

VALDERA RESOURCES LIMITED

ABN 34 090 074 785

ANNUAL FINANCIAL REPORT

30 JUNE 2002

CORPORATE DIRECTORY

DIRECTORS

Charles Waite Morgan (Chairman)
Craig Ian Burton (Executive Director)
Donal Windrim (Executive Director)
Timothy Nicholas Wise (Non – Executive Director)

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Mark Freeman

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It is my pleasure to present to you the Annual Report of Valdera Resources Limited for the year ending 30 June 2002.

Valdera is now well into its five-project drilling campaign, with drilling completed at Bow River and Copper Flats and currently underway at Corkwood. To date, only the results of the first program at Bow River are available.

The Bow River results were disappointing. As indicated by the earlier EM survey, we identified large mineralised massive sulphide systems; however the nickel grade was low for systems of this style. There were some higher grade intersections over one metre sections and the assay results of the last two drill-holes are still pending.

At Copper Flats we are encouraged by surface sampling results that outline a continuous copper anomaly in soils over a strike distance of at least 4 km. The follow-up drilling appears to have consistently intersected a horizon containing copper; however the grade remains unknown pending results. After completion of drilling currently underway at Corkwood, the programs at Currans Well and Freddie Well will commence.

With results only known from one of the five programs currently underway, Valdera will be releasing a lot more information to the market over the next 4 months.

Valdera has selected opportunities for drilling that are all "advanced" exploration plays; they contain known mineralisation in a highly favourable geological environment. Whilst nothing can guarantee success in mineral exploration, this maximises the chances. As is the nature of base metals exploration, any success is likely to have substantial upside potential.

Additionally, there is a lot more to Valdera than this initial five project drilling campaign. After this campaign Valdera will have remaining cash reserves in excess of \$2 million. We are very pleased with how the Hermit Hill project is developing and we recently acquired an exciting new copper-gold project at Cane River. Valdera will remain on the look out for favourable acquisition opportunities, particularly more advanced projects.

I should add that the Company's progress during the year was a result of the dedication of the Company's staff and consultants, as well as the support of shareholders.

I thank you for your continuing support and look forward to welcoming you to the Annual General Meeting of the Company.

On behalf of the Board

Charles Morgan
Chairman

Valdera's strategy is to focus on relatively advanced mineral exploration prospects, particularly where an innovative technical approach opens up the potential of the project. The aim is to generate a portfolio of quality projects that can be readily advanced by exploration programs focused on target delineation and drilling.

A complementary element of the strategy is to develop new projects that take advantage of Valdera's technical abilities and unique exploration database. This approach provides substantial leverage in establishing joint ventures with major base metal companies.

The Company's nickel exploration focus is on gabbro-hosted massive sulphide Ni-Cu-Co deposits such as those at Voisey's Bay in Canada and Sally Malay in the East Kimberley.

Valdera has directed its copper exploration at sediment-hosted deposits due to their potential size, as exemplified by the giant deposits of Europe and the Copperbelt of Zambia (hundreds of millions of tonnes of copper ore at grades in excess of 2% Cu).

In the case of zinc the Company has concentrated its activities on near-surface polymetallic sulphide deposits, such as those at Golden Grove in WA and Kidd Creek in Canada.

EXPLORATION HIGHLIGHTS

- Broad zones of low grade nickel mineralisation in disseminated to massive sulphides up to 12m thick have been intersected at **Bow River**, including best one-metre assays of 1.26% Ni; 2.20% Cu; and 0.13% Co. Additional assay data are awaited.
- A continuous copper geochemical anomaly with a strike length in excess of 4km has been defined in soils overlying the target sediment unit at **Copper Flats**. Drilling to test the central part of this zone confirmed the presence of disseminated copper sulphide mineralisation with a thickness of 1-5m over a distance of at least 2.5km. Assay results are pending.
- At **Corkwood**, drilling of electromagnetic targets has commenced with the objective of defining the down-dip extent of the nickel sulphide mineralisation.
- A ground EM survey will commence shortly with the aim of defining drill targets at **Currans Well**. The survey design is based on interpretation of the recently acquired aeromagnetics combined with historical exploration data. Drilling is scheduled for November 2002.
- Several new targets have been identified adjacent to the massive sulphide zinc deposit at **Freddie Well**, on the basis of detailed interpretation of airborne magnetic and ground electromagnetic data. These targets will be drilled on completion of the Currans Well program.
- A new copper-gold project has commenced at **Cane River** in WA where a coincident gravity and magnetic target is located at the intersection of three major fracture systems associated with copper-gold mineralisation to the south. Ground geophysics and drilling are planned.

REVIEW OF OPERATIONS

Bow River Ni-Cu-Co Project

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 (Figure 1). Exploration by previous tenement holders delineated a soil geochemical anomaly measuring 900m by 300m, within which drilling intersected generally low grade nickel sulphide mineralisation, with some higher grade intervals over narrow widths.

Valdera acquired the tenement in 2001 and carried out airborne magnetic and electromagnetic ("EM") surveys to assess the effectiveness of previous drilling and to define new drill targets.

The airborne EM survey outlined a strongly conductive zone coincident with the soil geochemical anomaly (Figure 3). Follow up of the airborne survey anomalies with a ground-based EM system led to the recognition of six discrete conductors, several of which had not been tested by previous drilling (Figure 4).

Drilling of the conductor targets at Bow River was undertaken in July to September, with eight holes completed for a total of 1,285 metres. The drilling confirmed that the conductors correspond to semi-massive to massive sulphide zones, up to 20m thick (see Figure 4). The sulphides have recrystallised magmatic textures, however metal tenor is generally low. Better results reported over 1-metre intervals include:

BRRC002 12m @ 0.45% Cu, 0.12% Ni, from 84-96m,
including 4m @ 0.77% Cu, 0.12% Ni, from 84-88m;

BRRC003 8m @ 0.26% Cu, 0.37% Ni, from 116-124m;

Better results reported over 1-metre intervals include:

BRRC002 1 m at 2.20% Cu from 86 m;

BRRC003 1 m at 1.26% Ni, 0.13% Co from 9 m;
1 m at 1.37% Cu from 130 m;

BRRC004 2 m at 1.43% Cu from 73 m;

BRRC007 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 response in order to define possible new drill targets.

Ord Basin Project (comprising Copper Flats and Sugar Spring)

The Ord Basin Project is located approximately 200km south of Kununurra (Figure 1) and comprises nine exploration licences covering an area of 1,617 square kilometres, and thirty-two prospecting licence applications ("Copper Flats" tenements, see Figure 11). An additional exploration licence is located at Sugar Spring some 100km to the north (see Figure 2).

The project is focused on the Nelson Shale sedimentary unit that has characteristics similar to that of the large sedimentary copper deposits in Africa and Europe.

Geological and geochemical programs undertaken by Valdera in 2001 led to the discovery of outcropping copper mineralisation at several localities on the **Copper Flats** tenements (Figure 11). These mineral showings are interpreted to occupy approximately the same sedimentary level within the shale and are separated by distances of up to 23km along strike. Detailed soil sampling surveys along strike and down-dip from the discovery outcrops have shown that 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 (Figure 12).

Two reverse-circulation drill programs were completed. The initial program of seven drillholes (for a total of 987m) was conducted in October 2001. The holes were drilled up to tens of kilometres apart and confirmed the regional extent of elevated copper values in the Nelson Shale.

The second drill program was designed to test the down-dip extension of the mineralised outcrops and to intersect the soil copper anomalies at depth (Figure 12). Nineteen drillholes were completed for a total of 757 metres. The drilling confirmed the presence of disseminated copper sulphide mineralisation with a thickness of 1-5m over a distance of at least 2.5km. Results from this drilling are pending.

An initial program of geological mapping and reconnaissance soil geochemical sampling was undertaken to assess the potential of the Nelson Shale in the **Sugar Spring** tenement (Figures 2 and 13). The soil assay data revealed elevated copper values to 65 ppm. Follow up soil sampling will be required to further advance this target.

Corkwood Ni-Cu-Co-PGM Project

The Corkwood Project comprises several Ni-Cu-Co±PGM prospects located approximately 190km south-southwest of Kununurra in the east Kimberley (Figures 2 and 7). The tenement also contains the John Galt yttrium and rare earth element (REE) deposit. 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 June 2002 Valdera undertook a detailed ground EM survey to follow up a strong airborne EM anomaly outlined during a regional reconnaissance program in 1996. The ground survey confirmed the presence of strong conductors at Corkwood, many of which are associated with graphitic metasediments to the east and south of the mapped gossan zone (Figure 8). However, the zone of mineralisation is also marked by a weak EM response and it was decided to test the extent of this by drilling down-dip from the mineralised intersections encountered in the 1970's drilling (Figure 8).

A program of reverse circulation drilling was commenced in late September 2002. Results will be announced to the market as soon as they are available. Follow up of the platinum anomaly defined by earlier stream sediment geochemistry will also be carried out in the coming months.

Currans Well Ni-Cu-Co-PGM Project

The Currans Well Project is a nickel sulphide prospect with elevated levels of platinum group metals, located close to the Youanmi mining centre approximately 500km northeast of Perth (Figure 1). The prospect is contained within a differentiated mafic-ultramafic intrusion that forms part of the greenstone belt situated adjacent to the Youanmi Fault (Figure 5).

Valdera's objective at Currans Well is to evaluate the potential for large tonnage, relatively low grade Ni-Cu±PGM deposits such as Portimo in Finland and Phoenix in Botswana, in addition to assessing the potential for small to medium tonnage massive sulphide Ni-Cu-Co deposits similar to those that are mined elsewhere in the Yilgarn of Western Australia.

In early 2002 the Company carried out an airborne high-resolution magnetic and radiometric survey of the entire prospect area (Figure 6). Interpretation of the results of this 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 (Figure 6).

Ground EM surveys will be conducted over the areas of interest to define drill targets. Particular emphasis is being placed on defining the extent of massive sulphide zones encountered by previous explorers. Drilling is scheduled for November 2002.

Freddie Well Zn-Cu Project

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 20km southwest of the Youanmi Gold Mine in the East Murchison Mineral Field 500km northeast of Perth (Figure 5).

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.

The Project area covers a portion of the Youanmi Greenstone Belt that is marked by a transition from mafic to felsic volcanic rocks (Figure 14). The mineralisation occurs as steeply dipping lenses dominated by pyrrhotite, pyrite, sphalerite and chalcopyrite.

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 (Figure 15). The magnetics have been combined with a reinterpretation of the existing ground electromagnetic and geochemical data to select new drill targets (see Figure 15). Drilling of the most promising targets is scheduled for November-December 2002.

Turkey Creek Ni-Cu Project

The Turkey Creek project is located 150km south-southwest of Kununurra in the east Kimberley (Figures 2 and 9). The tenement is centred on a differentiated 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.

Hermit Hill Ni-Cu Project

Hermit Hill is located 150km south-southwest of Darwin in the Daly River area of the Northern Territory (Figure 1). The project area is underlain by poorly exposed and under-explored rocks of the Litchfield Complex that has been correlated with portions of the Halls Creek region to the southwest in Western Australia.

Mafic and ultramafic rocks at Hermit Hill are interpreted to be equivalent to those in the East Kimberley, and hence are regarded as having significant potential for massive sulphide Ni-Cu-Co deposits (Figure 10). 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 followed by target definition on the ground. Valdera will be the first company to explore for nickel deposits in this area.

Cane River Cu-Au Project

A new copper-gold project has been initiated at Cane River in WA (Figure 16). An application (E08/1361) 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.

Coincident gravity and aeromagnetic targets 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.

The area is overlain by approximately 50 metres of younger sediments, and virtually no prior modern exploration has been conducted. Widespread copper-gold mineralisation is present to the south of the project area, where areas of surface outcrop are more extensive. Ground geophysical and drilling programmes are planned to further advance this project upon granting of the tenement application.

Tenement No. and Type	Holder/ Applicant	Percentage Held	Status	Expiry Date
NICKEL PROJECTS				
Bow River Project				
E80/1882	Southdale	100%	Granted	22/9/2003
Currans Well Project				
P57/947	Valdera	100%	Granted	19/7/2004
P57/948	Valdera	100%	Granted	19/7/2004
P57/949	Valdera	100%	Granted	19/7/2004
P57/950	Valdera	100%	Granted	19/7/2004
P57/951	Valdera	100%	Granted	19/7/2004
P57/952	Valdera	100%	Granted	19/7/2004
P57/953	Valdera	100%	Granted	19/7/2004
P57/954	Valdera	100%	Granted	19/7/2004
Corkwood Project				
E80/2360	Castek	100%	Pending	
Turkey Creek Project				
E80/2529	Kimberley Mining	100%	Pending	
E80/3085	Southdale	100%	Pending	
Storm Camp Project				
P80/1508	Southdale	100%	Pending	
Hermit Hill Project (NT)				
EL 23106	Southdale	100%	Pending	
ZINC PROJECTS				
Freddie Well Project				
M57/227	Valdera	100%	Granted	2/9/2013
M57/240	Valdera	100%	Granted	9/11/2014
P57/934	Valdera	100%	Granted	19/7/2004
P57/935	Valdera	100%	Granted	19/7/2004
P57/936	Valdera	100%	Granted	19/7/2004
P57/938	Valdera	100%	Granted	19/7/2004
P57/939	Valdera	100%	Granted	19/7/2004
P57/942	Valdera	100%	Granted	19/7/2004

COPPER PROJECTS				
Copper Flats Project (Ord Basin)				
E80/2219	HRC	100%	Granted	31/7/2005
E80/2220	HRC	100%	Granted	31/7/2005
E80/2221	HRC	100%	Granted	31/7/2005
E80/2368	HRC	100%	Granted	31/8/2003
E80/2759	HRC	100%	Granted	17/4/2007
E80/2760	HRC	100%	Granted	17/4/2007
E80/2761	HRC	100%	Granted	17/4/2007
E80/2762	HRC	100%	Granted	17/4/2007
E80/2763	HRC	100%	Granted	17/4/2007
P80/1428	HRC	100%	Pending	
P80/1429	HRC	100%	Pending	
P80/1430	HRC	100%	Pending	
P80/1431	HRC	100%	Pending	
P80/1432	HRC	100%	Pending	
P80/1433	HRC	100%	Pending	
P80/1434	HRC	100%	Pending	
P80/1435	HRC	100%	Pending	
P80/1436	HRC	100%	Pending	
P80/1437	HRC	100%	Pending	
P80/1438	HRC	100%	Pending	
P80/1439	HRC	100%	Pending	
P80/1440	HRC	100%	Pending	
P80/1441	HRC	100%	Pending	
P80/1442	HRC	100%	Pending	
P80/1443	HRC	100%	Pending	
P80/1444	HRC	100%	Pending	
P80/1445	HRC	100%	Pending	
P80/1446	HRC	100%	Pending	
P80/1447	HRC	100%	Pending	
P80/1448	HRC	100%	Pending	
P80/1449	HRC	100%	Pending	
P80/1450	HRC	100%	Pending	
P80/1451	HRC	100%	Pending	
P80/1452	HRC	100%	Pending	
P80/1453	HRC	100%	Pending	
P80/1454	HRC	100%	Pending	
P80/1455	HRC	100%	Pending	
P80/1456	HRC	100%	Pending	
P80/1457	HRC	100%	Pending	
P80/1458	HRC	100%	Pending	
P80/1459	HRC	100%	Pending	
Sugar Spring Project (Ord Basin)				
E80/2100	Southdale	100%	Granted	21/10/2004
Cane River Project				
E08/1361	Valdera	100%	Pending	

Additional information current as at 20 September 2002 required by Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this Report.

1 SUBSTANTIAL SHAREHOLDERS

The number of shares held by the substantial shareholders as at 20 September 2002 was:

NAME	ORDINARY FULLY PAID SHARES
Alasdair Cooke	5,050,000
Syzygy Holdings Pty Ltd	3,378,812
Mark Robin Blanchard	2,565,394
Donal Windrim	2,498,000
William McRae Clough	2,498,000

2 DISTRIBUTION OF SHAREHOLDERS & OPTIONHOLDERS AS AT 20 SEPTEMBER 2002

	ORDINARY FULLY PAID SHARES	OPTIONS EXPIRING 1 JUNE 2005
1 - 1,000	698	7
1,001 - 5,000	726	17
5,001 - 10,000	105	24
10,001 - 100,000	331	245
100,001 and over	62	109
	----- 1,922	----- 402

The number of shareholders holding less than a marketable parcel of shares is 1,448.

3 CLASS OF SHARES AND VOTING RIGHTS

At 20 September 2002 there were 1,922 holders of 48,131,219 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or Representative of a shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited)."

There are no voting rights attached to the options in the Company. Voting rights will be attached to the unissued ordinary shares when options have been exercised.

4 TWENTY LARGEST HOLDERS OF EACH CLASS OR QUOTED SECURITIES AS AT 20 SEPTEMBER 2002.

FULLY PAID ORDINARY SHARES	NUMBER	PERCENTAGE
HARTREE PTY LTD	4,050,000	8.41
SYZYGY HOLDINGS PTY LTD	2,500,000	5.19
MR DONAL WINDRIM	2,500,000	5.19
WM CLOUGH PTY LTD	2,500,000	5.19
SEASPIN PTY LTD	2,000,000	4.16
W FAIRWEATHER & SON PTY LTD	1,280,000	2.66
ANZ NOMINEES LIMITED	1,181,166	2.45

FULLY PAID ORDINARY SHARES	NUMBER	PERCENTAGE
NEFCO NOMINEES PTY LTD	1,090,000	2.26
HARTREE PTY LTD	1,000,000	2.08
SYZYGY HOLDINGS PTY LTD	839,154	1.74
MR RAYMOND JEPP	825,000	1.71
POPPINAX PTY LTD	800,000	1.66
MR MARK ROBIN BLANCHARD	752,500	1.56
BLACKMORT NOMINEES PTY LTD	750,000	1.56
SAMPALA INVESTMENTS PTY LTD	750,000	1.56
MR MARK ROBIN BLANCHARD	600,000	1.25
NATIONAL NOMINEES LIMITED	571,184	1.19
ROYAL HARRY GOLD MINES NL	480,000	1.00
MR ANTHONY FAIRWEATHER	450,000	0.93
CTE INVESTMENTS PTY LTD	400,000	0.83
TOTAL	25,319,004	52.58

OPTIONS EXPIRING ON 1 JUNE 2005	NUMBER	PERCENTAGE
MONTANA REALTY PTY LTD	2,000,000	4.17
ARCHFIELD PTY LTD	1,500,000	3.13
W FAIRWEATHER & SON PTY LTD	1,350,000	2.81
ARCHFIELD PTY LTD	1,200,000	2.50
CTE INVESTMENTS PTY LTD	1,200,000	2.50
MR KEVIN RAYMOND PALMER	1,000,000	2.08
SYZYGY HOLDINGS PTY LTD	1,000,000	2.08
CHEE KENG KUA	900,000	1.88
NEFCO NOMINEES PTY LTD	795,000	1.66
MCRAE INVESTMENTS PTY LTD	660,000	1.38
MR JAMIE BOYTON	600,000	1.25
DMD HOLDINGS PTY LTD	600,000	1.25
JASPON HOLDINGS PTY LTD	600,000	1.25
JINDABYNE PTY LTD	600,000	1.25
JINDABYNE PTY LTD	600,000	1.25
W FAIRWEATHER & SON PTY LTD	600,000	1.25
ROYAL HARRY GOLD MINES NL	540,000	1.13
FOGBELL NOMINEES PTY LTD	500,000	1.04
MR ROBERT CAMPBELL COOKE & MRS ELIZABETH COOKE	471,736	0.98
MS SALLY CAROLYN KONG	450,000	0.94
TOTAL	17,166,736	35.78

5 UNQUOTED EQUITY SECURITIES

	SECURITIES ON ISSUE	NUMBER OF HOLDERS
Restricted Securities to 23 November 2002	150,000	1
Restricted Securities to 4 April 2002	10,000,000	3
Restricted Securities to 10 May 2004	3,412,526	16

6 CONTINUOUS DISCLOSURE

The Company has appointed an officer who is in charge of overseeing the continuous disclosure practices of the Company. That person's responsibilities include:

- Ensuring compliance with continuous disclosure requirements;

- ❑ Overseeing and coordinating the disclosure of information to the stock exchange, analysts, brokers, shareholders, the media and public; and
- ❑ Educating directors and staff of the Company's disclosure policies and procedures and raising awareness of the principles of the underlying continuous disclosure.

The company's adopted policies on continuous disclosure include the following:

- ❑ The Company should keep to a minimum the number of directors and staff authorised to speak on the Company's behalf.
- ❑ The officer responsible for disclosure should be made aware of information to be disclosed in advance, including information to be presented at private briefings.
- ❑ Price sensitive information should be publicly released through the stock exchange before disclosing it to analysts or other outside the Company.
- ❑ Announcements should be posted on the Company's website following its announcement to the Stock Exchange.
- ❑ Documents used for external briefings should be given to the Stock Exchange for immediate release and posted on the Company's website.
- ❑ Only information that has been (or is based on information that has been) publicly released through the Stock Exchange should be disclosed to analysts, shareholders or others outside the Company.
- ❑ If price sensitive information is leaked or inadvertently disclosed, an announcement should be made to the Stock Exchange and posted on the Company's website.

- ❑ If the company becomes aware of a significantly widespread rumour which could be expected to have a material effect on the price or value of the Company's securities, an announcement should be made to the Stock Exchange which addresses the rumour (where commercially feasible).

7 CASH USAGE

Since the time of listing on ASX, the entity has used its cash and assets in a form readily converted to cash that it had at the time of admission to the official list of ASX in a manner consistent with its business objectives.

FINANCIAL REPORT 2002

Corporate Governance Statement

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Independent Auditor's Report to the Members

For the year ended 30 June 2002

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated. These practices are dealt with under the following headings: Board of Directors, Internal control framework, Business risk management, Ethical standards and the Role of Shareholders.

Board of Directors**Role of the Board**

The Board's primary role is the protection and enhancement of long-term shareholder value.

Board processes

The Board is responsible for the overall Corporate Governance of the consolidated entity including the strategic direction, establishing goals for management and monitoring the achievement of these goals. Due to the size of the Board and the consolidated entity, issues of Nomination and Remuneration of Directors and Business risk management are considered by the full Board. The Board has also established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The agenda for meetings is prepared by the managing director in conjunction with the Chairman. Standard items include the managing director's report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance. Executives are regularly involved in board discussions

Composition of the Board

The names of the directors of the company in office at the date of this Statement are set out in the Directors' Report.

The composition of the Board is determined using the following principles:

- The Board comprises four directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified;
- The Board should comprise directors with a broad range of expertise with an emphasis on exploration and mining related experience; and
- Directors appointed by the board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than the managing director) are subject to re-election at least every three years. The tenure of executive directors is linked to their holding of executive office.

The Board reviews its composition as required to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, candidates with the appropriate expertise and experience are considered. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

The performance of all Directors is reviewed by the Chairman each year. Directors whose performance is unsatisfactory are asked to retire.

Conflict of interest

In accordance with the Corporations Act and the Company's constitution directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Independent professional advice and access to company information

Each director has the right of access to all relevant company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of the advice received by the director is made available to all other members of the Board.

Remuneration

The role of the Remuneration Committee is to review remuneration packages and policies applicable to the managing director and directors themselves. Due to the size of the consolidated entity the remuneration committee consists of all directors. Any changes to directors' remuneration must be approved by shareholders. The remuneration of senior executives are determined by non-executive directors based on recommendations provided by the managing director. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages.

Further details of directors' remuneration are set out in the Directors' Report and Note 17 to the financial statements.

Audit Committee

Due to the size of the consolidated entity the audit committee consists of all directors.

Internal control framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that can be described under the following headings:

Financial reporting

There is comprehensive budgeting system with a budget approved by the directors. The Board reviews all final draft financial reports with the managing director and auditors and recommendations on their adequacy to the Board prior to their release to members and other public forums. There is regular communication between management and external auditors.

Business risk management

The Board examines and considers areas of significant business risk and implements policy to minimise exposure to these risks. Areas of risk which are considered at Board meetings include:

- Asset protection/development;
- Performance of activities;
- Organisational behaviour;
- Human resources;
- Workplace safety;
- The environment; and
- Continuous disclosure obligations.

Comprehensive practices are established such that:

- Capital expenditure above a certain size require Board approval;
- Financial exposures are controlled;

-
- Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
 - Business transactions are properly authorised and executed.

Ethical standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the performance and reputation of the consolidated entity.

The role of shareholders

The Board of directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- The full annual financial report is distributed to all shareholders and contains relevant information about the operations of the consolidated entity during the year, changes to the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Law;
- The quarterly report and cash flow statement contains a review of the operations and a statement of cash flow respectively of the consolidated entity during the period;
- Proposed major changes in the consolidated entity, which may impact on share ownership rights, are submitted to a vote of shareholders; and
- Notices of all meetings of shareholders.

Annual reports, quarterly reports and material ASX announcements are posted on the Company's web site at www.valdera.com.au.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The Directors of Valdera present their report for the year ended 30 June 2002.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name and qualifications	Age	Experience and special responsibilities
<p>Mr Charles Morgan Non Executive Chairman Appointed 13 April 2001</p>	<p>43</p>	<p>Mr Morgan is managing director of West Oil NL, an ASX listed oil exploration company with a substantial exploration acreage in the Timor Sea.</p> <p>Mr Morgan was previously the managing director of SOCDT Management Limited. Following his appointment as managing director in 1993, Mr Morgan was instrumental in the growth of SOCDT's acreage holdings in the Northwest Palawan Basin, Philippines. In late 1996, he was responsible for negotiating the sale of 50% of SOCDT to Novus Petroleum Ltd.</p> <p>Prior to his involvement in the oil industry, Mr Morgan gained experience in investment banking and stockbroking with Morgan Grenfell, ANZ McCaughan, BZW and as a principal of Morgan McFarlane, a licensed securities dealer. He has also underwritten capital raisings for many resource exploration companies.</p>
<p>Mr Craig Ian Burton (LLB, BJuris) Executive Director Appointed 15 September 2000</p>	<p>39</p>	<p>Mr Burton is a corporate solicitor by training. Over the last 10 years, Mr Burton has focussed on financing and managing resource projects, principally through public listed vehicles. He has undertaken financing activities in both Australia and Canada for resource projects located in Australia, southern Africa, southeast Asia and central Europe, covering gold, nickel, copper, oil and diamonds.</p> <p>More recently, Mr Burton established Verona Capital, a private venture capital group that invests in new or developing business ventures. He is a director of West Oil NL, Exco Resources NL, Oriel Communications Limited and Forest Rewards Ltd.</p>
<p>Dr Donal Paul Windrim (BSc, PhD) Technical Executive Director Appointed 9 July 2002</p>	<p>45</p>	<p>Dr Windrim has over 20 years' experience in the international mineral exploration and mining industry, principally in Australia and Africa. He has conducted exploration for base metals, precious metals or diamonds in North and South America, Europe, India, Africa and Australia.</p> <p>Dr Windrim's expertise includes all aspects of mineral target generation and testing, from continent-scale evaluations through to delineation drilling of reserves on mining leases. He has held technical or management positions with Elf Aquitaine and BHP Minerals International including exploration manager Western Australia/Northern Territory and exploration manager Southern Africa for BHP.</p>
<p>Mr Timothy Nicholas Wise (BSc)</p>	<p>37</p>	<p>Mr Wise has started and developed several highly</p>

<p>Non-Executive Director Appointed 14 February 2002</p>	<p>35</p>	<p>successful companies over the last 15 years, in which time he has developed management, marketing and strategic thinking skills.</p> <p>Mr Wise is a director of the ASX listed company, Insurance My Way Limited and was the co-founder and Chief Executive Officer of The Tap Doctor, a national plumbing service franchise. He is a former investment adviser with stockbrokers Patterson Ord Minnett, and has a broad knowledge of the Australian financial and equity markets.</p>
<p>Jonathon O'Callaghan Appointed 21 October 1999 Resigned 14 February 2002</p>	<p>35</p>	<p>Mr O'Callaghan holds a Bachelor of Business from Curtin University and is a member of the Australian Institute of Company Directors and Australian Society of Certified Practising Accountants.</p>

DIRECTORS' MEETINGS

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Director	A	B
Charles Morgan	8	8
Craig Ian Burton	8	8
Tim Wise	5	5
Jonathon O'Callaghan	2	4
Donal Windrim	-	-

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

PRINCIPAL ACTIVITIES

The principal activity of the company during the course of the financial year consisted of exploration and evaluation of mineral interests.

CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial period were as follows:

- On 22 November April 2001, the Company issued 2,200,000 ordinary shares pursuant to an excluded offer;
- On 28 March 2002, the Company completed the acquisition of the remaining 50% of the issued voting shares in both Hardman Range Copper Pty Ltd and Southdale Holdings Pty Ltd taking its holding to 100%. These companies are both mining exploration companies. Consideration was 5,000,000 ordinary shares and 5,000,000 preference shares;
- On 6 May 2002, the Company issued 13,000,000 ordinary shares and 48,000,000 options (exercisable at 20 cents each on or before 1 June 2005) pursuant to an Initial Public Offering ("IPO") prospectus; and
- On 10 May 2002 the Company was admitted to the official list of ASX.

RESULTS AND DIVIDENDS

The Company's loss after tax attribute to members of the Company for the financial year ending 30 June 2002 was \$123,735 (2001 loss of \$1,667,759)

No dividends have been paid or declared by the Company during the year ended 30 June 2002.

EXPLORATION

A detailed review of the Company's exploration activities is contained in the Review of Operations of this Annual Report.

ENVIRONMENTAL REGULATION

The Company's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its mining exploration activities. Company management monitor compliance with the relevant environmental legislation. The directors are not aware of any breaches of the legislation during the period covered by this report.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

LIKELY DEVELOPMENTS

Further information about likely developments in the operations of the Company and the expected results of those operations in the future financial years has not been included in this report because disclosure would be likely to result in unreasonable prejudice to the Company.

DIRECTORS' EMOLUMENTS

Details of the nature and amount of each major element of the emoluments of each director of the Company and the consolidated entity are:

Director	Base emolument \$	Non-cash benefits \$	Super contributions \$	Total \$
<i>Non-executive</i>				
Tim Wise	25,000			25,000
Charles Morgan	35,000			35,000
<i>Executive</i>				
Craig Burton	90,000			90,000
Donal Windrim	70,000			70,000

OPTIONS

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price (\$)	Number of shares
1 June 2005	0.25	48,000,000

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares
Charles Morgan	2,000,000
Craig Ian Burton	1,400,000
Donal Windrim	2,500,000
Tim Wise	5,000

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The company has agreed not to indemnify the current Directors and Officers of the Company against all liabilities to another person that may arise from their position as Directors and Officers of the Company. The agreement stipulates that the Company will not meet the full amount of any such liabilities including costs and expenses.

INSURANCE PREMIUMS

The Company has not paid insurance premiums in respect of Director's and Officer's liability and legal expenses' insurance contracts, for current Directors and Officers of the Company.



C I Burton
Executive Director

VALDERA RESOURCES LIMITED

ABN 34 090 074 785

FINANCIAL STATEMENTS

30 JUNE 2002

VALDERA RESOURCES LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
YEAR ENDED 30 JUNE 2002

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	Notes	Consolidated 2002 \$	2002 \$	Company 2001 \$
REVENUES FROM ORDINARY ACTIVITIES	2	38,453	241,529	21,484
Write down of exploration and evaluation expenditure		-	-	(1,602,869)
Share of net profit/(losses) of associates accounted for using the equity method	6	98,249	98,249	(542)
Other expenses from ordinary activities	2	(276,437)	(485,418)	(85,832)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		<u>(139,735)</u>	<u>(145,640)</u>	<u>(1,667,759)</u>
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	3	-	-	-
NET LOSS ATTRIBUTABLE TO MEMBERS OF VALDERA RESOURCES LIMITED	9	<u>(139,735)</u>	<u>(145,640)</u>	<u>(1,667,759)</u>
Basic loss per share (cents per share)	16	(0.5)		
Diluted loss per share (cents per share)	16	(0.5)		

The statement of financial performance should be read in conjunction with the accompanying notes.

VALDERA RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2002

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	Notes	Consolidated 2002 \$	2002 \$	Company 2001 \$
CURRENT ASSETS				
Cash assets		3,069,353	3,069,127	334,160
Receivables	4	69,587	98,855	31,774
TOTAL CURRENT ASSETS		3,138,940	3,167,982	365,934
NON-CURRENT ASSETS				
Investments in controlled entities	5	-	1,178,248	-
Investments accounted for using the equity method	6	-	-	499,458
Deferred Exploration and evaluation expenditure	7	1,490,309	339,484	215,085
TOTAL NON-CURRENT ASSETS		1,490,309	1,517,732	714,543
TOTAL ASSETS		4,629,249	4,685,714	1,080,477
CURRENT LIABILITIES				
Payables	8	131,102	193,472	159,619
TOTAL CURRENT LIABILITIES		131,102	193,472	159,619
TOTAL LIABILITIES		131,102	193,472	159,619
NET ASSETS		4,498,147	4,492,242	920,858
EQUITY				
Contributed equity	9	5,825,641	5,825,641	2,588,617
Option premium reserve	10	480,000	480,000	-
Accumulated losses	10	(1,807,494)	(1,813,399)	(1,667,759)
TOTAL EQUITY		4,498,147	4,492,242	920,858

The statement of financial position should be read in conjunction with the accompanying notes.

VALDERA RESOURCES LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2002

	Consolidated	Company	
	2002	2002	2001
Notes	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received	22,797	21,529	21,484
Payments to suppliers	(315,387)	(37,012)	(90,079)
Payments for exploration and evaluation	(62,488)	(56,575)	(11,719)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(355,078)	(72,058)	(80,314)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of shares in associates	-	-	(500,000)
Advances to related parties	-	-	(20,527)
Cash acquired on acquisition of subsidiaries	283,246	-	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	283,246	-	(520,527)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of ordinary shares	2,600,000	2,600,000	800,001
Payment of share issue expense	(272,975)	(272,975)	-
Proceeds from issue of options	480,000	480,000	-
Advances from unrelated parties	-	-	20,000
Advances from related parties	-	-	115,000
NET CASH FLOWS FROM FINANCING ACTIVITIES	2,807,025	2,807,025	935,001
NET INCREASE IN CASH HELD	2,735,193	2,734,967	334,160
Opening cash brought forward	334,160	334,160	-
CLOSING CASH CARRIED FORWARD	3,069,353	3,069,127	334,160

The statement of cash flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except as otherwise stated.

(b) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Valdera Resources Limited (the parent company) and all entities that Valdera Resources Limited controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(c) Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits are stated at the lower of cost and net realisable value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and money markets investments readily convertible to cash within 2 working days net of outstanding bank overdrafts.

(d) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due.

(e) Investments

Investments in associates are carried at the lower of the equity-accounted amount and recoverable amount. All other non-current investments are carried at the lower of cost and recoverable amount.

(f) Deferred Exploration and Evaluation Expenditure

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of area of interest that is abandoned are written off in the year in which the decision to abandon is made.

(g) Payables and Loans

Liabilities are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed.

All loans are measured at the principal amount. Interest, when charged, is recognised as an expense on an accruals basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Share Capital

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising as a result of ordinary shares issued at balance date are recognised directly in equity as a reduction of the share proceeds received.

(i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest

Control of the right to receive the interest payment.

(j) Income Tax

Tax effect accounting has been adopted. The income tax expense in the statement of financial performance has been determined after adjusting for income and expenditure that are not assessable or allowable for taxation purposes.

Future income tax benefits are not brought to account unless:

- in the opinion of the directors, realisation of the benefits is virtually certain;
- expected future assessable income is derivable of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions of deductibility imposed by tax legislation can continue to be complied with; and
- no changes in tax legislation adversely affect Valdera Resources Limited or its controlled entities in realising the benefit.

The income tax expense has been calculated using 30%. Details are shown in Note 3.

(k) Recoverable Amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have not been discounted to their present value.

(l) Earnings Per Share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

As this is the first year this accounting policy has been applied, no comparative information has been disclosed.

VALDERA RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2002 (cont'd)

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	Notes	Consolidated 2002 \$	Company 2002 \$	2001 \$
2. LOSSES FROM ORDINARY ACTIVITIES				
(a) Revenues from operating activities				
Interest				
Other persons/corporations		22,797	21,529	21,484
Revenue from services		15,656	220,000	-
Total revenues from operating activities		38,453	241,529	21,484
(b) Other expenses from ordinary activities				
Corporate administration costs		276,437	265,418	85,832
Provision for diminution in value of investment		-	(220,000)	-
Total other expenses from ordinary activities		276,437	45,418	85,832

3. INCOME TAX

The prima facie tax, using tax rates applicable in the country of operation, on operating loss differs from the income tax provided in the financial statements as follows:

Prima facie tax benefit on loss from ordinary activities:	(41,920)	(43,692)	(567,038)
Tax effect of permanent differences:			
- Non-deductible expenses	996	255	-
- Share of associate's net loss	(29,475)	(29,475)	184
- Write off of deferred expenditure	-	-	544,975
- Formation costs	-	-	3,750
- Consultants costs	-	-	6,531
- Provision for diminution in investment	-	66,000	-
- Future income tax benefit not brought to account	70,399	6,912	11,598
Income tax expense attributable to ordinary activities	-	-	-

Future income tax benefits have not been brought to account as the virtual certainty of all these benefits being realised cannot be assured and will be brought to account over future years and as and when the virtual certainty criteria are met (refer Note 1).

	Company 2002 \$	2001 \$
Income Tax Losses		
Future income tax benefit arising from tax losses not brought to account at balance date as realisation is not regarded as virtually certain.	156,594	3,494

VALDERA RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2002 (cont'd)

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	Notes	Consolidated 2002 \$	Company 2002 \$	2001 \$
4. RECEIVABLES (CURRENT)				
Related party receivables:				
- associates		-	-	20,527
- subsidiary		-	52,137	-
Other receivables		69,587	46,718	11,247
		<u>69,587</u>	<u>98,855</u>	<u>31,774</u>

(a) *Terms and conditions*

Terms and conditions relating to the above financial instruments.

- i. Related party receivables are non-interest bearing and have no repayment terms.
- ii. Other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

5. INVESTMENTS

Investments in controlled entities				-	1,178,248	-
				<hr/>		
	Country of Incorporation	Percentage of Equity Interest held by the consolidated entity		Carrying value of investment		
		2002	2001	2002	2001	
		%	%	\$	\$	
Investments in subsidiaries						
Hardman Range Copper	Australia	100	50	751,847	-	
Southside Holdings Pty Ltd	Australia	100	50	646,404	-	
				<hr/>	<hr/>	
Provision for diminution				1,398,248	-	
				(220,000)	-	
				<hr/>	<hr/>	
				1,178,248	-	

The investments in subsidiaries were previously accounted for using the equity method, refer to note 6.

In accordance with a resolution of the directors of Valdera Resources Limited, I state that:

In the opinion of the directors:

- a) the financial statements and the notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the period ended that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the board in Perth and dated 27 September 2002.

A handwritten signature in black ink, appearing to read 'Craig Burton', written in a cursive style.

Craig Burton
Executive Director

Perth, 27 September 2002



■ Central Park
152 St Georges Terrace
Perth WA 6000
Australia

■ Tel 61 8 9429 2222
Fax 61 8 9429 2436

CPO Box M939
Perth WA 6843

INDEPENDENT AUDIT REPORT

To the members of Valdera Resources Limited

Scope

We have audited the financial report of Valdera Resources Limited for the financial year ended 30 June 2002, as set out on pages 9 to 29, including the Directors' Declaration. The financial report includes the financial statements of Valdera Resources Limited, and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

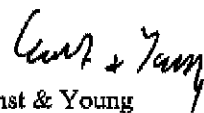
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

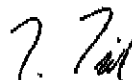
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Valdera Resources Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.


Ernst & Young



V W Tidy
Partner
Perth

Date: 27 September 2002