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Epithermal Gold and Silver Mineralisation Intersected

HIGHLIGHTS

- Significant epithermal mineralisation intersected in first holes of current drilling program
- CH-DDH003 confirms broad gold/silver mineralisation in known gold-bearing breccia zone
- CH-DDH005 identifies gold/silver mineralisation in new breccia zone
- Results include:
 - 62m @ 0.59g/t Au and 4.8g/t Ag from 0m to 62m in CH-DDH003, including:
 - 16m @ 1.17g/t Au and 7.6g/t Ag from 14 to 30, including:
 - 7m @ 1.98g/t Au and 9.55g/t Ag from 20m to 27m
 - 4m @ 0.76g/t Au and 12.22g/t Ag from 71m to 75m in CH-DDH005
- Epithermal gold and silver mineralisation with associated lead and zinc mineralisation confirms upper levels of porphyry system identified in this shallow drilling

Inca Minerals Limited (“Inca” or the “Company”) is pleased to announce that assay results for the first three shallow angled drill holes have now been received by the Company. Although the drill campaign is still in its early stages, with only 3 of its 43 targets drilled, these preliminary results confirm the occurrence of epithermal gold and silver mineralisation associated with altered brecciated/veined volcanic rocks above a porphyry system. The three holes tested epithermal gold/silver targets occurring within the existing drill permit area. The ±40 epithermal and porphyry targets that occur across the broader project area remain high priority for the Company.



Figure 1: Location plan of Inca's drill holes at Chanape. **BLUE:** Recently completed holes by Inca. **RED:** Inca's “discovery” hole CH-DDH001, which intersected shallow gold/silver mineralisation in Breccia Pipe 8 and mineralised porphyry at 380m; CH-DDH002, which intersected shallow gold-silver bearing “crackle breccia”. **ORANGE:** Drill hole completed by a previous company, which also intersected shallow gold-silver mineralisation.



CH-DDH003 was designed to confirm the pervasive nature of gold and silver in the area previously drilled (by CH12 and CH-DDH002) (Figure 1). The hole has intersected volcanic tuff from surface to the end of hole (“EOH”), a depth of 200m. The volcanic tuff is pervasively altered (quartz, chlorite, epidote) and in places brecciated with accompanying tourmaline (hydrothermal) alteration. Metal sulphide content ranges from trace to 10% locally and occurs as disseminations and as veinlets. The main sulphides include pyrite, arsenopyrite, sulpho-salts (possibly tetrahedrite and tennantite - *to be confirmed*) and stibnite. Significant gold and silver mineralisation was intersected in this hole. Results include: 62m @ 0.59g/t Au and 4.8g/t Ag from 0m to 62m, including: 16m @ 1.17g/t Au and 7.6g/t Ag from 14 to 30, which in turn includes: **7m @ 1.98g/t Au and 9.55g/t Ag from 20m to 27m** (Table 1).

CH-DDH004 also intersected volcanic tuff, from surface to 150m (EOH). The tuff is pervasively silicified similar to alteration in CH-DDH003. In general though the metal sulphide content is less than that of CH-DDH003 and CH-DDH005 (described below). No significant mineralisation was identified in this hole.

CH-DDH005 was designed to intersect an epithermal breccia vein system at depth. Logging combined with assay results indicate that the targeted epithermal breccia system was intersected between 71m and 75m. The majority of the hole intersected the same volcanic tuff sequence as that intersected in CH-DDH003 and CH-DDH004. The targeted breccia zone in CH-DDH005 contains up to 50% metal sulphides. Although pyrite is the most abundant sulphide (Figure 2), arsenopyrite, stibnite and sulpho-salts (tetrahedrite and tennantite - *to be confirmed*) are also present (Figure 3). Results include: 4m @ 0.76g/t Au and 12.22g/t Ag from 71m to 75m (Table 2).



Figure 2: Core photo at 74m CH-DDH005: Tourmaline breccia with pyrite veining and disseminated sulpho-salts as breccia matrix material. INSERT: Distinctive zoned pyrite veinlet with detail of highly altered volcanic. The interval from 73m to 75m contains 0.95g/t Au, 14.15g/t Ag.



Figure 3: Core photo at 73.5m CH-DDH005: The “grey metallic sulphide” arsenopyrite and sulpho-salts makes up to 50% of the rock in an interval between 72m and 74m. Alteration and sulphidisation has obliterated the original fabric of the volcanic tuff.



Figure 4: Core photo at 72.5m CH-DDH005: Highly altered volcanic with blebby pyrite and tourmaline/sulphide veinlets. The interval from 72m to 73m contains 0.76g/t Au, 12.3g/t Ag and 0.11% Cu as well as elevated Pb and Zn.

The pervasively altered and sulphidic nature of the volcanic rock (tuff) intersected in all three holes (CH-DDH003, 004 and 005) is characteristic of the effects of epithermal processes associated with a proximal porphyry system. Importantly, epithermal mineralisation, hitherto associated and largely confined to breccia pipes at Chanape, has now been recognised in veinlets and as disseminations in volcanic rocks with varying degrees of brecciation. Gold and silver mineralisation (\pm base metals) associated with veining that occurs in broadly altered rock is consistent with an epithermal system in close proximity to a porphyry system.

The pervasively altered and veined/fractured nature of the volcanic rocks, the occurrence of gold and silver bearing epithermal breccia systems and the generally high level of metal sulphides in the drill-focus area adds considerable weight to the proximity of a mineralised porphyry system, hitherto identified in Inca's first hole CH-DDH001. The Company looks forward to the resumption of drilling upon granting of the Company's modified permit, which will target both shallow epithermal gold/silver targets and the juxtaposed porphyry targets.

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Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Ross Brown, Managing Director, Inca Minerals Limited, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Brown is a full time employee of Inca Minerals Limited. He has sufficient experience, which is relevant to the 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 by the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Brown consents to the report being issued in the form and context in which it appears.



Table 1: Assay Results of CH-DDH003 (0m to 62m)

From	To	Au	Ag	Cu	Pd	Zn	From	To	Au	Ag	Cu	Pd	Zn
0	1	0.315	2.9	208	83	157	31	32	0.667	3.6	229	278	428
0	1	0.388	1.3	96	46	129	32	33	0.396	4.4	197	284	346
1	2	0.496	3.2	259	83	97	33	34	0.447	2.2	89	253	408
2	3	0.171	1.5	25	123	135	34	35	0.348	3.1	82	301	790
3	4	0.772	14.5	545	241	182	35	36	0.317	2	108	146	435
4	5	0.385	2.9	61	122	149	36	37	0.465	2.9	105	245	833
5	6	0.42	1.4	74	162	244	37	38	0.135	5.1	169	180	473
6	7	0.157	2	51	159	336	38	39	0.888	2.2	82	196	481
7	8	0.262	2.4	82	179	856	39	40	0.931	2.7	43	561	183
8	9	0.092	1.4	84	101	224	40	41	0.478	1.1	95	186	442
9	10	0.181	3.1	118	154	330	41	42	0.454	1.9	106	292	543
10	11	0.192	2.9	65	187	212	42	43	0.961	7.9	234	1530	2030
11	12	0.073	1.9	36	158	391	43	44	0.222	2.6	176	179	531
12	13	0.093	2.4	76	141	211	44	45	1.12	13.3	333	519	1375
13	14	0.436	1.7	57	271	283	45	46	0.453	2.4	68	215	163
14	15	1.99	31.9	1205	4270	2710	45	46	0.712	5.8	69	192	241
15	16	0.799	3.6	131	329	914	46	47	0.127	2.2	99	241	822
15	16	0.971	7.9	197	601	842	47	48	0.83	26.7	202	1880	6050
16	17	0.786	4.6	97	252	196	48	49	0.152	1.9	126	177	295
17	18	0.313	4.6	248	246	898	49	50	0.138	2.5	41	189	180
18	19	0.259	1.5	60	231	274	50	51	0.209	1.8	126	186	500
19	20	0.226	2.3	122	253	765	51	52	0.226	2.1	57	277	1020
20	21	3.63	23.5	1970	283	269	52	53	0.777	5.2	333	399	1515
21	22	3.01	15	1145	606	513	53	54	0.125	1.8	56	243	420
22	23	2.24	6.1	427	585	531	54	55	0.152	2.6	39	199	568
23	24	0.849	3.7	169	298	215	55	56	0.271	3.7	175	138	343
24	25	1.445	6.8	353	334	183	56	57	0.117	4.5	43	134	479
25	26	1.595	6.5	396	722	1710	57	58	0.12	3.5	78	187	748
26	27	1.115	5.3	200	441	907	57	58	0.097	4.3	86	219	923
27	28	0.155	2.4	141	158	137	58	59	1.32	5.5	495	281	612
27	28	0.251	2.6	158	174	302	59	60	0.114	2.1	59	361	471
28	29	0.255	3.9	195	209	296	60	61	0.141	1.4	64	214	420
29	30	1.125	4.6	531	366	615	61	62	0.146	1.4	114	234	652
30	31	0.52	4.2	305	186	449							

Table 2: Assay Results of CH-DDH005 (71m to 75m)

From	To	Au	Ag	Cu	Pd	Zn
71	72	0.389	8.3	290	1130	2400
72	73	0.761	12.3	1165	940	1770
73	74	1.785	18.2	769	1510	2110
74	75	0.114	10.1	518	1190	816