



19 March 2020

COVID-19 AND INCA MINERALS

The Coronavirus / Covid-19 pandemic is having far-reaching effects on businesses across the spectrum. This letter is to inform our shareholders of the impact on us as a junior explorer with active exploration projects in Australia and Peru and offices in Perth and Lima (Peru).

Peru has recently announced Emergency Decree No. 026-2020 and Supreme Decree No. 044-2020-PCM banning all national and international travel, with the exception, of what is coined “return home travel” and essential travel.

In Australia, the Prime Minister has recommended not undertaking international travel and where possible reducing interstate travel.

Inca-South32 Riqueza Project

At its key Peru Project, Riqueza, the Induced Polarisation (IP) 50-line kilometre geophysical survey has been completed without interruption. The interpretation of the data is not affected by the Covid-19 pandemic with results awaited.

The Riqueza camp personnel will remain at the camp and work sensibly until the government ban is lifted on the 31 March 2020. The situation will be monitored and if required, Inca will decamp in accordance with any future government announcements.

Australian IOCG and Porphyry Projects

Inca has acquired several exploration projects in the Northern Territory (NT) and Queensland (QLD) with tier-1 IOCG and porphyry potential.

The Frewena Group Project comprises one granted tenement and three approved applications. Inca has met its annual government expenditure commitments of the live tenement and there are no immediate expenditure requirements on the three applications.

The Lorna May IOCG project is also an approved application.

The MaCauley Creek Porphyry Project comprises two live tenements. Inca has met its annual government expenditure obligations of the live tenements. We are currently negotiating a ground disturbing access agreement with the landowner with such negotiations continuing unaffected by the Covid-19 pandemic.

East Timor Projects

As you will also be aware, Inca has acquired three exploration projects in East Timor. These are all in the application stage and there are no government expenditure commitments.

Global Developments (Markets, Travel)

The global money markets have been badly affected by the Covid-19 pandemic. Commodity prices are down and the Australian dollar is weak against the US dollar. Inca is an exploration company with lead-times to possible production. The current downturn on commodity prices has no material affect on Inca. The expenditure provisions in the Inca-South32 agreement stipulate expenditure in US dollars. We are not exposed to a weak Australian dollar for operations in Peru and we have minor current expenditure requirements in Australia.



Whilst Inca's focus is on large-scale tier 1 deposits (IOCG's, porphyries and skarns) our commodity mix de-risks exposure to any particular under-performing or "slow to recover" commodity. Our principal commodity focus is as follows:

- **Gold** at Riqueza (Peru), MaCauley Creek (QLD), Frewena Group (NT), Lorna May (NT), Ossu (East Timor);
- **Silver** at Riqueza (Peru), MaCauley Creek (QLD), Ossu (East Timor);
- **Copper** at Riqueza (Peru), MaCauley Creek (QLD, Frewena Group (NT), Lorna May (NT), Ossu (East Timor);
- **Zinc and lead** at Riqueza (Peru), MaCauley Creek (QLD), Ossu (East Timor).

Broad travel restrictions affecting many countries, including Australia and Peru, will mean that Perth-based Inca personnel (essentially the Managing Director) will not travel to Peru whilst the restrictions are active. Our Peru-based projects, Riqueza and Cerro Rayas, are serviced by our in-country technical and administrative office. The Australian projects in the NT and QLD are serviced out of Brisbane. There are no requirements for air travel across Inca's operations.

In Summary

By virtue of the exploration status of our projects, and because of our corporate organisational structure, the Covid-19 pandemic has a very limited effect on Inca. We have activated a Covid-19 Management Plan and Travel Plan across Inca's operations and management. The IP survey interpretations are desk-top based. Our several tenement applications in Australia will continue to be processed by the relevant government departments. There are no exploration cancellations. Our cash-burn rate has over the years been reduced by implementing strict budget controls and by seeking partnerships with major mining companies. Indeed, the implementation of our Covid-19 Management Plan and Travel Plan will only help in conserving the company's cash during the expected period of disruption.

"To our shareholders and to members of the broader public and investment community who might be reading this release, look after yourselves and look after others. Don't travel unnecessarily and be confident in a return to normal market conditions soon."

Sincerely,

Ross Brown
Managing Director
Inca Minerals Limited

Competent Person's Statements

The information in this report that relates to exploration activities for the Riqueza and Cerro Rayas projects, located in Peru, the Ossu Project, located in East Timor, the MaCauley Creek Project, located in Queensland, and the Frewena group projects and the Lorna May Project, located in the Northern Territory, 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.