



1 April 2019

INCA AND SOUTH32 SIGN RIQUEZA EARN-IN AGREEMENT

South32 to provide US\$9 million exploration funding over 4 years for 60% of Riqueza Project.

HIGHLIGHTS

- Inca executes earn-in agreement (**EIA** or **Agreement**) with South32 over Inca's Greater Riqueza project (**Project** or **Riqueza**)
- Key terms of the EIA include:
 - Inca to transfer title of all Riqueza concessions to its newly incorporated and wholly owned Peruvian subsidiary Brillandino Minerales S.A.C. (**Brillandino** or **Project Company**)
 - South32 can acquire a 60% equity interest in Brillandino by providing a minimum of US\$9 million (**Phase 1 Funding**) to Brillandino for exploration at Riqueza over a four-year period (**Phase 1**)
 - South32 can acquire an additional 10% equity interest in Brillandino in return for all additional project expenditure needed to complete a pre-feasibility study (**Phase 2 Funding**)
 - Inca is the operator unless, at any time after full payment of Phase 1 Funding, South32 elects to assume operatorship.
- Inca and South32 exploration teams to visit Riqueza in May.

Inca Minerals Limited (**Inca** or **Company**) can now confirm completion of the EIA legal review (referred to in ASX announcement 18 March 2019) and is very pleased to advise that execution of the EIA between Inca and South32 Group Operations Pty Ltd (**South32**) occurred on 30 March 2019.

"I would like to thank all those involved in the EIA negotiations. Our shared objective of identifying porphyry and skarn mineralisation at Riqueza can now begin" says Inca's Managing Director, Mr Ross Brown. "I also thank Inca's shareholders for their patience and understanding of the process. We may all now share in the potential rewards of an exploration programme commensurate with the Inca-South32 partnership."

Riqueza is considered highly prospective for Cu-Zn porphyry-skarn mineralisation. Importantly, the execution of the EIA now enables South32-funded exploration to begin at Riqueza. Inca's field crew has mobilised and is readying the camp at Riqueza for its imminent use. Mr Brown will travel to Peru this month and will be joined by members of South32 exploration team and specialised porphyry-skarn consultant geologists in May.

***The Inca-South32 EIA***

As a condition precedent within the EIA, Inca must transfer the title to all Riqueza concessions to its newly incorporated and wholly owned Peruvian subsidiary, Brillandino Minerales S.A.C. (**Brillandino** or **Project Company**). As at the date of this announcement, the concession transfer documents have been successfully completed and lodged with the relevant Peruvian authorities. Inca will advise shareholders as soon as the Peruvian authorities notify Inca they have completed the formality of processing and recording the concession transfers.

Over the course of the 4-year Phase 1 period, South32 will provide the US\$9 million Phase 1 Funding to Brillandino as follows:

- A minimum amount of US\$1.7million in year 1
- A minimum amount of US\$3.7million by the end of year 2 (inclusive of the US\$1.7million in year 1)
- A minimum amount of US\$6.0million by the end of year 3 (inclusive of the US\$3.7million in years 1 and 2)
- A minimum amount of US\$9.0million by the end of year 4 (inclusive of the US\$6.0million in years 1, 2 and 3)

South32 may elect to provide the Phase 1 Funding in less than 4 years should they wish to do so. South32 may also elect to withdraw on completion of each annual program/annual budget during Phase 1 and, in the event of such withdrawal, or in the event of default on the Phase 1 Funding, South32 forfeits its entire interest in the Project/Project Company and both Inca and South32 are released from all further obligations or liabilities in respect of the EIA.

Under the EIA, a technical committee is to be formed with equal representation from both Inca and South32 (**Committee**). The Committee will approve the annual exploration programme and budget. In the event of a deadlock on such approval then South32 has a casting vote. As noted above, the annual budget for the first year of Phase 1 has already been agreed as a minimum of US\$1.7 million. Inca will be the project operator unless, at any time after full payment of Phase 1 Funding, South32 elects to assume operatorship.

On full payment of the Phase 1 Funding and South32's acquisition of a 60% interest in Brillandino, a shareholders' agreement (**SA**) will be entered into by Inca, South32 and Brillandino (material principles of the SA have already been agreed under the EIA). 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, Inca and South32 shall fund all further Project expenditure in proportion to their equity interest in the Project Company.

The EIA also contains agreed principles which provide for standard bribery and corruption clauses and area-of-interest provisions under which direct or indirect acquisitions of further tenements or property within an area of interest will be subject to agreement between Inca and South32.



Next Steps in Exploration at Riqueza

As noted earlier, Inca's Peruvian based team is readying the Riqueza camp. Mr Brown will travel to Peru this month and in May will be joined by members of the South32 exploration team and specialised porphyry-skarn consultant geologists.

Exploration at Riqueza commences with remote sensing and an extensive geochemical survey initially covering the priority targets in the north-east of the Project area. Upon completion, the geochemical survey will have extended across the entire project area so that all geophysics targets are covered. At the same time, geological mapping with a porphyry-skarn and structural emphasis will also begin.

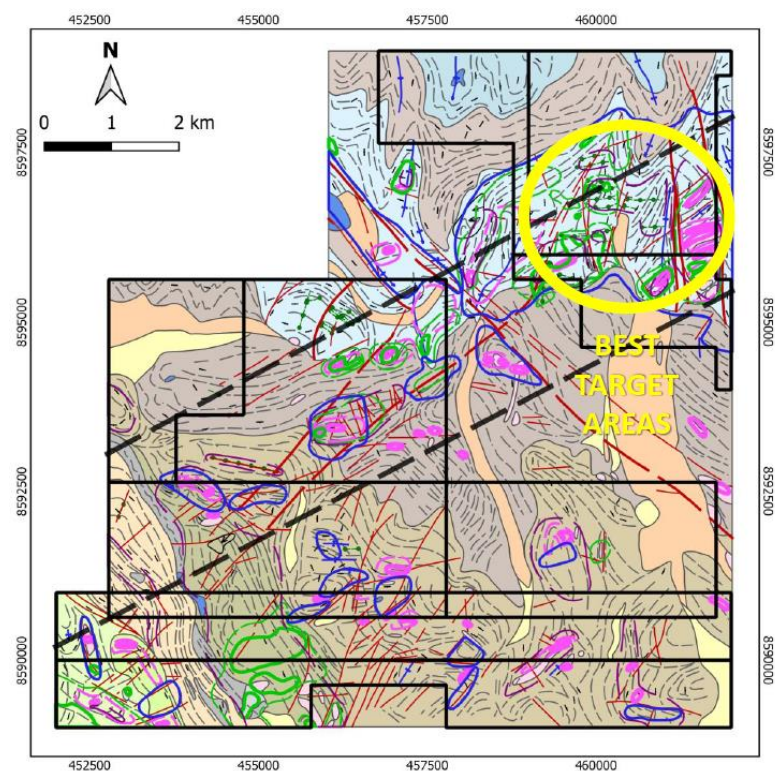


Figure 1 **LEFT:** An integrated geophysics interpretation (previously released) and geology diagram. Although South32-funded exploration will cover all parts of Project area, the best target areas (circled) will be where exploration commences. This work will include grid geochemistry and detailed mapping with an emphasis on porphyry and skarn mineralisation signatures and structural setting.

Justin Walawski
Company Secretary

Competent Person's Statements

The information in this report that relates to exploration activities for the Greater 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 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.