



10 November 2020

RIQUEZA DRILL PERMITTING PROGRESSES STEADILY

IN THIS ANNOUNCEMENT

- **Description of recent progress of drill permits at Riqueza**
- **Description of the status of the closure of the previous DIA drill permit**
- **Broader description of drill permit regime in Peru**

HIGHLIGHTS

- Drill permits for NE Area of Riqueza progressing steadily with minor delays to its FTA application caused by new COVID-19 community contact protocols
- FTA anticipated in mid-December
- Archaeological Certificate (**CIRA**) anticipated to be granted this week or early next week
- Water Permit to be lodged upon granting of the FTA
- Certificate to Commence Activities (**Exploration Permit**) to be lodged upon granting of the FTA
- Drillers to be engaged with formal agreement and drill rig selected

Inca Minerals Limited's (**Inca** or the **Company**) has applied for a category-1 drill permit called a *Ficha Técnica Ambiental (FTA)*¹ for the purposes of drilling multiple targets in the NE Area of Riqueza. Through continuous dialogue with Peru's Ministry of Energy and Mines (**MINEM**), the Company can report that material progress continues to be made. The purpose of this ASX announcement, among other matters, is to explain minor unforeseen delays relating to new COVID-19 community contact protocols.

FTA Drill Permit Update

The FTA drill permit required to drill in the NE Area of Riqueza is progressing steadily. New protocols have recently been introduced by the MINEM to control, and limit, direct contact with vulnerable indigenous communities during the COVID-19 pandemic. As a consequence, all scheduled community drilling awareness workshops have had to be redesigned to allow for the new regulations and are currently being rescheduled. A delay of approximately 2 to 4 weeks to the granting of the FTA is forecast.

"The advancement of the FTA drill permit at Riqueza is our absolute priority" said Inca's Managing Director. "We are however experiencing delays due to COVID-19 related issues. The health and well-being of Peruvian's special mountain indigenous peoples are a National priority that surpasses our own drill permitting needs. The new protocols imposed by the MINEM are appropriate and Inca fully supports them."

Closure of the Former DIA Drill Permit

Inca has previously drilled at Riqueza. The targets were veins, mantos and breccias at the Humaspunco and Uchpanga prospects. A Category-2 DIA permit was acquired for the purpose. The Company maintained this permit for possible use by Inca's former funding partner. The MINEM now requires this expired permit to be formally closed.

¹ The English translation of *Ficha Técnica Ambiental* is Technical Environmental Datasheet.



This has no impact on the Company's FTA application. Notwithstanding this, the closure of old DIA requires the Riqueza camp to be closed. It is however anticipated that the Company's application for a new DIA (needed for drilling in the remainder of the Riqueza area) following the granting of the FTA will negate the need for the Riqueza camp to be wound back.

This complication is mentioned here because the Company will set up a fly-camp within the FTA NE Area for the purposes of the drilling in this area. The additional logistics required for this may cause some delays to the commencement of drilling. It is the intention to minimise possible delays through coordinated forward planning and execution.

Other Permits Required for Drilling

As previously described, in addition to the FTA permit, other "permissions" are required before drilling can commence under MINEM regulations. These include a CIRA, a Water Permit, an Exploration Permit and the establishment of an environmental monitoring regime (**monitoring**). Monitoring has already been established (Figure 1), the archaeological field trip has already been completed (Figure 1), and the CIRA is expected this week or early next week. Both the Water Permit and Exploration Licence can only be lodged after the FTA is granted.



Figure 1 **TOP LEFT:** Air monitoring station set up at Riqueza to measure the quality of air. This is to establish a base-line level of air quality. Air quality will be measured during and after drilling activities. **TOP RIGHT:** Water sampling. Similar to air monitoring, the measurement of water purity will be done during and after drilling activities. **BOTTOM LEFT:** Biological diversity studies to record flora and fauna at Riqueza. **BOTTOM RIGHT:** The Andean indigenous communities are considered vulnerable in terms of COVID-19 and so new community contact regulations have been put in place (subsequent to this photo being taken). Social distancing and mask-wearing is mandatory, certainly in relation to the mountain communities of Peru.



Drill Permit Regime in Peru

The drill permitting regime in Peru is among the most stringent in the world. Protections for the indigenous mountain communities and unique alpine environments dictate detailed impact assessments, long-term monitoring and severe penalties for non-compliance. Inca fully endorses this regime, recognising the social and environmental responsibilities it has as a mineral explorer in this part of the world. The drill permitting regime in Peru whilst not complicated is strictly enforced, combining community and environmental licence into a single “land use and impact” agreement Nationally registered and notarised. Once registered the rights attaching a drill permit are indelible.

The Company has direct experience and repeated success in the delivery of drill permits in Peru. Category 1, 2 and 3 drill permits have all been awarded to Inca since commencing exploration in Peru in 2012.

“The key to permit approval in Peru is polite but persistent communication” says Mr Brown. “This has always been our approach in Peru. How this translates to timelines is sometimes difficult to gauge particularly with the overlay of constantly evolving COVID-19 protocols. Each timeline is provided with the best knowledge at the time.”

Drillers and Drill Rig

The downturn in exploration activity in Peru caused by COVID-19 earlier in 2020 resulted in the drill company identified for the Riqueza program withdrawing entirely from Peru. A new driller has already been identified and it is anticipated that this company will be engaged in the coming days. The change of driller has not caused any delays.

After careful consideration of the planned drill holes a track-mounted diamond rig (Figure 2) has been selected for the program. The great advantage of this rig is that it combines drill depth capacity (over 1,000m) with manoeuvrability and mobility. This has a very positive effect on many aspects of the overall program, including but not limited to, a reduction for the need for elaborate access tracks, bringing costs down and shortening timelines; a reduction of the environmental impact, bringing rehabilitation costs down; the reduction for the need for labour, again bringing labour and camp costs down.



Figure 2 **ABOVE LEFT:** The intended drill rig for Riqueza. **ABOVE RIGHT:** The drill rig model in the field (not Riqueza). The need for elaborate access tracks is negated because the rig is light weight and track mounted. It still has the capacity to drill over 1,000m depth.

***Timing of Drilling***

To date, we estimate an accumulated 4 to 6-week delay to the granting of the FTA, the equivalent of 2 weeks prior to this announcement, and a further (max) 4 weeks reported in this announcement in relation to the new COVID-19 protocols. The Certificate to Commence Work (or Exploration Permit) will follow the grant of the FTA, CIRA and Water Permits. These are not onerous and their timelines were already factored in.

Whilst the FTA is now anticipated in mid-December, with further anticipated delays relating to the requirement of a fly camp, continued restricted contact with the community, and the onset of the religious/festive Christmas season, physical drilling may now expected to commence in January-February 2021.

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 permitting activities 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 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.
