

Inca Minerals Limited

ACN 128 512 907

Half Year Financial Report

For the half year ended 31 December 2023



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CORPORATE PARTICULARS

Directors	Mr Adam Taylor (Non-executive Chairman) Dr Jonathan West Mr Jonathan Edwards
Company Secretary	Emma Curnow
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Corporate Office	Suite 1, 16 Nicholson Road SUBIACO, WA, 6008, AUSTRALIA
Share Registry	Advanced Share Registry Ltd 110 Stirling Highway PERTH, WA, 6009, AUSTRALIA
Auditor	Stantons Level 2, 40 Kings Park Road, WEST PERTH, WA, 6005, AUSTRALIA

DIRECTORS' REPORT

The Directors present their report on Inca Minerals Limited (**Inca** or **Company**) for the half year ended 31 December 2023.

Directors

The names of Directors who held office during or since the end of the half year are:

Mr Adam Taylor
Dr Jonathan West
Mr Jonathan Edwards (appointed 20 November 2023)
Mr Gareth Lloyd (resigned 17 November 2023)

Directors were in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations and Exploration Activities

The loss attributable to members of Inca Minerals Limited for the half year ended 31 December 2023 (**report period**) was \$454,734 (2022: loss \$605,527). No dividends were paid or declared payable during or since the report period.

During the half year ended 31 December 2023, the Company completed several important programs, including but not limited to, the drilling programs at the Wallaroo prospect at MaCauley Creek in North Queensland and the Alpaca Hill target at Frewena Fable on the Barkly Tableland in the Northern Territory.

In addition, the results of completed geophysical surveys at the Jean Elson project in the East Arunta region of the Northern Territory continued to be assessed with several strong drill targets identified for follow up. A number of new tenements which are prospective for lithium were picked up in both the Northern Territory (Collia South) and in Western Australia (Brammall Hills, West Brammall Hills and Tent Hill).

Progress was also made in securing landowner access agreements to allow for exploration activities, including ground disturbing activities such as drilling for the Frewena Frontier tenements. Progress was also made in advancing Cultural heritage clearance requirements/agreements for a number of projects, at both Jean Elson and Frewena East, to allow for future drilling.

Frewena Project

Inca continues to collate and review all recent exploration results for the Frewena project with a view to determining future exploration priorities. The potential for discovery of significant mineralisation is considered high, however the “buried” nature of the various identified targets means that the exploration needed to find a mineralised body will be both expensive and complex. Accordingly, the Company remains focused on securing a joint venture with a party that has the technical and financial capacity to fast track this exploration.

Frewena East and Frewena Frontier tenements

Across the southern and eastern half of the Frewena Group Project (Frewena East and Frewena Frontier tenements), the Company continued to process and analyse the results of the NT government co-funded airborne geophysics magnetic and radiometric (AMAGRAD) survey. The 29,385 line-kilometre survey was co-funded by the Northern Territory Department of Primary Industry and Resources (NTPIR) for \$100,000 under its Geophysics and Drilling Collaborations Program.

The AMAGRAD data identified several compelling targets for future exploration, most notably for phosphate mineralisation. These data identified potential phosphate bearing basins, particularly on the Frewena

Frontier tenements and these basin structures mimic the characteristics of a same basin structure that hosts the Wonarah Phosphate Deposit, currently under development by Avenira Resources.

There are five basin structures wholly or partly within Inca ground (both Frewena East and Frewena Frontier) that have been identified to date that warrant investigation. The most prominent of the five are two that are located northeast and north-northwest of Wonarah. The basin northeast of Wonarah (on Inca's Frewena Frontier Project) is particularly interesting in that it has not been drilled. It has an area roughly 50%-75% larger than that of the basin that hosts Wonarah. The basin north-northwest of Wonarah is approximately 100% larger than the Wonarah basin.

Frewena Frontier

A number of activities were undertaken during the reporting period to advance exploration of the phosphate potential on Frewena Frontier. A land access agreement has been secured and signed with the landowner (NAPCO) and a Mine Management Plan (MMP) to allow for drilling of the phosphate targets is being prepared for submittal to the NT Government with the expectation that an MMP will be approved in early to mid-2024.

In addition, preliminary field work was undertaken to test for the phosphate potential and a number of anomalous phosphate pXRF readings were recorded, across the postulated phosphate bearing basin identified by the AMAGRAD survey, confirming that the area has potential for phosphate mineralisation.

Field reconnaissance has involved taking spot reading of outcropping sediments across part of the interpreted basin. The results have been extremely positive, with many pXRF readings showing phosphate levels of more than 500ppm – which are similar to the pXRF readings obtained at surface over the nearby Wonarah Phosphate area. This is considered to be encouraging particularly for what is a quick “first-pass” testing of the prospective ground. Further and more extensive testing is being planned where systematic orientation lines will be spot-tested with the pXRF across the identified basin to narrow down to the most promising areas prior to drilling.

In addition to confirming the potential for phosphate mineralisation, field work also resulted in the discovery of a new target named Candy Collette, which has potential for IOCG mineralisation. The Candy Colette copper anomaly is defined by highly anomalous copper pXRF readings relative to the general low level background copper in the area.

The copper target, which also recorded anomalous readings for other important “pathfinder” elements such as bismuth and sulphur, also correlates with highly anomalous phosphorus, with more than 90% of readings over 3000ppm up to 5000ppm and over. It should be noted that that the Candy Colette target also broadly lies at the edge of a regional magnetic high, indicative of a change of lithology from the sediments that define the phosphate basin target. The Company is highly encouraged by both the discovery of this previously unknown ironstone anomaly at Candy Colette in EL 32689 and particularly by the widespread anomalous readings across all samples, plus the fact that multiple important and potential “pathfinder” elements were detected at anomalous levels.

Inca intends to quickly progress further exploration on this new anomaly including prospect-scale geological mapping, sampling and re-interpretation of the available geophysical results produced during the 2021-2022 Airborne Magnetism and Radiometric (AMAGRAD) survey, which covered this area.

Frewena East

Following the early 2023 review of past exploration, which reported a significant exploration target of up to 761 million tonnes of up to 17% phosphate at Frewena East, Inca has commenced actions to allow for the early drill testing of this large exploration target. Work undertaken in the second half of 2023 involved both progressing the amendment of a Mine Management Plan (MMP) to allow for the drilling of this target. And securing an agreement with the Traditional Owners to allow for the exploration activities needed to progress this. Good progress has been made on both fronts and final agreements are expected in the first quarter of 2024.

Frewena Fable

During the reporting period, Inca also drilled a priority target at Alpaca Hill. The target was previously identified by AMAGRAD and ground gravity surveys. Drilling was also co-funded with a GDC grant from the NT government. Drilling was completed to a depth of 700m, which was the postulated centre of the targeted geophysical anomaly.

There were extensive occurrences of disseminated sulphides, with both pyrite and occasional chalcopyrite observed in the Alpaca Hill drill core. The dominant rock type from around 368m is granite. The granite is highly altered with strong biotite, feldspar and albitic alteration as well as patchy magnetite alteration from 470m. Importantly, the granites are not only altered and weakly metamorphosed but, in places, exhibit significant deformation and are brecciated with a matrix/cement comprised of carbonates, biotite and magnetite. Such brecciated zones are analogous with the sort of hydrothermal feeder zones that are normally seen in mineralised breccia pipes.

Sulphides are common as disseminations throughout the core. In fact, the extent of mineralisation is considerable with most of the granitic rocks intersected from around 382m to the end of hole having visible disseminated sulphides (both pyrite and to a lesser extent chalcopyrite). This represents a very significant intersection (plus 300m) of sulphide mineralisation and is considered very encouraging.

The main take away from this data can be summarised as follows:

- The geology, alteration and pervasive mineralisation is positive and indicative of a potential IOCG environment;
- The observed geology and the widespread occurrence of sulphides is analogous with other known IOCG deposits;
- The level of alteration and structural deformation of the granites is the most intense observed in holes drilled by the Company at the various Frewena projects to date;
- The extensive, more than 300m, occurrence of disseminated sulphides largely in the granitic rocks is also an extremely positive development and is also the most extensive level of sulphide mineralisation observed in drilling to date;
- Whilst this drill hole has largely tested the gravity anomaly at Alpaca Hill, it has not tested the overlapping magnetic anomaly at this stage. On review of the core and depending on assay results, further analysis will occur on what follow up action may be necessary.

The drill core has been shipped to the Mt Isa facility where it is being logged and cut and sent for assay. Assays will be reported in the new year once results have been received.

Jean Elson Project

Inca continues to review all geophysical data and is ranking the multiple targets that have been identified with a view to preparing a long-term exploration program, including significant drilling, of all priority targets. The proposed initial drill program at Jean Elson is to test a couple of the targets, with both RC and diamond drilling to confirm the validity of both the geophysical targets (it is considered that the Spinifex Pigeon target will be the first drill-tested deeper geophysical target) and the potential size of the observed outcropping mineralised vein system at Camel Creek.

The Company has encountered delays in being able to drill due to the newly advised requirement to secure full Cultural Heritage Clearance of proposed drilling areas. This matter has been raised by the Aboriginal Area Protection Authority (AAPA). MMP and all statutory approvals for drilling at Jean Elson are in place and, once AAPA clearance is finalised, drilling will immediately commence on identified prospective drill targets.

While the Company waits to secure Cultural Heritage Clearance for Jean Elson drilling, it has continued to review exploration data and has concluded that the western most tenement at Jean Elson may have potential for pegmatites, within the known granite bodies. With the potential for such pegmatites to be lithium bearing the Company plans to conduct extensive field work in the coming quarter to assess whether there are outcropping pegmatites on this ground and to sample accordingly. Plans are well advanced for this field trip.

MaCauley Creek Project

In August 2023, Inca completed its inaugural 10-hole, 1,044m Reverse Circulation (RC) drill program at the Wallaroo Prospect, MaCauley Creek in North Queensland. The drilling initially targeted a strong magnetic geophysical anomaly, spatially associated with outcropping copper mineralisation occurring as malachite and azurite. Drill collars for the six holes drilled into the magnetic anomaly were designed to target outcropping copper mineralisation. Despite this, limited visible copper was observed in the RC chips.

Logging of drill chips has demonstrated that the strong magnetic anomaly which defines the Wallaroo Prospect can be explained by the mass effect of a mafic intrusion, which is highly magnetite, chlorite and epidote altered. Although drilling initially targeted a strong magnetic anomaly with outcropping copper mineralisation, four holes were also drilled in an area of low magnetics but where there was extensive outcropping copper mineralisation. Some of the outcropping mineralisation occurs over an extensive area, with strike lengths of 40 to 50m and variable widths between 5 and 8m. The mapped mineralisation presents as coatings on fractures and joints in the host granitic rocks, which are hydrothermally altered. The extent of observed alteration is variable, ranging from moderate to intense potassic, biotite and minor carbonates.

The strongest alteration demonstrates a strong correlation with areas of structural activities like jointing and faulting where hydrothermal fluids are more able to circulate in the host rock. While again there was little visible copper at depth in the four holes drilled in the area of low magnetics, all lithologies intersected were strongly altered. Assay results for the drilling at the Wallaroo Prospect area recorded no economic grades of mineralisation.

Fieldwork was also undertaken in an area where historic mining has occurred, named “Central”. This was designed to evaluate the geological setting of an anomalous chargeability and conductivity trend obtained from Gradient Array Induced Polarisation (GAIP) surveys, in preparation for future drill planning. The strong and coherent GAIP anomaly, which extends over a strike length of more than 1km at the historical Western Mine workings, is believed to be highly prospective, particularly given the extensive copper mineralisation – largely as copper carbonates, malachite and sulphides (pyrite and arsenopyrite) – obtained at the Western Mine workings. Interestingly, this mineralisation is observed to depths exceeding 10m in old workings and is disseminated within the rock matrix rather than as coatings along fractures/joints or planes of weakness.

Based on the observed geology and mineralisation, Inca will now plan for an RC drill program targeting this strong GAIP anomaly, which coincidentally is supported by the extensive and varied mineralisation and strong hydrothermal alteration observed at the Western Mine, which sits within this GAIP anomaly. Inca has undertaken a preliminary assessment of the actions required to put in suitable access to this location.

New Lithium Projects

The Company was successful in securing new tenements, Brammall Hills, in WA, considered prospective for lithium. The tenement application covers an area of 300km² and covers extensive pegmatitic granites, which have never been subjected to exploration for lithium. The geology of the tenure is dominated by pegmatitic granites, which cover over half of the western part of the tenement. A review of the relevant geological maps of the area demonstrates that the tenement includes the majority of the mapped/interpreted pegmatitic granite suite in the region.

The Company has recently secured historical reports of previous exploration conducted in the late 1970's by other companies over some of the ground now held in E80-5904. The historic exploration results, as reported in the 1979 Uranex Report, provide valuable insights into the potential of the area for lithium and other metals.

This historical exploration data is most encouraging and, critically, demonstrates that pegmatites have been recorded on the tenement. Once the tenement is granted by DMIRS, Inca will own the ground covering most of this prospective geology and will undertake first-pass exploration on the new ground upon receiving heritage clearance and the tenement being granted.

The Company has also taken up further ground in the vicinity of E80-5904 which has also been mapped as having the Slatey Creek Granite suite, which are the rocks that include pegmatites now known to outcrop

on E80-5904, on the new ground. These new tenements, which will be 100% owned by Inca Minerals when granted, includes one (E8-5967 a small block referred to as Tent Hill) immediately east of, and adjacent to, E80-5904 and a second larger block to the south west of E80-5904, referred to as West Brammall Hills. The Company will progress the required Cultural Heritage Clearance agreements as fast as practical to allow for field work to test this potential in early 2024.

In addition to these WA tenement applications, Inca has also applied for ground in the Daly River region of the NT which is known to have historical tin mining and outcropping pegmatites. The ground applied for, referred to as Collia South, is on Aboriginal Freehold ground and an agreement with the relevant traditional owners is required to be able to progress initial exploration on this tenement. A proposal and draft agreement has been forwarded to the relevant traditional owners, through the Northern land Council, to progress discussions with a view to reaching an agreement between the parties, hopefully by mid-2024.

Peru

On-ground work at the Riqueza Project has been confined to the re-engagement with the local communities in the Riqueza region and the commencement of rehabilitation programs from prior work, to comply with environmental rehabilitation requirements. This re-engagement has been well received by the relevant communities. The Lima-based team continues to review the geological prospectivity of the Riqueza project which is situated in an area immediately adjacent to a large project block held by Anglo American.

The Company is in discussions with an overseas group regarding a possible funding arrangement which would see Inca retain management of the project with the funding provided by the earn-in partner. It is a priority for the Company to reduce its financial exposure to Peru activities as soon as practicable and all options to achieve this outcome are being rigorously assessed.

Corporate Update

Sale and lease-back of Mt Isa Property

Inca completed the sale of its Mount Isa-owned facility under a sale and leaseback arrangement in August 2023. The Company was successful in selling the property, for a price of \$700,000 before costs. The proceeds from this sale have enabled the Company to allow it to fast track its priority drilling programs.

Share Placement

During the half-year, the Company undertook a capital raise of \$1 million via a share placement of 66,666,672 shares at 1.5c per share with GBA Capital acting as Lead Manager. Each share comes with a free attaching option with an exercise price of 3.5c per share and an expiry date of 31 December 2025. The Company is convening a General Meeting to ensure the issuance of these options to the subscribers.

Funds raised from the Placement Shares will primarily be used to progress the Company's projects in Australia as well as for working capital purposes. The priority is directed at commencing field work on the new lithium prospective tenements in both WA and the NT.

Loan Conversion into shares

At the AGM, on 17 November 2023, shareholders approved the conversion of a \$500,000 loan plus interest which was provided to Inca by an entity related to Adam Taylor. The repayment via shares extinguished the liability and thus allowed Inca the ability to invest a greater proportion of its cash resources into its core activities instead of repayment of the loan via cash.

Management Changes

During the half-year, Gareth Lloyd stepped down as Director of the Board after 11 years with the Company. He is still involved in some ongoing transitional matters to ensure the best outcome for these matters for the Company. Jonathan Edwards was appointed as Director of the Board and he brings strong commercial acumen, a long history in mining and engineering including alternative and renewable energy sectors.

Malcolm Smartt resigned as Company Secretary and was vital to the team from May 2019. We wish him well. Emma Curnow continues in the role as Company Secretary.

Proceedings on Behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

However, the Company is currently in dispute with Bullseye Mining Limited regarding Bullseye's obligations under the Dingo Range Nickel Rights Agreement (3 February 2016) (NRA) and the Company's rights under the NRA. The NRA applies to E37/1124, E53/1377, E53/1352, E53/1380 and E53/1407, including any mining tenement(s) applied for or granted in lieu of, renewal, extension or substitution of any of the above-mentioned tenements. At the date of this report, the dispute is on-going but it has not reached a decision to proceed with Court.

Events Subsequent to Reporting Date

On 8 January 2024, the Company issued a total of 3,390,829 fully paid ordinary shares at \$0.0146 per share as part of the Director's salary sacrifice of their fees (1,070,205 fully paid ordinary shares) and to Australian staff and Peruvian consultants (2,320,624 fully paid ordinary shares).

Other than as disclosed in this report, there have been no further material items, transactions or events subsequent to 31 December 2023 which, although they do not relate to conditions existing at that date, have not been dealt with in this report and which would cause reliance on the information shown in this report to be misleading.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 8, and forms part of the Directors' Report for the half year ended 31 December 2023.

Signed in accordance with a resolution of the Directors.



Jonathan West

Dated at Perth this 2nd day of February 2024.

AUDITOR'S INDEPENDENCE DECLARATION



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02 February 2024

Board of Directors
Inca Minerals Limited
Unit 1, 16 Nicholson Road
SUBIACO WA 6008

Dear Sirs

RE: Inca Minerals Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Inca Minerals Limited.

As Audit Director for the review of the financial statements of Inca Minerals Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Eliya Mwale
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Government grants received		163,625	90,909
Interest received		4,067	13,570
Gain on sale of Property, plant and equipment		131,525	-
Total income		299,217	104,479
Exploration and evaluation expenditure written off	4	-	-
Directors' fees		(72,917)	(80,250)
Salaries and wages		(40,885)	(64,989)
Administrative expenses		(178,930)	(302,445)
Professional fees		(147,177)	(85,472)
Listing and share registry expenses		(46,822)	(65,538)
Environmental rehabilitation		(199,676)	(12,318)
Depreciation and amortisation		(86,334)	(52,419)
Foreign exchange gains/(losses)		(1,778)	(8,180)
Provision for impairment related to Peruvian Value Added Tax, net of foreign exchange movement		20,568	(38,395)
Profit / (Loss) before income tax		(454,734)	(605,527)
Income tax expense		-	-
PROFIT / (LOSS) FOR THE PERIOD		(454,734)	(605,527)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Items that will not be reclassified subsequently to profit or loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(138,101)	61,728
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD		(592,835)	(543,799)
Profit / (Loss) attributable to:			
- Members of Inca Minerals Limited		(454,734)	(605,527)
Total Comprehensive Profit / (Loss) attributable to			
- Members of Inca Minerals Limited		(592,835)	(543,799)
LOSS PER SHARE			
Basic and diluted profit / (loss) per share (cents per share)		(0.09)	(0.13)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
Assets			
Current Assets			
Cash and cash equivalents		739,598	795,186
Trade and other receivables	2	269,069	84,476
Held for sale asset	3	-	520,136
Total Current Assets		1,008,667	1,399,798
Non-Current Assets			
Plant and equipment		287,804	316,030
Exploration and evaluation expenditure	4	12,988,891	11,851,809
Right-of-use asset		189,209	31,857
Total Non-Current Assets		13,465,904	12,199,696
Total Assets		14,474,571	13,599,494
Liabilities			
Current Liabilities			
Lease liability		85,300	16,274
Trade and other payables		291,322	116,412
Provisions		23,603	17,580
Loan Payable	5	-	500,000
Total Current Liabilities		400,225	650,266
Non-Current Liabilities			
Lease Liability		107,137	15,648
Provisions		5,973	3,122
Total Non-Current Liabilities		113,110	18,770
Total Liabilities		513,335	669,036
Net Assets		13,961,236	12,930,458
Equity			
Contributed equity	6	61,299,144	59,675,531
Accumulated losses		(46,736,557)	(46,462,111)
Foreign currency translation reserve		(601,351)	(463,250)
Share option reserve		-	180,288
Total Equity		13,961,236	12,930,458

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2023

	Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Share Option Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2022	59,585,601	(45,152,001)	(767,128)	319,004	13,985,476
Loss attributable to members of the Company	-	(605,527)	-	-	(605,527)
Other comprehensive income for the period	-	-	61,728	-	61,728
Total comprehensive income/(loss) for the period	-	(605,527)	61,728	-	(543,799)
Shares issued	58,679	-	-	-	58,679
Cost of share issue	-	-	-	-	-
Issue of Share Options	-	138,716	-	(138,716)	-
Balance at 31 December 2022	59,644,280	(45,618,812)	(705,400)	180,288	13,500,356
Balance at 1 July 2023	59,675,531	(46,462,111)	(463,250)	180,288	12,930,458
Loss attributable to members of the Company	-	(454,734)	-	-	(454,734)
Other comprehensive income for the period	-	-	(138,101)	-	(138,101)
Total comprehensive income/(loss) for the period	-	(454,734)	(138,101)	-	(592,835)
Shares issued	1,688,613	-	-	-	1,688,613
Cost of share issue	(65,000)	-	-	-	(65,000)
Expiry of Share Options	-	180,288	-	(180,288)	-
Balance at 31 December 2023	61,299,144	(46,736,557)	(601,351)	-	13,961,236

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2023

	31 December 2023 \$	31 December 2022 \$
Cash flows from Operating Activities		
Payments to suppliers and employees	(487,849)	(1,185,670)
Interest received	4,067	6,382
Net cash (used in) operating activities	<u>(483,782)</u>	<u>(1,179,288)</u>
Cash flows from Investing Activities		
Payments for exploration and evaluation expenditures	(1,131,925)	(2,305,299)
Held for sale asset disposal	651,650	-
Payments for property, plant and equipment	(52,282)	-
Net cash (used in) investing activities	<u>(532,557)</u>	<u>(2,305,299)</u>
Cash flows from Financing Activities		
Proceeds from share issue (net of costs)	935,002	-
Repayment of lease liability	(39,692)	(7,029)
Net cash by financing activities	<u>895,310</u>	<u>(7,029)</u>
Net (decrease)/increase in cash held	(121,029)	(3,491,616)
Effect of exchange rate changes on cash and cash equivalents	65,441	51,818
Cash and cash equivalents at the beginning of the half year	<u>795,186</u>	<u>4,920,053</u>
Cash and cash equivalents at the end of the half year	<u>739,598</u>	<u>1,480,255</u>

The accompanying notes form an integral part of these financial statements.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2023

1. Basis of Preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2023 (**report period**) have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company and its controlled entities (**Group** or **Consolidated Group**) are a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements for the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the report period within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023, together with any public announcements made during the report period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

a) New and Revised Accounting Requirements Applicable to the Current Half year Reporting Period

Standards and Interpretations applicable to 31 December 2023

The Group has adapted all of the new or amended Accounting Standards and Interpretation issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Adoption of the new and revised accounting standards does not have any material impact on the disclosures and/or amounts reported in these financial statements.

Any new or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

b) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Inca Minerals Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 12.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2023

(c) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

For the half year ended 31 December 2023, the Group incurred a loss of \$454,734 and had net cash outflow of \$210,629.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The ability of the Company to raise capital by the issue of additional shares under the *Corporations Act 2001*;
- The ability to curtail administration and operational cash out flows as required and;
- The possibility of the sale of any property, plant and equipment that the Group holds.

Should the Group be unable to continue as a going concern, it may be required to monetise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the consolidated financial statements.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

2. Trade and Other Receivables

	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$
Other receivables	230,219	71,331
Prepayments	38,850	13,145
	<u>269,069</u>	<u>84,476</u>

None of the receivables are past due or impaired.

3. Held for Sale Asset

	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$
Land and other Buildings	-	520,136
	<u>-</u>	<u>520,136</u>

On 11 May 2023, the Company announced that it has listed its Mount Isa property under a sale and leaseback arrangement. The lease terms for the Company were at a commercial rate.

On 9th June 2023, the Company confirmed that a contract had been signed at an agreed sale price of \$700,000 (before sales commission and other related costs). The sale was completed on 3 August 2023. Prior to 30 June 2023, the land and buildings at Mt Isa were recorded as "plant and equipment", the written down value of \$520,136 prior to listing the property for sale. On completion of the sale, the Company recorded a gain on sale of the property of \$131,525, after accounting for selling costs.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2023

4. Exploration and Evaluation Expenditure

	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$
At cost		
Balance at beginning of the period	11,851,809	8,940,720
Expenditure incurred (including foreign exchange rate movements)	1,137,082	3,044,713
Expenditure written off	-	(133,624)
Balance at end of the period	<u>12,988,891</u>	<u>11,851,809</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

5. Loan Payable

	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$
Related Party Loan - Director	-	500,000
	<u>-</u>	<u>500,000</u>

On 11 May 2023, the Company announced that a director related entity had agreed to provide the Company with a loan facility of A\$500,000. On 30 June 2023, the Company completed a draw-down of the full amount of the loan facility being \$500,000. The interest was charged from this date at the rate of the RBA rate plus 4% on a compound interest basis.

On 12 October 2023, the Company announced that the Company's Chairman, Adam Taylor elected to convert the loan plus interest into ICG fully paid ordinary shares. On 17 November 2023, the Company AGM included the a resolution for shareholders to approve the issue of shares in exchange for the repayment of the loan. The resolution was passed at the AGM and 25,369,105 ordinary shares were issued to an entity related to Adam Taylor.

The issue of the shares has extinguished the liability of the Company to repay the loan and is a reasonable and appropriate method which allowed Inca to invest a greater proportion of its cash reserves on its core operational activities.

6. Contributed equity

	31 December 2023 \$	30 June 2023 \$
Ordinary shares		
Issued and fully paid	61,299,144	59,675,531
	No. of Shares	31 December 2023 \$
Movement in fully paid ordinary shares:		
At 1 July 2023	483,514,473	59,675,531
4 July 2023 at \$0.0218	1,495,508	32,596
4 September 2023 at \$0.018	1,000,000	18,000
20 September at \$0.018	5,000,000	90,000
4 October 2023 at \$0.024	1,389,759	32,646
17 November 2023	66,666,672	1,000,000
20 November 2023	25,369,105	515,371
Less: costs associated with issue of shares	-	(65,000)
At 31 December 2023	584,435,517	61,299,144

7. Segment Information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company operates in the segments of mineral exploration within Peru and Australia. In the reporting period, the Company operated in mineral exploration in Peru and Australia.

The Company is domiciled in Australia. All revenue from external parties is generated from Australia only. Segment revenues are allocated based on the country in which the party is located. All the assets are located in Peru and Australia. Segment assets are allocated to countries based on where the assets are located.

Reportable segments:	Australia \$	Peru \$	Consolidated \$
Segment revenue			
December 2023	299,217	-	299,217
December 2022	104,479	-	104,479
Segment result			
December 2023	(94,457)	(360,277)	(454,734)
December 2022	(339,303)	(266,224)	(605,527)
Segment assets			
December 2023	10,256,273	4,218,297	14,474,570
June 2023	9,378,311	4,221,183	13,599,494
Segment liabilities			
December 2023	(492,792)	(20,543)	(513,335)
June 2023	(653,201)	(15,835)	(669,036)
Depreciation and amortisation expense			
December 2023	(60,429)	(25,905)	(86,334)
December 2022	(31,417)	(21,002)	(52,419)

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2023

8. Events Subsequent to Reporting Date

On 8 January 2024, the Company issued a total of 3,390,829 fully paid ordinary shares at \$0.0146 per share as part of the Director's salary sacrifice of their fees (1,070,205 fully paid ordinary shares) and to Australian staff and Peruvian consultants (2,320,624 fully ordinary shares).

Other than as disclosed in this report, there have been no further material items, transactions or events subsequent to 31 December 2023 which, although they do not relate to conditions existing at that date, have not been dealt with in this report and which would cause reliance on the information shown in this report to be misleading.

9. Contingent Liabilities

There are no contingent liabilities at the reporting date.

10. Dividends

No dividends were paid or declared payable during or since the half year.

11. Expenditure Commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets in which it has an interest. These commitments are optional and only required if the Company wishes to maintain its rights of earn-in or rights of tenure. Outstanding exploration commitments for not later than one year and for between one and five years are as follows:

	Consolidated 31 December 2023 \$	Consolidated 30 June 2023 \$
Not later than one year	1,162,410	1,533,714
Between one and five years	1,084,842	1,107,804
	<u>2,247,252</u>	<u>2,641,518</u>

In addition to exploration expenditure commitments the Group has certain operating commitments pertaining to non-cancellable operating leases and other non-cancellable agreements contracted for but not recognised in the financial statements:

	Consolidated 31 December 2023 \$	Consolidated 30 June 2023 \$
Not later than one year	121,324	46,774
Between one and five years	112,287	16,042
	<u>233,611</u>	<u>62,816</u>

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2023

12. Controlled Entities

	Country of Incorporation	Percentage Controlled (%)	
		31 December 2023	30 June 2023
Subsidiaries of Inca Minerals Limited:			
Urcaguary Pty Ltd	Australia	100	100
Inca Minerales S.A.C.	Peru	100	100
Brillandino Minerales S.A.C.	Peru	100	100
Hydra Minerals Ltd (*)	Australia	-	100
Dingo Minerals Pty Ltd	Australia	100	100

(*) deregistered in August 2023

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134 Interim Financial Reporting; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Jonathan West
Director

Dated at Perth this 2nd February 2024.

INDEPENDENT AUDITOR'S REVIEW REPORT



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
INCA MINERALS LIMITED**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Inca Minerals Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that causes us to believe that the accompanying half-year financial report of Inca Minerals Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Inca Minerals Limited's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 02 February 2024.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the Group incurred a net loss of \$454,734 during the period ended 31 December 2023, had cash and cash equivalents totalling \$739,598, and had net cash outflows from operating, investing and financing activities of \$121,029. The Group's ability to continue operations is dependent upon the Company's ability to raise capital through issue of additional shares, curtailing administration and operational cashflows and/or developing the Group's mineral assets. These events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.



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INDEPENDENT AUDITOR'S REVIEW REPORT

**Responsibility of the Directors for the Financial Report**

The directors of Inca Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd
Eliya Mwale

Eliya Mwale
Director

West Perth, Western Australia
02 February 2024