

Vulcan Resources

Developing Base Metals in Finland

ABOUT VULCAN RESOURCES

Vulcan Resources Limited is a base and precious metals development and exploration company in Finland.

Vulcan provides unique exposure to copper-cobalt-nickel in a location where sovereign risk is minimal.

The Company's primary focus is the completion of a definitive feasibility study on its 100% owned Kylylahti copper-cobalt project located in eastern Finland which has a Resource of 7.85 million tonnes grading 1.17% copper, 0.24% cobalt, 0.22% nickel, 0.49% zinc and 0.70 g/t gold.

The Kuhmo Nickel Project is 95% owned by Vulcan and has a Resource containing 30,000 tonnes of nickel metal and over 120,000 ounces of platinum, palladium and gold.

Vulcan also has extensive iron-vanadium-titanium, nickel-copper and platinum group element projects in northern Finland.

ASX Code: VCN

Shares on issue (Pre Rights Issue): 109m shares, 22.6m options

Market capitalisation (Pre Rights Issue): \$49m @ \$0.45 per share

Vulcan Resources Limited
Ground Floor, 1 Altona Street
West Perth WA 6005
Tel: +61 8 9485 2929
Fax: +61 8 9486 4933
admin@vulcanresources.com.au

Quarterly Report - June 2007

- European investors support Vulcan by underpinning A\$49 million Rights Issue.
- Vulcan will seek a listing on the Oslo OTC market on completion of the Rights Issue and on the Oslo Stock Exchange by December 2007.
- Multiple shallow intersections of massive nickel sulphides at the Peura-aho nickel deposit including 57.6 metres from surface grading 1.3% nickel, 0.6% copper and 1.2 g/t palladium plus platinum. Results pending from the Hietaharju and Vaara deposits.
- Vulcan expects to make a decision to proceed with Kylylahti in September 2007 and is moving to commence pre-production engineering, ordering of long lead items and negotiating of mining and EPCM contracts in preparation for a start of site works at the end of 2007/early 2008.
- An independent Resource Estimate for Kylylahti of 7.9 million tonnes at 1.2% copper, 0.24% cobalt, 0.22% nickel, 0.49% zinc and 0.7 g/t gold was released. This represents higher grades and more contained metal than the previous Resource and an average 90% uplift in contained metal since acquisition 30 months ago.

www.vulcanresources.com.au

OVERVIEW

Pareto Securities back A\$49m Rights Issue and Oslo listing

The quarter saw Vulcan transformed with the Company securing the backing of Pareto Securities (“Pareto”), a Norwegian broking house based in Oslo. Pareto have agreed to place the shortfall from an A\$49 million rights issue to their Norwegian and European institutional clients. In addition, LinQ Capital Limited has subscribed for A\$3 million under its Convertible Note facility. Vulcan is now well funded to aggressively develop its projects.

We are setting ourselves a number of goals to achieve this year.

Kylylahti

- Complete a definitive feasibility study and make a decision to proceed by September 2007.
- Engage EPCM Contractor to design and construct project.
- Finance mine development through a mix of project debt, equity, offtake financing and government grants/loans with a bias towards structures that minimise delay and provide flexibility.
- Secure binding offtake contracts for copper-gold concentrate and nickel-cobalt hydroxide.
- Commence site works in late 2007 and mine development in early 2008 to achieve a commissioning date of December 2009.
- Commence drilling to explore deposit extensions and nearby deposits with the aim of doubling Resources to extend mine life towards 20 years with increased annual production.

Aiming to double the Kylylahti Resource

Targeting a 50,000t nickel metal Resource at Kuhmo

Kuhmo Nickel

- Drill out of the shallow open pittable portion of the six known deposits to lift global Resources to 50,000t of contained nickel.
- Complete definitive metallurgy on each deposit.
- Complete a scoping study on open pit nickel mines and a central processing plant.

Corporate

- Create a strong European institutional and retail shareholder base through seeking a secondary listing of Vulcan on the Oslo Stock Exchange OTC market in August 2007, the full board in Oslo in November 2007 and Frankfurt in September 2007.

People

- Build a team of mining professionals in Finland to develop and operate the mines and to conduct exploration in the Nordic countries.

KYLYLAHTI DEFINITIVE FEASIBILITY STUDY

Study nearing completion

SNC-Lavalin Australia Pty Ltd (“SNC”), the Definitive Feasibility Study Manager, is in the final stages of the study, with the results planned for completion at the end of August 2007. The study has moved from the stage of collection of technical data to design, engineering and costing.

Mine schedules are being updated following the update of the Resource estimate and of improved metallurgical recoveries resulting from variability testwork.

The study has settled on the option of building a new roaster at the Kemira GrowHow Metallurgical Complex with a capacity 20% larger than the existing roasters at Kemira GrowHow. This will allow the mine production to be unconstrained by concentrate roasting capacity and permit the project to maximise revenues as early as possible. A suite of agreements with Kemira GrowHow which give effect to this strategy are nearing completion. The Letter of Intent under which the partners have been operating has been extended pending completion of these agreements.

Metallurgical testwork is complete with reports being finalised, engineering of the concentrator and the roaster is nearing completion. Engineering for the hydrometallurgical facility is well advanced. Hydrology, tailings management, design and paste testwork and design are complete.

Cost estimation has commenced and the Study Manager, SNC advises that results of the study will be available in August. Vulcan does not expect to be able to release the results until September 2007.

All feasibility study testwork is complete, apart from confirmatory leach recovery testwork to be completed through July and early August. All major plant design areas are nearing completion with only the hydrometallurgical circuit remaining to be engineering to completion. Integration of the various elements of the project; mine, concentrator and concentrate processing plant, is advancing to determine the optimum ramp up schedule for the project. Write up of the study has commenced.

The design by Golders of the tailings management facility and by PasteTec in Canada of the paste plant for stope backfilling are nearing completion.

The permitting process is continuing with the principal Kylylahti permit expected to be granted by October/November 2007. Vulcan has negotiated an option to purchase a key property in the project area.

The permitting process for installation of new metallurgical facilities at the Siilinjärvi metallurgical and industrial complex owned by Kemira GrowHow is underway and will be available in 2008.

KYLYLAHTI RESOURCE

Resource Upgrade Results of the Independent Resource Estimate carried out as part of the Definitive Feasibility Study have been received.

Independent consultants, Quantitative Group, have advised a total Measured, Indicated and Inferred Resource of 7.85 million tonnes at the grades specified in Table 1.

Table 1: Title

Resource Classification	Tonnes	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)
Measured	686,000	1.17	0.24	0.22	0.36	0.50
Indicated	6,973,000	1.17	0.24	0.22	0.50	0.72
Inferred	195,000	1.34	0.28	0.23	0.62	0.96
TOTAL	7,854,000	1.17	0.24	0.22	0.49	0.70

The Resource contains an estimated 92,000 tonnes of copper, 18,850 tonnes of cobalt, 17,280 tonnes of nickel, 38,485 tonnes of zinc and 177,000 ounces of gold.

The principal changes from the Resource Estimate announced in January 2007 are as follows:

- Contained copper metal and grades up 15% and 9% respectively
- Contained cobalt metal and grades up 15% and 9% respectively
- Contained nickel metal up 5%
- Tonnes up by 5%
- Confidence levels improved

Since acquiring the Kylylahti deposit 30 months ago the tonnage of the Resource has more than doubled and the contained copper has increased 55% from Outokumpu's prior estimates, cobalt 87%, nickel 150%, gold 80%.

Kylylahti remains open at depth and the Company will re-commence drilling in August. Geological understanding has improved and our target is to lift the Resource beyond 10 million tonnes with the aim of further extending the mine life beyond 13 years and continuing to improve grades.

KUHMO NICKEL

Drilling

The first phase of shallow drilling was completed at Peura-aho and Hietaharju and drilling has commenced at Vaara. Twenty eight holes were completed during the quarter totalling 1,697 metres.

Following the early success of the drilling at Peura-aho, the programme has been extended from 2,500 metres to 5,000 metres. This will allow completion of the drill out of 6 deposits and permit additional drilling at the deposits that have already produced encouraging results. Approximately half of the 5,000 metres will be completed by the end of July 2007 and the second phase of the programme will commence in September 2007 after the Finnish summer break.

Results – Peura-aho

The first round of drilling at Peura-aho was completed. The majority of these holes were targeted to investigate the massive and disseminated sulphides down to 50 metres vertical depth along the prospective ultramafic basal contact and in the footwall of the known mineralisation. A MMI anomaly north-west from the Peura-aho deposit was also drill tested. Results are presented in Table 2.

The results confirm that there are multiple massive sulphide layers and veins within the footwall felsics. Also, the previously poorly known zone of disseminated and massive sulphides at the footwall contact of ultramafic rocks was proven to be significantly thicker and more continuous than expected. There are three discrete types of nickel mineralisation at Peura-aho. All mineralisation is open at depth but is partly constrained laterally.

- High grade massive sulphide mineralisation occurs in felsic footwall rocks as layers up to 3 metres thick and as veins and breccias from 5 metres to 15 metres below the contact with ultramafic rocks.
- Massive and disseminated sulphides up to 4 metres thick occur on the felsic-ultramafic contact and are hosted in amphibole–chlorite rocks.
- Disseminated mineralisation is up to 10 metres thick and occurs some 25 metres above the contact within serpentinite.

Table 2. Peura-aho Drilling Results - June 2007

Hole	From (m)	Interval (m)	Ni (%)	Cu (%)	Co (%)	Pd (g/t)	Pt (g/t)	Pd+Pt (g/t)
PA25*	47.7	1.95	0.49	0.07	0.03	0.25	0.02	0.27
"	55.3	6.0	2.16	0.62	0.14	2.49	1.61	4.1
PA26*	33.4	4.1	0.79	0.37	0.04	0.63	0.02	0.65
"	48.7	1.2	1.9	0.8	0.11	2.44	1.36	3.8
PA27*	16.55	2.7	1.76	0.55	0.09	2.27	0.61	2.88
PA28	2.5	0.4	0.78	0.16	0.09	0.85	0.55	1.4
"	8.1	12.7	0.95	0.59	0.04	0.76	0.05	0.81
incl	8.1	6.1	1	0.50	0.04	0.69	0.07	0.76
incl	15.5	5.3	1.11	0.82	0.04	0.99	0.04	1.03
PA29	2.7	0.9	1.55	0.78	0.09	2.67	0.16	2.83
"	16	2.0	1.43	0.72	0.09	1.81	1.06	2.87
incl	16	0.5	2.22	1.09	0.11	2.49	2.17	4.66
PA29	46	2.2	1.5	0.26	0.06	1.3	1.28	2.58
incl	46	1.0	2.88	0.33	0.11	1.56	2.08	3.64
PA30	61.7	0.3	3.23	1.13	0.12	1.75	2.72	4.47
PA31	41.4	2.6	0.48	0.23	0.02	0.29	0.04	0.33
incl	42.8	1.2	0.78	0.29	0.04	0.36	0.01	0.37
"	47.8	3.4	1.52	0.54	0.04	1.16	0.01	1.17
incl	47.8	2.2	2.05	0.65	0.05	1.51	0.01	1.52
PA32	52.7	0.1	1.51	0.02	0.02	1.78	0.92	2.70
"	63.7	0.1	1.65	0.08	0.03	1.46	1.79	3.25
PA33	19.5	3.9	0.82	0.37	0.04	0.83	0.47	1.3
incl	19.5	1	1.07	0.3	0.04	0.36	0.22	0.58
PA34	29.3	4.0	1.11	0.66	0.05	0.51	0.54	1.05
PA35	28.7	9.6	0.9	0.48	0.04	0.66	0.43	1.09
incl	38.2	0.15	2.26	0.44	0.15	3.07	0.84	3.91
PA36	No significant assays							
PA37	0	4.95	1.18	0.67	0.06	1.18	0.36	1.54
incl	0	3.9	1.3	0.6	0.07	1.28	0.45	1.73
PA38	0	57.6	1.32	0.56	0.07	1.04	0.19	1.23
incl	0	11.4	1.77	0.64	0.13	2.09	0.67	2.76
incl	14.1	5.1	1.33	1.30	0.05	1.26	0.2	1.46
incl	24.2	26.55	1.7	0.63	0.07	1.01	0.07	1.08
incl	54.6	3.0	1.15	0.25	0.11	0.73	0.03	0.76
PA39	Geochemical target outside known deposit, minor sulphides logged: Assays pending							
PA40	Several <0.2m massive sulphide veins logged: Assays pending							

Two holes were drilled down the interpreted plunge of the mineralisation in attempt to study the oxidation profile of the massive sulphides. The first attempt, intersected from surface approximately 5 metres of dominantly disseminated sulphides. A Second attempt was very successful. The hole intersected 5 thick, and 2 thinner units of semi-massive/massive sulphides totalling 57 metres. Whilst it is clear that this intersection does not represent true thickness, the geometry of footwall massive sulphides remains unclear and as a variable fabric is evident.

Only the upper 3 metres of the mineralisation is weakly to moderately oxidised along fractures with fresh sulphide forming the majority of the rock.

One hole was drilled to investigate a MMI anomaly northwest from Peura-aho. The hole intersected approximately 55 metres of a previously unknown ultramafic unit with a serpentinite core and chlorite-amphibole rocks at both contacts. Very weak, <1% pyrrhotite dissemination can be observed over 2 metres from 47 metres, immediately below the MMI anomaly, assays are pending.

Results
- **Hietaharju**

At Hietaharju a total of ten holes were completed (Table 3) and assays are pending. The main objective of the programme was to infill the previous section spacing down to 12.5 metres along 75 metres of strike length and check the validity of the prior geological models. Seven of these holes returned excellent results, including intersecting previously unknown zones of massive sulphide.

Table 3. Hietaharju Drilling Results

Hole	Length	Results	Depth from (m)
SMS/HIE-21	74.70	5cm massive sulphides within ultramafics	37
SMS/HIE-22	55.40	27cm massive sulphides, 10.3m of disseminated sulphides with thin massive parts	10.8, 29.6
SMS/HIE-23	71.70	30cm massive and 8.8m of strongly disseminated	35.4, 38.3
SMS/HIE-24	54.10	5.2m, 1.7m massive and 0.7m semi-massive sulphides	10.85, 21.4, 30.7
SMS/HIE-25	73.80	3.15m, 1.05m, 2.15m and 0.25m massive sulphides	1.75, 29.07, 33.17, 38.25
SMS/HIE-26	56.20	0.9m massive, 11.5m disseminated, 1.5m + 0.85m semi-massive and 0.6m massive sulphides	18.8, 29.1, 41.4, 43.7, 45.9
SMS/HIE-27	75.00	1.0m semi-massive, 0.1m and 0.75m massive sulphides	15.7, 30.5, 48.0
SMS/HIE-28	51.70	4.1m massive sulphides	24.7
SMS/HIE-29	47.10	BARREN	
SMS/HIE-30	28.85	BARREN	

Three types of mineralisation have been identified. The most common type is pyrrhotite dominated massive sulphides with significant amounts of chalcopyrite and pentlandite. The second most common type is pyrrhotite+chalcopyrite (pentlandite) disseminations of up to 10% in talc-carbonate lithologies. Disseminated units often contain thin massive veins at contacts or within the unit. The third and rarest type was intersected in one hole, being strongly disseminated to semi-massive sulphides rich in magnetite.

Drilling
- **Vaara**

All 10 holes drilled at Vaara were targeted to investigate the known mineralisation down to 50 metres vertical depth and infill of the previous 50 metres section spacing down to 25 metres. All holes intersected moderate to very good intervals of disseminated sulphide mineralisation within serpentinite (Table 4). Assays are pending.

Table 4. Vaara Drilling Results

Hole	Length	Results	Depth from (m)
SMS/SK-50	75.50	5m and 6m of weak dissemination	54.0, 67.0
SMS/SK-51	85.30	3.6m and ~3m of 2% sulphide dissemination	0.4, 38.0
SMS/SK-52	50.50	9.5m of ~4% sulphide dissemination	18.0
SMS/SK-53	16.95	3.5m of 3% dissemination Cemented → to be continued	6.0
SMS/SK-54	56.70	~19m of 3-5% dissemination	30.0
SMS/SK-55	60.60	~5m of 2-7% dissemination Cemented → to be continued?	51.0
SMS/SK-56	70.45	~12m of 2-5% dissemination Cemented → to be continued?	54.0
SMS/SK-57	59.90	4m of ~5% dissemination and ~1m of 5% dissemination	11.0, 49.0
SMS/SK-58	69.90	4.5m of 2-3%, ~4m of 2-5% and ~5m of 5-7% dissemination	11.0, 49.0
SMS/SK-59	53.75	In progress	23.0, 50.0, 56.0
TOTAL	599.55		

The dominant sulphide occurs as fine to medium grained disseminations in fine grained, massive serpentinite is suspected to be millerite or heazlewoodite.

Drilling at Vaara will continue in July 2007. An additional three holes are planned to test two individual co-incident geophysical and MMI anomalies at the interpreted footwall contact zone SW from the deposit.

The Vaara programme when complete is scheduled to be finished in mid to late July. The Sika-aho programme will start in September 2007.

Tenements

Suomussalmi area claim reservation applications “Kianta 1” and “Hakovaara” as well as claim application “Hoikka” were submitted to permitting authorities on the 14th of May. “Kianta 1” and “Hakovaara” claim reservations were granted on the 5th of June 2007.

Changes in the tenement holding during the quarter are detailed on the attached schedule.

CORPORATE ACTIVITY

Cash at hand

As reported in the attached Appendix 5B, cash on hand at end of June 2007 was A\$5.9 million.

Rights Issue

On 27 June 2007 Vulcan announced a \$49 million capital raising and a decision to seek a co-listing on the Norwegian Stock Exchange (Oslo Bors).

The capital raising was effected through a 1-for-1 non-renounceable rights issue at \$0.45 per share, supported by Pareto Securities ASA, one of Scandinavia’s leading stockbroking groups.

Proceeds from the issue will be used to accelerate the development of the Kylylahti Copper-Cobalt-Nickel Project and Resource delineation and evaluation of the Kuhmo Nickel Project.

Pareto has entered into an agreement which provides Vulcan with a firm undertaking guaranteeing to place any shortfall to the issue. Pareto have placed shortfall shares to its European and Norwegian institutional and other clients.

The Rights Issue raised \$49 million (US\$41 million) before costs. The record date for entitlement to the rights was 6 July 2007 and the Prospectus was despatched to eligible security holders on 10 July. The closing date for the Rights Issue was 24 July.

In addition, LinQ Capital Limited has agreed to subscribe for 6.7 million shares at an issue price of \$0.45 per share for a total consideration of \$3 million. The shares were offered to LinQ by the Company under the terms of its Convertible Note as described in the Rights Issue prospectus.

Vulcan has agreed with Pareto to seek a listing on the ‘OTC’ market in Oslo followed by a dual listing on the Oslo Bors. The Company believes that there is a substantial institutional and retail demand for Resource stocks in the Nordic countries and elsewhere in Europe and, in particular, for companies such as Vulcan with operations in the Nordic countries.

Pareto is one of Scandinavia’s leading broking and financial services company based in Oslo, Norway. Pareto was founded in 1986 and offers a broad range of services in securities broking, equity raisings, debt raisings, advisory services, funds management, project finance and asset broking and management. Pareto has recently managed the listing of resource companies Northland Resources, Crew Minerals and London Mining on the Oslo Bors.

The Oslo Bors is a regulated international securities market which offers trading in equities, derivatives and bonds. Market capitalisation of listed companies is €280 billion (A\$450 billion). Trading volumes are €320 billion (A\$512 billion) per annum and 70% of trading originates outside Norway. Trading is highly liquid with volumes three times that on London's AIM market despite there being a sixth of the number of listings.

OVERVIEW OF THE KYLYLAHTI PROJECT

Vulcan's principal asset is the Kylylahti copper-cobalt-nickel project, located in central eastern Finland. The project is 380 kilometres north-east of Helsinki, and is accessible by a sealed road and by air via Joensuu, 40 kilometres to the south-east. The Kylylahti deposit was discovered by Outokumpu Oy in 1984 and sits within the historic Outokumpu copper mining district centred on the North Karelia Schist Belt.

The project was purchased by Vulcan's subsidiary company, Kylylahti Copper Oy, in December 2004. Ninety holes were drilled into the deposit by Outokumpu (33,265 metres) and, including geotechnical holes, Vulcan has drilled 43 holes (15,075 metres) up until March 2007. The Resource estimate was completed by Vulcan and its consultant Quantitative Geoscience Pty Ltd. The estimate was reported according to the JORC Code and has a total Indicated plus Inferred Mineral Resource of 7.85 Mt at a grade of 1.17% copper, 0.24% cobalt, 0.22% nickel, 0.49% zinc and 0.70 g/t gold within geologically defined domains.

Vulcan is completing a Definitive Feasibility Study for the mining, processing, and sale of products from the Kylylahti deposit. Vulcan's timetable sees completion of the Definitive Feasibility Study in August 2007, with the commencement of construction activities at the project site at the end of 2007 and the first ore production predicted mid 2009. Vulcan proposes an underground mining operation accessed by a decline which will see ore generated from conventional longhole open stopes with filling of underground voids with paste fill injected from surface. Ore production will commence at a rate of 260 ktpa, rising to a peak production rate of approximately 550 ktpa in the second year of production. Geotechnical studies have confirmed that stope spans are limited only by orebody dimensions.

Vulcan's current processing plan is to crush and concentrate the ore by flotation on site to yield two products - a copper-gold concentrate and a polymetallic bulk sulphide concentrate.

The copper-gold concentrate will be trucked to a railhead at Vuonos, some 15 kilometres to the south-west of the mine site, and then railed to the Finnish port of Pori, some 400 kilometres to the west of Kylylahti. Letters of intent to purchase the copper-gold concentrate have been obtained from New Boliden, which owns a smelter at Harjavalta and a refinery at Pori (27 kilometres to the north-west), and from Norddeutsche Affinerie AG, which owns a smelter and refinery in Hamburg, Germany (accessible by sea from Pori).

The bulk sulphide concentrate is planned to be trucked to Siilinjärvi, some 100 kilometres to the north-west of Kylylahti. Vulcan plans to build a roaster at an existing roasting facility and acid plant facility owned by Kemira GrowHow at Siilinjärvi to produce a calcine product which will be treated in a leach plant to be built by Vulcan adjacent to the Siilinjärvi roaster complex. The products from the leach plant will be cobalt and nickel hydroxide and probably zinc sulphate and copper sulphate, which are all high value, low volume products for which Vulcan is currently negotiating off take agreements with a number of interested parties.

The Kylylahti mine and plant are located on three granted mining leases. The proposed tailings storage facility requires a lease extension which is expected to be granted in mid 2007. Vulcan

commenced environmental permitting in 2005 with baseline studies which have indicated no significant environmental issues. Vulcan has completed formal community consultation with the residents of Polvijärvi, commissioned a Social Impact Study which has resulted in positive comments from both the local community and local government and has applied for a permit to operate with the expectation that this will be granted in the fourth quarter of 2007.

Vulcan has appointed SNC-Lavalin Australia as Study Manager and has engaged Outokumpu Technology to engineer additions and modifications to the plant.

OVERVIEW OF THE KUHMO NICKEL PROJECT

The Kuhmo Nickel Project is 95% owned by Vulcan and comprises a discontinuous holding of tenements over 150 kilometres of north-south strike of the Kuhmo-Suomussalmi greenstone belt in eastern central Finland. This greenstone belt has close geological similarities to the Leinster - Wiluna greenstone belt of Western Australia and many of the deposits identified to date are geological analogues of significant Australian nickel mines. Both belts are 2.75 billion years old. The type example of these komatiite hosted nickel deposits is Kambalda in Western Australia.

There are 12 drilled or outcropping nickel occurrences and mineral Resources have been reported for five of these. Exploration has been sporadic over 40 years and was largely conducted by Outokumpu and the Geological Survey of Finland (“GTK”).

At Vaara, a large tonnage low grade but high nickel tenor deposit is hosted in a thick serpentinite (cumulate) unit and thin intersections of massive sulphide have been made in talc carbonate altered komatiite units in the footwall to this mineralisation. Five different drilled nickel sulphide occurrences occur elsewhere in this highly prospective 20 kilometre komatiite belt and numerous nickel anomalies in soil, boulder and shallow till drilling have been found in the area.

At Peura-aho and Hietaharju, some 5 kilometres apart, low tenor massive sulphide deposits with associated disseminated mineralisation have been identified. Massive sulphides outcrop at Peura-aho and grade up to 3% nickel, 2% copper and 15 g/t palladium. At Peura-aho, massive sulphides are hosted within footwall felsic rocks. At Hietaharju multiple massive sulphide lenses are inter-layered with disseminated sulphide within a talc carbonate altered ultramafic unit.

At Arola and Sika-aho, high tenor nickel mineralisation is hosted in sheared and altered mafic rocks closely spatially associated with a complex series of komatiitic rocks.

Resources for the project were reported in full to ASX on 22 August 2006 and the reader is referred to this release for further details.

Table 5. Mineral Resources at the Kuhmo Nickel Project

Location	Tonnes (Mt)	Ni (%)	Cu (%)	Co (%)	Pt (%)	Pd (%)
Vaara	6.1	0.35	0.03	0.01	0.25	0.25
Peura-aho	0.6	0.51	0.22	0.03	0.18	0.4
Hietaharju	1.0	0.53	0.28	0.03	0.19	0.26
Sika-aho ¹	0.175	0.66	0.01	n/a	n/a	n/a
Arola ²	1.5	0.46	n/a	n/a	n/a	n/a
Total	9.38	0.40	Contained nickel		37,765 tonnes	

¹ GTK, 1998 Polygonal Resource Estimate, available in Public domain but not reported under JORC Code

² Outokumpu, Polygonal Resource Estimate, available in Public domain but not reported under JORC Code

The Resource Estimates for Sika-aho and Arola were not conducted by Vulcan but were estimated by various Finnish entities (Outokumpu Oy and GTK) and are quoted from public documents available on the GTK website. Vulcan's review of these Resources, calculation, methodology and of input data clarifies them as Inferred Resources.

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Alistair Cowden BSc (Hons), PhD, MAusIMM, MAIG, Mr Nicholas Walker, BSc (Hons), MAIG and Mr Jarmo Vesanto, MSc, MAusIMM, who are full time employees of the Company and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Alistair Cowden, Mr Nicholas Walker and Mr Jarmo Vesanto consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

APPENDIX 5B

Mining Exploration entity quarterly report

Name of entity

VULCAN RESOURCES LIMITED

ACN or ARBN

100 072 624

Quarter ended ("current quarter")

June 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current Quarter (3 months) A\$'000	Year to Date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	32
1.2 Payments for (a) exploration and evaluation	(2,118)	(7,568)
(b) development	-	-
(c) production	-	-
(d) administration	(911)	(2,261)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	78	287
1.5 Interest and other costs of finance paid	(201)	(540)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(3,152)	(10,050)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(5)	(27)
1.9 Proceeds from sale of: (a) prospects	-	22
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Security Deposit	-	-
Net investing cash flows	(5)	(5)
1.13 Total operating and investing cash flows (carried forward)	(3,157)	(10,055)

1.13 Total operating and investing cash flows (brought forward)	(3,157)	(10,055)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares (net of costs)	(1,857)	4,043
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	5,000
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other	(27)	(302)
Net financing cash flows	1,830	8,741
Net increase (decrease) in cash held		
1.20 Cash at beginning of quarter/year to date	7,186	7,262
1.21 Exchange rate adjustments to 1.20	63	(26)
1.22 Cash at end of quarter	5,922	5,922

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	117
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The majority of '1.19 Other' relates to costs incurred in relation to the proposed admission to AIM in the UK which has been postponed.

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

N/A

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

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	7,500	7,500
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300,000
4.2 Development	4,200,000
Total	4,500,000

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'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,825	912
5.2 Deposits at call	4,097	6,274
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,922	7,186

Changes in interests in mining tenements

See attached Schedule A.

Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference securities <i>(description)</i>	-			
7.2 Changes during quarter	-			
7.3 Ordinary securities	108,939,042	108,939,042		
7.4 Changes during quarter - Issued	8,700,000 540,000	8,700,000 540,000	\$0.20 \$0.26	\$0.20 \$0.26
7.5 Convertible debt securities <i>(description and conversion factor)</i>	\$5,000,000 Unsecured Convertible Note at 10% per annum, convertible into ordinary fully paid shares @ \$0.30 per share, maturing on 30 June 2008.			
7.6 Changes during quarter	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise Price</i>	<i>Expires</i>
	2,500,000	-	\$0.20	30 June 2008
	2,500,000	-	\$0.20	30 June 2009
	520,000	-	\$0.30	1 February 2009
	10,000,000	-	\$0.25	28 February 2009
	1,000,000	-	\$0.26	28 February 2009
	600,000	-	\$0.30	1 July 2010
	500,000	-	\$0.30	28 February 2009
	3,000,000	-	\$0.30	20 June 2010
	1,000,000	-	\$0.35	1 July 2010
	950,000	-	\$0.35	31 December 2010
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	8,700,000 540,000	- -	\$0.20 \$0.26	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-	-	-
7.12 Unsecured notes <i>(totals only)</i>	-	-	-	-

Compliance statement

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

Sign here:



Company Secretary

Date: 30 July 2007

Print Name: Anthony Begovich

Interests in mining tenements relinquished, reduced or lapsed during the quarter

Reservations

No	Name	Holder
2006128	Polvikoski	Kylylahti Copper Oy

Claims

No	Name	Holder
8299/7	Syöte 7	Kylylahti Copper Oy

Interests in mining tenements acquired or increased during the quarter

Tenement Reference	Nature of Interest	Interest at beginning of quarter	Interest at end of quarter
Polvikoski 1	Claim	0	100%
Polvikoski 2	Claim	0	100%
Kylylahti 6	Claim	0	100%
Saramäki 2	Claim	0	100%
Hoikka	Claim	0	100%
Kianta 1	Claim	0	100%
Hakovaara	Claim	0	100%

Interests in mining tenements at end of the quarter

KYLYLAHTI PROJECT

Mining Licenses

No	Name	Holder
3593/1a	Kylylahti	Kylylahti Copper Oy
3593/1b	Kylylahti	Kylylahti Copper Oy
3593/2a	Kylylahti 2	Kylylahti Copper Oy
3593/1c	Kylylahti ML extension	Kylylahti Copper Oy

Claims

No	Name	Holder
7799/1	Kylylahti 1	Kylylahti Copper Oy
7799/2	Kylylahti 2	Kylylahti Copper Oy
7799/4	Kylylahti 4	Kylylahti Copper Oy
7799/3	Kylylahti 3	Kylylahti Copper Oy
7914/1	Saramäki 1	Kylylahti Copper Oy
7906/1	Pertilahti 1	Kylylahti Copper Oy
7906/2	Pertilahti 2	Kylylahti Copper Oy
7906/4	Vuonos 2	Kylylahti Copper Oy
7906/5	Vuonos 3	Kylylahti Copper Oy
7906/3	Vuonos 1	Kylylahti Copper Oy
8393/1	Polvikoski 1	Kylylahti Copper Oy
8393/2	Polvikoski 2	Kylylahti Copper Oy
8393/3	Kylylahti 6	Kylylahti Copper Oy
8394/1	Saramäki 2	Kylylahti Copper Oy

Reservations

No	Name	Holder
2006252	Sukkula	Kylylahti Copper Oy

KUHMO JOINT VENTURE

Kuhmo Metals Oy Claims

No	Name	Holder
	<i>Vaara-Kauniinlampi</i>	
7789/1	Vaara	Kuhmo Metals Oy
8049/1	Kotisuo	Kuhmo Metals Oy
8049/2	Kauniinlampi	Kuhmo Metals Oy
8049/3	Hoikkalampi	Kuhmo Metals Oy
8049/4	Rytys	Kuhmo Metals Oy
8059/5	Vaara North	Kuhmo Metals Oy
8396/1	Hoikka	Kuhmo Metals Oy
	<i>Kiannanniemi</i>	
7014/1	Hietaharju 1	Kuhmo Metals Oy
7014/2	Hietaharju 2	Kuhmo Metals Oy
7922/1	Peura-aho	Kuhmo Metals Oy
8033/3	Peura-aho North	Kuhmo Metals Oy
8033/1	Peura-aho East	Kuhmo Metals Oy
8033/2	Peura-aho NE	Kuhmo Metals Oy
8033/5	Peura-aho SW	Kuhmo Metals Oy
8033/4	Peura-aho South	Kuhmo Metals Oy
8049/6	Mikkosenranta	Kuhmo Metals Oy
	<i>Moisiovaara</i>	
7500/6	Tuuliaissuo 1	Kuhmo Metals Oy
7500/7	Tuuliaissuo 2	Kuhmo Metals Oy

No	Name	Holder
7500/11	Tuuliaissuo 6	Kuhmo Metals Oy
7500/16	Ryötinaho 5	Kuhmo Metals Oy
8047/4	Luokkivaara	Kuhmo Metals Oy
8055/1	Luokkipuro	Kuhmo Metals Oy
8055/2	Hyyrylainen	Kuhmo Metals Oy
8049/7	Sika-aho	Kuhmo Metals Oy
8049/8	Paatola	Kuhmo Metals Oy
8049/9	Likosuo	Kuhmo Metals Oy
8049/10	Karsikkosuo	Kuhmo Metals Oy
8049/11	Lehdonmaa	Kuhmo Metals Oy
8049/12	Harju	Kuhmo Metals Oy
8049/13	Yhteisenaho	Kuhmo Metals Oy
8049/14	Selkajarvi	Kuhmo Metals Oy
8049/15	Kaartilanvaara	Kuhmo Metals Oy
8049/16	Kaivolampi	Kuhmo Metals Oy
8049/17	Paatolaislampi	Kuhmo Metals Oy
8233/1	Kinnula	Kuhmo Metals Oy
8233/2	Kupusenkangas	Kuhmo Metals Oy
8242/6	Metsälä	Kuhmo Metals Oy
8242/4	Viima-aho	Kuhmo Metals Oy
8242/5	Rinneaho	Kuhmo Metals Oy
8242/3	Kemppaanlehto	Kuhmo Metals Oy
	Arola – Harma North	
7457/1	Hautalehto 1	Kuhmo Metals Oy
7457/4	Korkea-aho	Kuhmo Metals Oy
7923/1	Arola	Kuhmo Metals Oy
8047/1	Arola South	Kuhmo Metals Oy
8047/2	Palovaara South	Kuhmo Metals Oy
8047/3	Tiikkaja-aho	Kuhmo Metals Oy
8043/1	Kelosuo South	Kuhmo Metals Oy
8049/18	Karhujarvi	Kuhmo Metals Oy
8049/19	Palovaara	Kuhmo Metals Oy
8049/20	Putkisuo	Kuhmo Metals Oy
8049/21	Kelosuo	Kuhmo Metals Oy
8049/22	Pitkaaho	Kuhmo Metals Oy
8242/2	Antinaho	Kuhmo Metals Oy
8242/1	Nyberginlehto	Kuhmo Metals Oy
	Kuhmo Area	
8055/3	Siivikkovaara	Kuhmo Metals Oy
8055/4	Niemenkyla	Kuhmo Metals Oy
8049/23	Juurikkajarvi	Kuhmo Metals Oy
8049/24	Riihilampi	Kuhmo Metals Oy

Kuhmo Metals Oy Claim Reservations

No	Name	Holder
2006209	Pahakangas	Kuhmo Metals Oy
2006210	Aurala	Kuhmo Metals Oy
2006210	Huutoniemi	Kuhmo Metals Oy
200793	Kianta 1	Kuhmo Metals Oy
200794	Hakovaara	Kuhmo Metals Oy

Tulikivi Oyj claims. Base metals rights held by Kuhmo Metals Oy and gold rights by Polar Mining Oy

No	Name	Holder
7451/1	Haaposenportti	Tulikivi Oyj
7645/1	Sivusuvanto	Tulikivi Oyj
7871/1	Savelahti	Tulikivi Oyj

TORNIO PROJECT

Reservation Applications

No	Name	Holder
2006228	Tornio West	Kylylahti Copper Oy

VANADIUM PROJECTS

Claims

No	Name	Holder
Koillismaa Area		
8299/1	Syöte 1	Kylylahti Copper Oy
8299/2	Syöte 2	Kylylahti Copper Oy
8299/3	Syöte 3	Kylylahti Copper Oy
8299/4	Syöte 4	Kylylahti Copper Oy
8299/5	Syöte 5	Kylylahti Copper Oy
8299/6	Syöte 6	Kylylahti Copper Oy
8299/8	Porttivaara 1	Kylylahti Copper Oy
8299/9	Porttivaara 2	Kylylahti Copper Oy
8299/10	Porttivaara 3	Kylylahti Copper Oy
8299/11	Porttivaara 4	Kylylahti Copper Oy
8299/12	Porttivaara 5	Kylylahti Copper Oy
8299/13	Porttivaara 6	Kylylahti Copper Oy
8299/14	Porttivaara 7	Kylylahti Copper Oy
Otanmäki Area		
8312/1	Pentinpuro	Kylylahti Copper Oy
8312/8	Isonkivenkangas	Kylylahti Copper Oy
8312/3	Hautakankas	Kylylahti Copper Oy
8312/2	Honkamäki	Kylylahti Copper Oy
8312/5	Vuorokas North	Kylylahti Copper Oy
8312/4	Vuorokas South	Kylylahti Copper Oy
8312/6	Koski	Kylylahti Copper Oy
8312/7	Mäkrö	Kylylahti Copper Oy
Akanvaara Area		
8313/1	Akanvaara 1	Kylylahti Copper Oy
8313/2	Akanvaara 2	Kylylahti Copper Oy
8313/3	Akanvaara 3	Kylylahti Copper Oy
8313/4	Akanvaara 4	Kylylahti Copper Oy
8313/5	Akanvaara 5	Kylylahti Copper Oy
8313/6	Akanvaara 6	Kylylahti Copper Oy

Reservations

No	Name	Holder
200710	Koitelainen 8-9	Kylylahti Copper Oy

HAUKIAHO PROJECT

Reservations

No	Name	Holder
8366/1	Haukiahho 1	Kylylahti Copper Oy
8366/2	Haukiahho 2	Kylylahti Copper Oy