

QUARTERLY ACTIVITIES REPORT

QUARTER ENDING 30 SEPTEMBER 2002

SUMMARY

During the quarter Valdera commenced its exploration programs for nickel and copper in the East Kimberley. These activities were focused on the existing nickel prospects at Bow River and Corkwood, and the Company's new copper-silver discovery at Copper Flats.

At **Bow River**, drilling of electromagnetic ("EM") conductor targets intersected broad zones of low grade nickel mineralisation in disseminated to massive sulphides up to 20m thick. The overall assay results are disappointing, given the size of the sulphide systems and the tenor of nickel and cobalt over the best one-metre intersections. Options for additional work are being reviewed.

The exploration program at **Copper Flats** continued with a soil geochemical sampling program over the target Nelson Shale unit. This defined a continuous copper anomaly with a strike length in excess of 4km. Drilling has confirmed the presence of disseminated copper sulphide mineralisation with a thickness of 1-5m over a distance of at least 2.5km. Best assay result for 4m composite samples is 0.13% Cu, 0.8% Ag. Analytical data for the one-metre sample intervals are pending.

At **Corkwood**, drilling of electromagnetic targets has commenced with the objective of defining the down-dip extent of the nickel sulphide mineralisation. The zone of interest is open to both north and south and will be mapped using ground EM to identify additional drill targets.

A ground EM survey will commence in the next quarter with the aim of defining drill targets at **Currans Well**. The survey design is based on interpretation of recently acquired aeromagnetics combined with historical exploration data. Drilling is scheduled for November 2002.

Several new targets have been identified adjacent to the massive sulfide zinc deposit at **Freddie Well**, on the basis of detailed interpretation of airborne magnetic and ground electromagnetic data. Additional ground EM surveys are planned to define drill targets, and these will be tested on completion of the program at Currans Well.

A new copper-gold project has commenced at **Cane River** in WA where a coincident gravity, magnetic and geochemical target is located at the intersection of three major fracture systems that are associated with copper-gold mineralisation to the south of the project area. Orientation geochemistry will be followed by ground geophysics to define drill targets.

PROJECT REVIEWS

Bow River Nickel Project

E80/1882 (100%)

The Bow River project is situated in the East Kimberley and comprises a nickel-copper-cobalt prospect similar in style and setting to the nearby Sally Malay deposit. Exploration by previous tenement holders delineated an extensive soil geochemical anomaly, within which drilling intersected generally low grade nickel sulphide mineralisation, with some higher grade intervals over narrow widths.

Previous work by Valdera included airborne magnetic and EM surveys, as well as follow-up ground EM designed to assess the effectiveness of previous drilling and to define new drill targets. The EM surveys led to the recognition of six discrete conductors located in a zone coincident with the soil geochemistry, and several of these targets had not been tested by previous drilling.

Drilling of the conductors at Bow River was undertaken in July to September, with eight holes completed for a total of 1,285 metres. The drilling confirmed the conductors correspond to semi-massive to massive sulphide zones, up to 20m thick. The sulphides have recrystallised magmatic textures, however metal tenor is generally low. Typical intersections are as follows:

BRRRC002 12m @ 0.45% Cu, 0.12% Ni, from 84-96m,
including 4m @ 0.77% Cu, 0.12% Ni, from 84-88m;

BRRRC0003 8m @ 0.52% Cu, 0.37% Ni, from 116-124m.

Better results reported over 1-metre intervals include:

BRRRC002 1 m at 2.20% Cu from 86 m;

BRRRC003 1 m at 1.26% Ni, 0.13% Co from 9 m;
1 m at 1.37% Cu from 130 m;

BRRRC004 2 m at 1.43% Cu from 73 m;

BRRRC007 1 m at 1.21% Ni, 0.11% Co from 157 m.

The Bow River data are being compiled with the aim of relating geology, sulphide abundance, metal distribution and electromagnetic responses in order to define possible new drill targets.

Ord Basin Copper Project

E80/2219-2221 inclusive, E80/2759-2763 inclusive, E80/2100 and P80/1428-1459 inclusive (100%)

The Ord Basin Project is located approximately 200km south of Kununurra in the East Kimberley. The project is targeted on the Nelson Shale sedimentary unit that has characteristics similar to the large sedimentary copper deposits in Africa and Europe.

Previous geological and geochemical programs undertaken by Valdera led to the discovery of outcropping copper mineralisation at several localities on the **Copper Flats** tenements. Detailed soil sampling surveys on a 500m x 100m grid have shown the mineralised unit is continuous over a strike distance of at least 4km, and is open in both directions. Soil assays range up to 700ppm copper.

A drill program was completed in September to test the down-dip extension of the mineralised outcrops and to intersect the copper anomalies at depth. Nineteen vertical drillholes were completed for a total of 757 metres.

The drilling confirmed the presence in the Nelson Shale of weakly disseminated copper sulphide mineralisation with a thickness of 1-5m over a distance of at least 2.5km. The copper minerals include the sulphides chalcocite and chalcopyrite.

Assays for 4-metre composite drill samples include the following results:

CFRC014: 4m @ 0.13% Cu, 0.8 g/t Ag from a depth of 4m; and

CFRC009: 4m @0.11% Cu, 0.5 g/t Ag from 40m.

The presence of primary copper sulphides and elevated silver contents provide a good fit with the stratiform sediment-hosted category of copper deposits, and this is also suggested by the large extent of the mineralisation (at least 3km x 2km).

Copper and silver grades encountered to date are low, however the presence in drill CFRC014 of the secondary copper mineral malachite, associated with high water inflows, suggests the possibility that higher grades may be present along faults and other structures.

Results for the 1-metre sample intervals are pending, and these will be used to assess the merits of testing additional targets in the vicinity of faults that traverse the Nelson Shale.

In the **Sugar Spring** area an initial program of geological mapping and reconnaissance soil geochemical sampling was undertaken to assess the potential of the Nelson Shale in this more northerly sector of the Ord Basin. The soil assay data revealed slightly elevated copper values to 65 ppm, however this is insufficient to justify additional work and the tenement will be relinquished.

Corkwood Nickel Project

E80/2360 (Valdera acquiring 100%)

The Corkwood Project comprises several Ni-Cu-Co±PGM prospects located approximately 190km south of Kununurra in the east Kimberley.

At the Corkwood Prospect, Ni-Cu sulphide mineralisation is hosted by a layered mafic-ultramafic intrusion. Ten diamond drillholes were completed by a previous tenement holder in 1973, and three of these intersected massive sulphides.

In the previous quarter a detailed ground EM survey confirmed the presence of strong conductors, many of which are associated with graphitic metasediments to the east and south of the mapped gossan zone. The zone of previously-drilled mineralisation is marked by a more subtle EM response.

An initial program of reverse circulation drilling was undertaken to test the overall continuity and down-dip extent of the mineralised zone mapped by this conductor (the 1970s drilling tested a portion of the conductor at 100m spacing). Five reverse circulation drillholes were completed for a total of 546 metres.

The drilling has highlighted the probable continuity of significant widths of near-surface nickel mineralisation over at least 100m strike distance. Drillhole CWRC003 intersected massive sulphides that yielded the following assay results:

CWRC003: 14m @ 1.08% Ni, 0.23% Cu, 0.06% Co from a depth of 28 metres, including
11m @ 1.16% Ni, 0.23% Cu, 0.07% Co.

The four other drillholes were designed to step out and extend the mineralised zone down-dip and to the south. These drillholes did not intersect the sulphide zone, indicating it is of limited continuous depth extent.

A follow-up drilling program will commence in early November with the objective of defining additional near-surface mineralisation and assessing the potential for a nickel resource.

The recent drilling closed off the southern end of the main conductor, however a separate conductor further to the south is coincident with an extensive zone of nickel copper gossans and

this remains untested by drilling. Detailed ground EM surveying of the southerly extension of the Corkwood grid has commenced, with the aim of defining drill targets within the southern gossan zone.

Currans Well Nickel-PGM Project

P57/947-954 inclusive (100%)

The Currans Well Project is a nickel sulphide prospect with elevated levels of platinum group metals, located approximately 500km northeast of Perth. The prospect is contained within a mafic-ultramafic intrusion that forms part of the greenstone belt situated adjacent to the Youanmi Fault.

Valdera's objective at Currans Well is to evaluate the potential for large tonnage, relatively low grade Ni-Cu±PGM deposits, in addition to assessing the potential for small to medium tonnage massive sulphide Ni-Cu-Co deposits.

Interpretation of the results of the recent high-resolution aeromagnetic survey has been combined with the drilling and geochemical assay database compiled from the previous exploration programs to define a number of target zones for follow-up.

A ground EM survey planned for November will include all areas of interest at Currans Well. The best targets will be also be drilled in the next quarter.

Freddie Well Zn-Cu Project

M57/227, M57/240, P57/934-936 inclusive, P57/938-939 inclusive and P57/942 (100%)

The Freddie Well Zn-Cu Project is a volcanic-hosted massive sulphide deposit similar in style and geological setting to the Zn-Cu deposits currently being mined at Golden Grove in the Murchison region of WA. The Project is located approximately 500km northeast of Perth.

Previous exploration has led to the delineation of a near-surface Measured, Indicated and Inferred mineral resource totaling approximately 788,000 tonnes at a grade of 9.48% Zn. Valdera's objective is to substantially increase this resource base.

Valdera undertook a high-resolution aeromagnetic and radiometric survey in early 2002 and the results have been used to map the mineralised horizon and associated structures. The magnetics have been combined with a reinterpretation of the existing ground electromagnetic and geochemical data to select new targets.

Ground EM surveys are planned for next quarter, with drilling of the best targets scheduled before the end of the field season in December.

Turkey Creek Ni-Cu Project

E80/2529 (Valdera acquiring 100%)

The Turkey Creek project is located 150km south-southwest of Kununurra in the east Kimberley. The tenement is centred on a mafic-ultramafic intrusion in a similar structural setting to Corkwood.

Mineralisation comprises malachite staining and gossan development within recrystallised mafic intrusive rocks, with associated nickel and copper soil geochemical anomalies.

Valdera plans to undertake reconnaissance mapping and sampling to evaluate the merits of additional geochemistry or geophysics to define drill targets at Turkey Creek. This work will commence on completion of the high priority exploration programs currently underway on the prospects described above.

Hermit Hill Ni-Cu Project

EL 23/106 (100%)

Hermit Hill is located 150km south-southwest of Darwin in the Daly River area of the Northern Territory. Mafic and ultramafic rocks at Hermit Hill are interpreted to be equivalent to those in the East Kimberley, and hence are regarded as having potential for massive sulphide Ni-Cu-Co deposits. Valdera's recent review of regional magnetic and gravity data supports this interpretation.

The Company intends to undertake reconnaissance geological and geochemical surveys to validate the prospectivity of the Hermit Hill area. Results of this work will be used to guide further exploration that is expected to include airborne geophysical surveys in tandem with reconnaissance traversing to define targets on the ground. Valdera will be the first company to explore for nickel deposits in this area.

Cane River Cu-Au Project

E08/1361 (Valdera 100%)

A new copper-gold project has been initiated at Cane River in the northern Gascoyne Province of WA. A tenement application has been submitted over an area underlain by metasediments adjacent to the Minnie Creek granites that are believed to have potential for iron-oxide Cu-Au ("IOCG") deposits such as Olympic Dam and Ernest Henry. Widespread copper-gold mineralisation is present to the south of the project area, where regions of surface outcrop are more extensive.

Coincident gravity, aeromagnetic and geochemical targets outlined by a previous explorer at Cane River are located at the intersection of three major regional fracture systems and are interpreted to be ironstone or magnetite bodies prospective for hydrothermal iron oxide copper gold deposits. These targets are covered by 30 to 50 metres of younger sedimentary cover and have not been drill-tested.

A geochemical orientation survey and ground geophysics are planned for the coming months.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Valdera Resources Limited

ABN

34 090 074 785

Quarter ended ("current quarter")

30 September 2002

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		0
1.2 Payments for		
(a) exploration and evaluation	(307)	(307)
(b) development	0	0
(c) production	0	0
(d) administration	(129)	(129)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	12	12
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Other (provide details if material)	0	0
	(424)	(424)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	0	0
(b) equity investments	0	0
(c) other fixed assets	(3)	(3)
1.9 Proceeds from sale of:		
(a) prospects	0	0
(b) equity investments	0	0
(c) other fixed assets	0	0
1.10 Loans to other entities	0	0
1.11 Loans repaid by other entities	0	0
1.12 Cash recognised from acquisitions of subsidiaries	0	0
	(3)	(3)
Net investing cash flows		
1.13 Total operating and investing cash flows	(427)	(427)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (carried forward)	(427)	(427)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	0	0
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	0	0
1.18	Dividends paid	0	0
1.19	Other (provide details if material)	(27)	(27)
Net financing cash flows		(27)	(27)
Net increase (decrease) in cash held		(454)	(454)
1.20	Cash at beginning of quarter/year to date	3,069	3,069
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	Cash at end of quarter	2,615	2,615

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	47
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

Director services were provided by Finind Pty Ltd ATF Wise Family Trust, a company in which Mr T Wise is a director, under normal commercial terms and conditions for the period aggregated \$2,841.

Director services were provided by Seaspin Pty Ltd ATF Aphrodite Trust, a company in which Mr Charles Morgan is a director, under normal commercial terms and conditions for the period aggregated \$26,220.

Consulting services were provided by Target Concepts Pty Ltd, a company in which Mr Donal Windrim is a director, under normal commercial terms and conditions for the period aggregated \$17,500.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	0	0

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	[350]
4.2 Development	0
Total	[350]

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A	Previous quarter \$A
5.1 Cash on hand and at bank	55	369
5.2 Deposits at call	2,560	2700
5.3 Bank overdraft	0	0
5.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.22)	2,615	3,069

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	48,131,291	34,568,765		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	48,000,000	48,000,000	<i>Exercise price 25 cents</i>	<i>Expiry date 1/06/2005</i>
7.8 Issued during quarter	48,000,000	48,000,000	<i>25 cents</i>	<i>1/06/2005</i>
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>	0			
7.12 Unsecured notes <i>(totals only)</i>	0			

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Company secretary

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Date: ..30/10/2002

Print name: Mark Freeman

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.