



CHAIRMAN'S UPDATE

My relatively short time with the Company has certainly been one of mixed emotions – with the success enjoyed by the geological team with its maiden Australian drilling program generating a lot of positive energy for the team, albeit with an underperforming share price. Internally, we can only focus on the things we can control, including learning from our past successes and failures and making sure we generate systems and routines that aim to eliminate the failures and give us a greater chance of generating more of the successes. As part of the exploration process, we are trying to balance the need for best-practice technical programs with the economic realities of being a junior explorer. It is certainly a challenge we, as a team, are embracing.

Frewena

The Frewena's are a classic example of the way we need to challenge ourselves to achieve the best outcome for the Company. Our maiden reconnaissance program has been deemed a great success by all members of our geological team and now we need to challenge ourselves to focus on the best next steps forward for the Company, to ensure a commercial success at the project. Core logging, processing and sampling for submission to assaying, continues at our Mount Isa base with first diamond core assays expected in the coming month. Once received, assay data will be incorporated into the project database and used, in conjunction with geological and geophysical information, to assist the team to vector within the IOCG model and decide the next best steps at the project, with the emphasis on drill targeting. The results across all holes in the maiden program show evidence that follow-up drilling is warranted; our challenge though is to vector in on the results from the most promising areas and design a follow-up program that gives us the best "bang for our buck" and – with some luck – gets us closer to realising the purpose of the Company. This is the current major focus of the Company and the team.

Jean Elson

Jean Elson is another project rated highly by our geological team. The Company continues to work through its processes to generate the best targets using all the appropriate tools available to us. As with the Frewena's, the use of best practice methods is so we can thoroughly, but also efficiently and economically, focus our efforts on generating the best exploration targets to be assessed for drill testing. In this, we are limited by the timeframes of third-party providers, but we are pulling every lever we can to get drill targets generated this season. As I write, mobilisation plans for a number of geophysical programs to follow up are under way. This will provide better target generation at some of the targets generated by the recently completed AMAGRAD. Mobilisation plans for Inca's VTEM survey anticipated to commence in late August are well advanced and the Company's GAIP survey is scheduled to commence in early-mid September now that we have cleared the landholder's requirement for mustering.

Peru

Peru has been a major cost centre for the business for its long history. As with every project in the portfolio, the team is constantly assessing where is the best place for the Company to spend its time and money. The geological team is unanimous in its view that Peru has great geology, and that Riqueza has several strong targets which require follow-up. However, in the immediate term the Company has reduced its costs in Peru to preserve our ability to generate results on projects that have 'lower hanging fruit'. One of the key strategies of the Company is to have 'money in the ground' and, unfortunately, Peru does not always provide an environment that allows this – and currently that environment is a little tougher with the political landscape. We are still actively assessing some low-cost opportunities in Peru that we believe have the potential to provide value for the Company in the future, given that Inca's Peruvian assets do have significant geological merit.



By adopting this strategy, the Company is maintaining projects that have potential but reducing expenditure to a minimum until such time as the local political and exploration environment is more conducive to a more aggressive approach.

While the Company is not presently able to actively comment, I am encouraged by the fact that we are being approached by multi-national mining houses to learn more about our projects. We will continue discussions with these organisations with the intent of achieving best commercial outcomes for the Company, and its shareholders. At this stage I am comforted, as a non-technical person, that we have results being announced to the market that are garnering the attention of international players who are reaching out to us and connecting with the intention of learning more about the project when the information is available. This speaks volumes to both the quality of Inca's portfolio and the Company's use of best practise exploration.

All shareholders have witnessed a lot of change within Inca over the past 12 months. A change in geographical focus, a change in the Board and a change in communication style. As someone who looks from the inside, I would say that biggest change relevant to the Company moving forward is the change in focus and the way we challenge our next steps as a team. Some will believe that maintaining world's best practice geological exploration cannot be done as a junior due to the economic realities of the process, but we believe it can. Having a healthy team that is open to strong internal debate, a strategy that looks to spend more in the ground than the market standard but then the discipline and focus to then spend it in the right areas for the best chance of positive economic outcomes for the Company is key to our success moving forward and the guiding principles we are driven by.

We are the duck swimming in the pond right now, from the surface it looks steady and calm but underwater we are paddling rapidly. We look forward over the next few weeks and months to be able to start releasing results and continue to tighten our focus and next steps for our projects for the best possible chance of success. We thank everyone for their support in the past and look forward to working towards Inca paying back that faith in the future.

This announcement has been authorised for release by the Board of Inca Minerals Limited.

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