



13 October 2020

INCA RECEIVES JMEI APPROVAL

Highlights

- Inca has been successful in its application for participation in the Federal Government's Junior Minerals Exploration Incentive scheme for the 2020/2021 financial year
- JMEI credits may be distributed to eligible shareholders as a tax offset or franking credit for the 2020/2021 financial year
- To be eligible for the 2020/2021 tax offset, shareholders must have participated in capital raising activities between 1 July 2020 and 30 June 2021 and Inca will also have undertaken certain Greenfields exploration in Australia during 2020/2021 (see below)
- The Company has recently announced its intention to raise funds through a rights issue primarily to fund tier-1 drilling at Riqueza and to generate next-gen drill targets at its Australian projects
- Only new shares issued by Inca Minerals are eligible for JMEI credits

Inca Minerals Limited (**Inca** or the **Company**) is pleased to announce that it has received approval of its 2020-2021 Junior Minerals Exploration Incentive (**JMEI**) application from the Australian Federal Government Taxation Office (**ATO**).

It is highly recommended that Inca shareholders visit the ATO website to thoroughly understand what the JMEI is and how it may benefit your personal circumstance.

ATO website link: www.ato.gov.au/Business/Junior-Minerals-Exploration-Incentive/

In accordance with Section 418-101 of the Income Tax assessment Act 1997, the ATO has made a determination to allocate a sum of \$222,750 of exploration credits to Inca for the 2021 income year. In the context of the JMEI scheme, should Inca raise funds in the 2021 financial year and spend \$742,500 on Greenfields¹ exploration in Australia and have tax losses for the same amount in the year, a tax credit of a third for each \$1 spent on exploration will be passed *pro rata* on to investors who became Inca shareholders in that same year to receive in their tax return.

To optimise the tax credit benefit, it is clear that the requirements of the Company are that, i) it must spend up to \$742,500 on Greenfields exploration in Australia in the 2021 financial year and ii) that it must raise funds to do so. It is a clear requirement of the Company shareholder, that, he, she or it, must have purchased Company shares in this same financial year and still possess them at the end of the financial year.

¹ "Greenfields" means "early exploration". The JMEI applies only to project located in Australian that do not currently host a JORC inferred (or higher qualification) resource/reserve. For the sake of clarity, exploration conducted at the Company's Riqueza Project would not qualify for the JMEI. Exploration conducted at Inca's live Australian projects, MaCauley Creek and Frewena Fable would qualify under the JMEI scheme.



About the JMEI, Shareholder Eligibility

In March 2018 the Federal Parliament passed legislation introducing the JMEI scheme with effect from 1 July 2017. The scheme is voluntary and companies must apply each year to participate.

The JMEI scheme encourages investment in small mineral exploration companies that carry out Greenfields mineral exploration in Australia, by allowing these companies to generate a tax incentive by choosing to give up a portion of their tax losses from Greenfields minerals exploration expenditure for distribution to its eligible shareholders.

The JMEI credits will apply to the 2020/2021 tax year and can be issued by the Company after lodgement of its 30 June 2021 tax return. Eligible shareholders are expected to be notified by the Company of their JMEI credit entitlement in the approved form once the Company has lodged its 2020/2021 tax return, and the JMEI credits will apply to their income tax assessment for the year ended 30 June 2021. To be clear, the JMEI applies to the current Rights Issue (refer below) and would apply to any fund raising in the 2020/2021 tax return year.

Eligible shareholders must be Australian residents who apply for and are issued new shares in the Company's capital raising activities between 1 July 2020 and 30 June 2021. JMEI credits will be distributed to all eligible shareholders in a *pro-rata* basis.

Eligible Shareholders that are issued with JMEI credits will generally be entitled to refundable tax offsets (for individual shareholders or superannuation funds) or franking credits (for companies). Receiving a JMEI credit could have tax consequences and shareholders should obtain independent tax advice specific to their personal circumstances.

Current Capital Raising Campaign

On 16 September 2020, the Company announced its intention to raise capital via a rights issue, primarily to fund a phase 1 drilling campaign at its Riqueza Project in Peru. Funds raised will also be deployed in the exploration development of its Australian projects. The Renounceable Rights Issue Prospectus was lodged at the ASX on 17 September 2020.

Riqueza Drilling Program

Riqueza hosts 29 drill targets considered highly prospective for, *inter alia*, gold-silver-copper epithermal, gold-silver-copper porphyry and copper-zinc skarn mineralisation. The subsequent proposed drilling program comprises 46 holes for a total of 19,560 metres. This program is considered phase 1 in a sustained effort to achieve a possible maiden resource for the Company.

The Australian Program

Inca's portfolio also includes Australian Projects, namely the MaCauley Creek Porphyry Project (in Queensland) and the Frewena Group, Jean Elson and Lorna May IOCG Projects (in the Northern Territory). All of these projects have "walk-up" large-scale targets that are highly prospective for tier-1 mineralisation.

Planned exploration includes, but not limited to, a co-funded airborne magnetic and radiometric survey to cover the Frewena Fable and Frewena Far East projects. This is scheduled for next month.

The Company plans to increase expenditure in Australia in 2021 and in the coming years as it develops its "home-grown" projects. The immediate and near-term intention is to better define and de-risk the known targets, and to uncover possible additional targets, with the ultimate objective of drilling in 2021 (and beyond). Under these circumstances, the current and possible JMEI schemes become increasingly relevant and attractive for Inca's existing and new shareholders provided they have participated in the capital raising initiated in September 2021.

**INCA MINERALS LTD**

ACN: 128 512 907

Directors and Management:

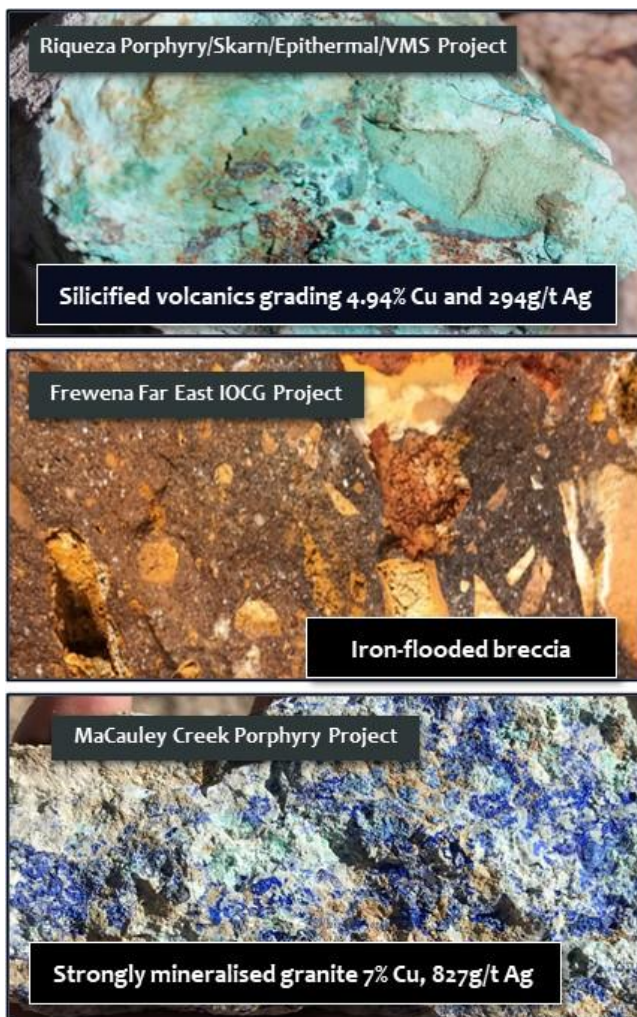
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**Forward Looking Statement**

The information in this report contains forward looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and are believed to have a reasonable basis at the time of inclusion in this report. These statements reflect current expectations, intention and/or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and/or strategies described in this report. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Competent Person's Statements

The information in this report that relates to exploration activities for the Riqueza Project, located in Peru, the MaCauley Creek Project, located in Queensland, and the Frewena Group, Jean Elson and Lorna May projects, located in Australia, 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.