

# VALDERA RESOURCES

LIMITED (ACN 34 090 074 785)

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31 January 2003

Manager Announcements  
Companies Announcements Office  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

*via electronic lodgment*

Dear Sir/Madam,

## **QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 31 DECEMBER 2002**

### **SUMMARY**

Field programs were continued at Corkwood in the Kimberley, and at Freddie Well and Currans Well in the Murchison. This involved extensive ground geophysical surveys and follow-up drilling at each project. A substantial zone of near-surface nickel mineralisation has been outlined at Corkwood.

### **PROJECT REVIEWS**

#### **Corkwood Nickel Project**

##### **E80/2360 (Valdera acquiring 100%)**

An initial program of reverse circulation drilling was undertaken in the September quarter to test the overall continuity and down-dip extent of the mineralised zone mapped by this conductor. Drillhole CWRC003 intersected massive sulphides that yielded the following assay results:

CWRC003: 14m @ 1.08% Ni, 0.23% Cu, 0.06% Co from 28 metres.

A follow-up drilling program consisting of 18 RC holes (totalling 1,024 metres) was completed in November with the objective of defining additional near-surface mineralisation and assessing the potential for a nickel resource. This programme confirmed a high degree of continuity of near surface nickel sulphide mineralisation over approximately 250 metres of strike. Mineralisation remains open to the north and on some sections where mineralisation appears to occur as discrete higher grade shoots. The currently known mineralised zone lies within 50m of surface, with down-hole widths averaging 6m. The average grade is 1.0% Ni equivalent (Ni+0.2Cu+1.6Co).

Valdera is proceeding with geologic modeling and the calculation of a preliminary resource estimate. It is anticipated that further exploration will include mapping of the northern extension for gossan occurrences. The most encouraging drilling results are as follows:

CWRC006: 7m @ 0.77% Ni, 0.18% Cu, 0.04% Co from 9 metres  
CWRC008: 13m @ 0.82% Ni, 0.15% Cu, 0.04% Co from 16 metres  
CWRC011: 6m @ 0.80% Ni, 0.11% Cu, 0.04% Co from 10 metres  
CWRC012: 4m @ 1.25% Ni, 0.21% Cu, 0.06% Co from 45 metres.

### **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.

A ground electromagnetic ('EM') survey was commenced over the southern half of the project area. This survey has highlighted a number of conductor targets in prospective geological settings. Many of these anomalies remain open to the north where the survey has not been completed. Two targets have been partially drill tested with a limited initial drilling programme at the end of the quarter. A total of four RC holes were completed for 805m. Drilling results were disappointing, however the targets have not been adequately tested and further assessment is required.

The eastern target was tested with two drill holes on a single line of drilling on a conductor that has been identified over a strike length in excess of 1.5km. Both drill holes intersected steeply dipping massive sulphides at the base of a komatiite flow in contact with a mafic footwall. Nickel tenor in the sulphides intersected was low. Further assessment will need to be made on the potential of nickel tenor to increase along strike in the sulphide body.

Drilling at the western target failed to test the interpreted sulphide location due to drilling difficulties and the conductor remains untested. A number of other strong bedrock conductors remain to be tested by drilling.

### **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.

Valdera has completed an RC drilling programme testing poorly drilled EM targets along strike from the existing resource areas. A total of seven RC drill holes were completed for 1,565m. Results have been disappointing with conductors being largely associated with pyrrhotite, pyrite and magnetite bodies.

Very little work has been completed on the Freddie Well VMS system below a depth of 200 metres and future work will be focussed on this potential. Valdera will seek a partner to assist in furthering exploration on this property including EM and diamond drilling.

## **Hermit Hill Ni-Cu Project**

**EL 23/106, EL23727-729 (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.

Land access discussions continued during the quarter and the National Native Title Tribunal has confirmed that processing of the tenement application will follow the Expedited Procedure. Recent review of available data has been encouraging and Valdera has made applications for a further three exploration licences in neighbouring areas.

## **Cane River Cu-Au Project**

**E08/1361, E08/1364, E081369, E08/1370 (Valdera 100%)**

Review of historical data has further highlighted the potential of this area to host iron-oxide Cu-Au ("IOCG") deposits such as Olympic Dam and Ernest Henry. An additional three exploration licence applications were made over prospective aeromagnetic and gravity targets.

An MMI geochemical survey was conducted in order to confirm a soil geochemical anomaly generated by a previous explorer. The MMI technique has been successful in further defining this target as a high order anomaly. Additional MMI sampling will be conducted in the coming months.

## **Bangemall Basin**

**E09/1110, E52/1666 (Valdera 100%)**

Review of Valdera's regional target database has identified two poorly tested magnetic targets within prospective rocks of the Bangemall Basin in central WA. The target is copper, zinc and silver in sedimentary rocks. Two small tenement applications have been made to cover these features. Both targets are bullseye magnetic highs situated on interpreted major fault structures. These anomalies have a clear affinity with the large Abra deposit (200mt @ 1.89% Pb, 6g/t Ag, 0.18% Cu, 6% Ba) located some tens of kms to the east within the Bangemall Basin.

## **Ord Basin Copper Project**

**E80/2219-2221 inclusive, E80/2759-2763 inclusive, E80/3165 and P80/1428-1431 (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.

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

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.

The Sugar Springs tenement E80/2100 was relinquished. In addition, 28 Prospecting Licence applications have been withdrawn. Valdera will now look for a suitable partner to aid in the further exploration of this large regional copper project.

### **Turkey Creek Ni-Cu Project**

#### **E80/2529 (Valdera acquiring 100%)**

Reconnaissance mapping has downgraded the potential of this property to host significant volumes of nickel sulphides. It has therefore been decided not to proceed with the acquisition of this project.

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")

31 December 2002

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		0
1.2 Payments for		
(a) exploration and evaluation	(391)	(699)
(b) development	0	0
(c) production	0	0
(d) administration	(53)	(183)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	17	30
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
	<b>(427)</b>	<b>(852)</b>
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	0	0
(b) equity investments	0	0
(c) other fixed assets	0	(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
		<b>(3)</b>
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows	<b>(427)</b>	<b>(855)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (carried forward)	(427)	(855)
<b>Cash flows related to financing activities</b>			
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)	0	(27)
<b>Net financing cash flows</b>		0	(27)
<b>Net increase (decrease) in cash held</b>		(427)	(881)
1.20	Cash at beginning of quarter/year to date	2,615	3,069
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	<b>Cash at end of quarter</b>	2,188	2,188

**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	56
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 \$6,874.

A bonafide reimbursement of expenses of \$7,945 was paid to Sequentes Pty Ltd, a company in which Mr Craig Burton is a director.

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 \$25,667.

Administrative services were provided by Hartree Pty Ltd, a company in which Mr Donal Windrim is a director, under normal commercial terms and conditions for the period aggregated \$15,990.

**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

+ See chapter 19 for defined terms.

Nil

### 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	260
4.2 Development	0
<b>Total</b>	260

### 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	161	55
5.2 Deposits at call	2,026	2,560
5.3 Bank overdraft	0	0
5.4 Other (provide details)	0	0
<b>Total: cash at end of quarter (item 1.22)</b>	2,188	2,615

+ See chapter 19 for defined terms.

## 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	E80/1200	Direct through subsidiary	100%	0%
	E80/2368	Direct through subsidiary	100%	0%
	P 80/1432	Direct through subsidiary	100%	0%
	P 80/1433	Direct through subsidiary	100%	0%
	P 80/1434	Direct through subsidiary	100%	0%
	P 80/1435	Direct through subsidiary	100%	0%
	P 80/1436	Direct through subsidiary	100%	0%
	P 80/1437	Direct through subsidiary	100%	0%
	P 80/1438	Direct through subsidiary	100%	0%
	P 80/1439	Direct through subsidiary	100%	0%
	P 80/1440	Direct through subsidiary	100%	0%
	P 80/1441	Direct through subsidiary	100%	0%
	P 80/1442	Direct through subsidiary	100%	0%
	P 80/1443	Direct through subsidiary	100%	0%
	P 80/1444	Direct through subsidiary	100%	0%
	P 80/1445	Direct through subsidiary	100%	0%
	P 80/1446	Direct through subsidiary	100%	0%
	P 80/1447	Direct through subsidiary	100%	0%
	P 80/1448	Direct through subsidiary	100%	0%
	P 80/1449	Direct through subsidiary	100%	0%
	P 80/1450	Direct through subsidiary	100%	0%
	P 80/1451	Direct through subsidiary	100%	0%
	P 80/1452	Direct through subsidiary	100%	0%
	P 80/1453	Direct through subsidiary	100%	0%
	P 80/1454	Direct through subsidiary	100%	0%
	P 80/1455	Direct through subsidiary	100%	0%
P 80/1456	Direct through subsidiary	100%	0%	
P 80/1457	Direct through subsidiary	100%	0%	
P 80/1458	Direct through subsidiary	100%	0%	
P 80/1459	Direct through subsidiary	100%	0%	
6.2 Interests in mining tenements acquired or increased	P80/1428	Direct through subsidiary	0%	100%
	P80/1429	Direct through subsidiary	0%	100%
	P80/1430	Direct through subsidiary	0%	100%
	P80/1431	Direct through subsidiary	0%	100%

+ See chapter 19 for defined terms.

**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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	48,131,291	34,718,765		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <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 <b>Debentures</b> <i>(totals only)</i>	0			
7.12 <b>Unsecured notes</b> <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

..... Date: ..31/1/2003

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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