11/2017	
Significant Zn-Ag-Pb Discovery at Greater Riqueza	YES	20/11/2017	Ross Brown
Trading Halt	YES	21/11/2017	
Inca Share Placement	NO	21/11/2017	
Extension to Inca Rights Issue Offer Period	NO	23/11/2017	
Inca Placement and Appendix 3B	NO	23/11/2017	
7.4% Zinc in New Manto at Riqueza	YES	29/11/2017	Ross Brown
2017 Annual General Meeting Results	NO	30/11/2017	
20.77% Zinc in Southern Manto	YES	6/12/2017	Ross Brown
Successful Inca Capital Raising	YES	11/12/2017	
18.23% Zinc at Callancocha Mine Site	YES	11/12/2017	Ross Brown
Appendix 3B - Inca Rights Issue	NO	12/12/2017	
Appendix 3Y Change of Director's Interest	NO	12/12/2017	
Strong Mineralisation in Riqueza Vein Mine	YES	15/12/2017	Ross Brown
Controlled Placement Agreement and Cleansing Notice 2017	NO	22/12/2017	