

# Vulcan Resources

## Developing Base Metals in Finland – Media Release

### 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 and nickel in a location where sovereign risk is minimal.

The Company's primary focus is the development of the 800,000 tpa 100% owned Kylylahti 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<sup>1</sup>.

The Kuhmo Nickel Project is 95% owned by Vulcan and has a Resource containing 38,000 tonnes of nickel metal and over 80,000 ounces of platinum, palladium and gold.

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

**ASX:** VCN

**Frankfurt:** VUA (WKN: A0HHEF)

**Norwegian OTC:** VCNR

**Shares on issue:** 224,544,751

**Options on issue:** 26,910,000

#### **Vulcan Resources Limited**

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## Vulcan to Proceed with Kylylahti Mine

*Stock Exchange Release dated 14 April 2008*

Vulcan Resources Limited ("Vulcan") has completed the Definitive Feasibility Study ("DFS") for an 800,000 tonnes per annum ("tpa") Kylylahti mine and concentrator in eastern Finland.

The Board of Vulcan has adopted the findings of the DFS and approved the initial development of Kylylahti Copper-Cobalt-Nickel Project. The DFS has confirmed the economic and technical viability of the Project which has an after tax NPV (8%) of US\$149 million, an IRR of 29.5%, a life of mine pre tax cash flow of US\$618 million and a capital cost of US\$170 million.

Vulcan's Chairman, Mr Barry Eldridge, said he was delighted with the outcome of the DFS given the global escalation in costs.

"The Kylylahti mine development will mark the revitalising of the Outokumpu copper field some 100 years after the initial discoveries in 1910. Finland is an excellent country to do business and Vulcan expects to generate 150 jobs during construction and 200 permanent jobs. Vulcan has already obtained all mining and environmental permits necessary for commencing operations. We expect site works to commence in July and the decline by the end of 2008".

"Metals markets look strong for the initial years of the Project and robust demand growth and difficulties with meeting the supply challenge around the world suggest elevated prices in the medium to long term," said Mr Eldridge.

Managing Director, Dr Alistair Cowden, said "Kylylahti is a robust conventional project with a 10 year life but recent drilling indicates that this will be extended. The strong cobalt, nickel and zinc credits deliver a low cash operating cost of \$US1.05/lb copper equivalent. All technical and financial information has been subject to independent study and review."

"The DFS saw significant changes to the Project plan described in the Pre-Feasibility Study ("PFS") with mine throughput increased from 500,000 tpa to 800,000 tpa. The Project will produce two concentrates; firstly a copper-gold concentrate for sale to copper smelters in the Nordic countries or elsewhere in Europe and secondly a bulk cobalt-nickel-zinc concentrate for sale to processing facilities within Europe. The development of a facility to produce nickel-cobalt intermediate products as envisaged in the PFS has not been included in the Project plan, however Vulcan will continue to examine concentrate processing options to produce high value intermediate products."

**[www.vulcanresources.com.au](http://www.vulcanresources.com.au)**

<sup>1</sup> Measured, Indicated and Inferred Resource. For detailed breakdown see ASX release 26 June 2007

## SUMMARY OF KEY FACTS

### Robust returns and rapid payback

#### Project Economics <sup>2, 3</sup>

After tax NPV at 8% post tax real discount rate	US\$149.3m
After tax IRR	29.5%
Average annual EBITDA (years 1-5)	US\$84m
Total revenue generated for life of mine	US\$1,286m
Capital payback from 1 <sup>st</sup> production	in year 3

#### *If spot prices for 11 April 2008 are adopted, project economics are:*

After tax NPV at 8% post tax real discount rate	US\$687m
After tax IRR	67.8%
Average annual EBITDA (years 1-5)	US\$238.64m

### Capital costs inclusive of all on costs

Capital Costs	Euro (million)	US\$ (million)
Pre-production mining, decline, etc	28.6	40.0
Concentrator, utilities and infrastructure	49.5	69.3
Tailings and paste plant	8.0	11.2
Owners costs	10.4	14.6
<b>Subtotal</b>	<b>96.5</b>	<b>135.1</b>
EPCM	11.8	16.5
Contingency	13.2	18.5
<b>Total</b>	<b>121.5</b>	<b>170.1</b>

The average exchange rate assumed in this table for the capital expenditure period is €:US\$ 1.40

### Competitive Cost Structure

Operating Costs (LOM Average)	Euro (per tonne)	US\$ (per tonne)
Mining	19.1	22.9
Processing	11.6	13.9
Overhead and Administration	2.1	2.5
Concentrate transport and sales	5.2	6.2
<b>Total</b>	<b>37.9</b>	<b>45.5</b>
Average cash cost per pound copper equivalent after credits <sup>4</sup>		1.05/lb

The average exchange rate assumed in this table for the operating cost period is €:US\$ 1.20

### High Resource: Reserve Conversion

Mineral Resources and Reserves	Tonnes (million)	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)
Measured, Indicated and Inferred Resources	7.8	1.17	0.24	0.22	0.49	0.70
Proven and Probable Reserves	6.9	1.17	0.24	0.20	0.49	0.70

#### Production summary

Mine life	10 yrs
Annual production rate	800,000 t
Copper in copper concentrate (years 1-5)	8,800 t pa
Gold in copper concentrate (years 1-5)	11,900 oz pa
Cobalt in bulk concentrate (years 1-5)	1,900 t pa
Nickel in bulk concentrate (years 1-5)	1,350 t pa
Zinc in bulk concentrate (years 1-5)	3,800 t pa
Copper in bulk concentrate	1,700 t pa

<sup>2</sup> All costs were estimated in Euro and revenue is in US dollars. Exchange rate assumptions are for Euro:US\$ to decline from current levels back to long term averages of 1.15 by 2012.

<sup>3</sup> All economics are for the Project only and financing costs and working capital during ramp up are not included.

<sup>4</sup> For description of copper equivalent calculation see page 11.

## DFS PROCESS

The DFS for the Kylylahti Project initially considered the PFS base case of a 500,000 tpa operation producing copper-gold concentrate for sale to smelters and a bulk cobalt-nickel –zinc concentrate for further processing. The bulk concentrate was to be transported to a third party roaster for roasting and a pressure leach vessel and a hydrometallurgical plant was to be constructed for the production of high value, high payability intermediate products.

As the DFS progressed on the PFS base case and as costs were made available and it became apparent that a new roaster would be required, alternatives were considered. The DFS subsequently focussed on optimisation and value engineering, de-bottlenecking the flowsheet, increasing throughput and considering alternatives to processing bulk concentrate.

**SNC-Lavalin DFS has been optimised and reviewed with value engineering completed**

SNC-Lavalin Australia Pty Ltd (“SNC”) prepared and managed the DFS in conjunction with Vulcan’s subcontractors Ammtec, Outotec, Golder Associates, SRK Consulting, Rockplan, IP Engineering, Groundia, Pastec and Quantitative Group. SNC were engaged 18 months ago and studied the base case whilst the optimisation and review was managed by Vulcan with subcontractors and peer reviews by various parties including GRD Minproc, SRK Consulting, Turnbery Pty Ltd, Laurion Pty Ltd, Orway Mineral Consultants, Outotec, BEC Engineering, Ahma Engineering Oy, Sveco PIC, and others.

The optimisation, value engineering and review have resulted in a new base case which does not include a concentrate processing facility. Technical evaluation, simplification and cost reduction of the concentrate processing option is continuing as the production of high value and high payability nickel-cobalt intermediate products remains attractive.

## RESOURCE ESTIMATE

The Measured, Indicated and Inferred Resources at Kylylahti were estimated by independent consultant Quantitative Group and are reported according to the JORC code:

**Independently audited database and Resource**

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
<b>Total</b>	<b>7,854,000</b>	<b>1.17</b>	<b>0.24</b>	<b>0.22</b>	<b>0.49</b>	<b>0.70</b>

Quantitative Group also audited Vulcan’s quality controls, database protocols and its procedures for validating the historic Outokumpu database. The resource is comprised of two ore types, semi massive sulphides and disseminated sulphides. The semi massive sulphides form a zone of high grade mineralisation on the footwall of the deposit.

Mineralisation Type	Tonnes	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)
Semi massive	2,734,000	2.21	0.36	0.12	0.78	0.93
Disseminated	5,120,000	0.62	0.18	0.26	0.33	0.58
<b>Total</b>	<b>7,854,000</b>	<b>1.17</b>	<b>0.24</b>	<b>0.22</b>	<b>0.49</b>	<b>0.70</b>

**Organic growth potential adjacent to Kylylahti and at Saramäki** Recently reported drilling (ASX 12 March 2008) from the Wallaby Zone is outside the Resource and increases to the Resource are likely. Drilling to extend the deposit down plunge is also in progress.

Poorly understood hanging wall mineralisation above the Wombat Zone (e.g. 10.2 metres at 1.3% Cu) has not been included in the Resource.

Inferred Resources at the adjacent Saramäki deposit (3.4 Mt at 0.71% Cu, 0.10% Co and 0.79% Zn) have not been included in the DFS and represents a possible future source of supply.

## MINING

**Excellent ground conditions** SRK Consulting ("SRK") conducted a full geotechnical analysis of the deposit based on extensive geotechnical logging of oriented drill core and recommended only minimal ground support given excellent ground conditions in drilling and at the historic mines in the area. SRK also prepared the mine design, mining schedule and mining operating cost estimates. The life of mine production over 10 years to give a Proven and Probable Ore Reserve is reported according to the JORC Code as follows:

Reserve Classification	Tonnes	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)
Proven	603,714	1.11	0.23	0.20	0.36	0.50
Probable	6,342,095	1.17	0.24	0.20	0.50	0.72
<b>Total</b>	<b>6,945,809</b>	<b>1.17</b>	<b>0.24</b>	<b>0.20</b>	<b>0.49</b>	<b>0.70</b>

The Reserve estimate is included within the Resource estimate given above.

Dilution is estimated by SRK to be low due to the excellent rock mass conditions, the vertical orientation and large size of stopes. Resource to Reserve conversion is high at 88%.

Mine access will be via a 1:7 5x5 metre decline and stoping will commence from 110 metres below surface to the currently lowest planned production level of 700 metres below surface. Mine development is driven by the requirement to develop the entire vertical extent of the deposit by year 4 to provide access to high grade semi massive sulphides.

Finnish mining consultant, Rockplan Oy, designed a box cut of 12 metres depth which was located after extensive geotechnical and hydrological investigations. In addition, geotechnical drilling has been completed to delineate the optimum location of the first kilometre of the decline. Mine development is anticipated to take 20 months to achieve the first ore production.

**Large stopes with paste fill** Mining will be by longitudinal longhole open stoping with paste and waste rock fill in the upper Wallaby zone. In the lower and thicker portion Wombat Zone mining will be via transverse longhole open stoping where the footwall high grade stopes (semi-massive sulphides) will be extracted first and filled prior to retreating to mine the lower grade secondary hanging wall stopes (disseminated sulphides). Stope dimensions range from 30-60 metres high by 5-25 metres width and 45 metres along strike

The initial three years of mining and development will be by contractors, thereafter owner-operator mining will be complemented by contract underground haulage and services. Mine contract negotiations are well advanced.

## METALLURGICAL TESTWORK

### **Representative metallurgical sampling**

A metallurgical and mineralogical classification of the deposit was undertaken to ensure the representativeness of samples used in testwork. Extensive prior mineralogical and metallurgical testwork by Outokumpu Oy also informed the testwork programme. Flotation testwork was undertaken at Ammtec in Perth and Outotec completed roasting and leaching testwork on bulk concentrates as part of the DFS.

Physical testwork was undertaken at Ammtec and a milling circuit comprising a single stage fully autogenous grinding mill with a pebble crusher was recommended by Orway Mineral Consultants which is consistent with past practice at Outokumpu.

### **High metal recoveries to concentrates**

A standard flotation circuit is proposed with a copper removal stage followed by cleaning of the tail to generate a bulk concentrate. The copper-gold concentrate is optimised for grade and recovery to maximise payments from smelters and the bulk cobalt-nickel-zinc-copper concentrate is optimised to maximise both sulphur and metal recovery rather than payable metal grades. Sulphur is a key driver for bulk concentrate processors.

Flotation recoveries vary through the mine life dependant on the relative proportions of pyrite rich semi-massive sulphides and of pyrrhotite rich disseminated sulphides. Mine production has been classified in this way and the metallurgical performance modelled over the entire mine life.

Recoveries to the bulk concentrate are:	Cobalt	95-96%
	Nickel	84-86%
	Zinc	86-92%
	Copper	14-23%

Recoveries to copper-gold concentrate are:	Copper	75-86%
	Gold	62-64%

Copper-gold concentrate grades are:	Copper	27-28%
	Gold	10-14 g/t

The concentrate is filtered, dried to 8% moisture and stored in a concentrate shed prior to transport to market.

## CONCENTRATOR, INFRASTRUCTURE AND PASTE PLANT

SNC completed the design and costing of the concentrator and its associated infrastructure including power reticulation, mine air heating facility, access roads, ROM pads, waste dumps, water management, administration buildings, etc. The value engineering and review validated the flowsheet, adjusted for higher throughputs and improved confidence in capital cost estimates. Golder Associates and Pastec designed and costed the tailings storage facility and the paste plant and Turnbery Pty Ltd reviewed and optimised the paste plant.

A geotechnical and hydrological investigation of ground characteristics was conducted for buildings and tailings foundations.

### **Excellent local infrastructure**

The concentrator is 400 metres from a tarmac highway and is located 2 kilometres from the town of Polvijärvi. The mine site is adjacent to a regional electrical transmission line and power will be delivered via a 110kV/20kV substation.

Tailings and potential acid forming waste rock are returned underground as cemented paste and rock backfill. Non acid forming waste rock is stored on surface and excess tailings are to be placed to a tailings storage facility of nominally 1.0 million m<sup>3</sup> capacity. Tailings are non acid forming and the Environmental Permit does not require the facility to be lined, however to maximise operational flexibility and to ensure compliance with the Permit conditions, the facility will be lined.

The concentrator produces approximately 100,000 m<sup>3</sup> of tailings per annum with 70% of this returned underground as paste backfill. Water will largely be sourced from mine water and water management is designed to ensure discharge to the environment is minimal.

## COMMUNITY, PERMITTING AND TENURE

### ***Fully permitted project***

Kylylahti sits on 4 granted mining leases covering 180.72 hectares, and 4 mineral claims covering 237.81 hectares for a total of 4.2km<sup>2</sup>. Vulcan also has extensive exploration tenure in the immediate area.

Environmental permitting for the Kylylahti site is complete and environmental monitoring as required by the Permit has commenced.

The mine plan allows for closure and rehabilitation costs and the conditions of the Environmental Permit include lodgement of a bond with the authorities. A land use plan has been approved by the Polvijärvi municipality.

Extensive consultation with authorities and the community was undertaken during the past three years and Vulcan has good relationships with the local municipality and local community.

Vulcan has agreed to support initiatives of the Polvijärvi municipality to facilitate participation by local business in the mine and its services. Vulcan has also agreed with the municipality to support initiatives to undertake rehabilitation of Lake Polvijärvi.

The Project will generate up to 130 jobs during construction and up to 200 jobs for each year of production. There will also be a multiplier effect on local economic activity by what will be one of the largest businesses in the North Karelia region.

## TRANSPORTATION AND LOGISTICS

Finland is a first world country with excellent logistics and infrastructure and long experience in transportation, shipping and processing of concentrates. Incoming materials will be delivered by truck. A major national trunk road is 400 metres from the Kylylahti site.

Copper-gold concentrate will be delivered by truck to the railhead at the old Vuonos mine (currently a talc processing facility) 15 kilometres from the concentrator and from there to customers in Finland or to port for shipping to customers in Europe. Similarly, the bulk concentrate will be trucked or railed to customers.

## SALES AND MARKETING

### ***Positive response to Kylylahti concentrates***

Copper-gold concentrate samples have been supplied to two smelters and refiners and there are no elements which attract penalties. Indicative terms obtained are standard for the industry. Letters of Intent have been executed with two smelters.

A Letter of Intent has been signed with a potential purchaser of the bulk concentrate.

Negotiations to finalise sale agreements will continue in parallel with financing activities. The financial outcomes described here assume achieving a commercially satisfactory outcome.

For the purpose of cost estimation; payabilities, smelter treatment charges, refining charges, shipping and insurance costs for the concentrates have been estimated from indicative terms supplied by potential customers, industry norms and benchmarking against recent transactions.

Customer deductions and treatment charges (payabilities) vary according to grades, recoveries, metal prices and international benchmark agreements.

## CAPITAL COSTS

Capital cost estimates are based on pricing from Finnish and international equipment suppliers and Finnish engineering and contracting firms. The Company will appoint suitably experienced engineering groups to implement the Project. It is envisaged that front end engineering will be undertaken in Australia and detailed engineering in Finland. Capital costs exclude financing costs.

	<b>Euro (million)</b>	<b>US\$ (million)</b>
Mining (pre-production)	28.6	40.0
Concentrator & Infrastructure	49.5	69.3
Paste Plant and Tailings Storage Facility	8.0	11.2
EPCM	11.8	14.6
Owners Costs	10.4	16.5
Contingencies, etc	13.2	18.5
<b>Total Capital Cost</b>	<b>121.5</b>	<b>170.1</b>

*The average exchange rate assumed in this table for the capital expenditure period is €:US\$ 1.40*

All equipment is on an 'as new' basis. Life of Mine sustaining capital requirements are estimated to be Euro 15.8m (US\$18.8m)

Contingency includes allowances for engineering estimating and cost escalation during construction.

## OPERATING COSTS

The operating cost estimates are based on Finnish labour rates, quotations from local utilities, contractors and reagent suppliers.

	<b>Euro (tonne)</b>	<b>US\$ (tonne)</b>
Mining	19.1	22.9
Processing	11.6	13.9
G & A	2.1	2.5
Concentrate Transport and Sale	5.2	6.2
<b>Total Operating Cost</b>	<b>37.9</b>	<b>45.5</b>
Cost per pound copper equivalent	0.88/lb	1.05/lb

*The average exchange rate assumed in this table for the life of mine is €:US\$1.20.*

Operating costs when expressed as cost per pound of copper equivalent produced net of credits from gold, cobalt, nickel and zinc position Kylylahti as a low cost producer.

## METAL PRICE FORECASTS

As part of the study, independent cobalt and copper market studies were purchased, broker consensus forecasts and forward pricing on the London Metals Exchange obtained and published information from producers and consumers examined. All indicated the maintenance of strong metal prices out to 2012 with a decline to lower long term prices thereafter.

Metal prices and exchange rates used in the study are:

Year	Cu US\$/lb	Co US\$/lb	Ni US\$/lb	Zn US\$/lb	Au US\$/oz	Euro/ US\$
2008						1.55
2009						1.45
2010	3.20	30.00	12.50	0.90	850	1.35
2011	3.00	25.00	10.00	0.90	850	1.25
2012	2.75	20.00	10.00	0.90	850	1.20
2013	2.75	18.00	8.50	0.90	850	1.20
2014 onwards	2.50	16.00	8.50	0.75	650	1.15
Spot (April 11)	3.98	50.50	13.07	1.05	928	1.58
3 year average (2005-7)	2.65	21.00	11.52	1.19	581	1.29

## FINANCIAL ANALYSIS

The financial analysis was conducted after tax. The corporate tax rate in Finland is 26% and the financial model assumes straight line depreciation. The discount rate used was 8% post tax real. Metal prices and costs are on real rather than nominal basis. The Project is robust and relatively insensitive to changes in pricing and costs. Sensitivities are shown below.

	NPV (US\$ millions)
Copper price +/- 10%	36.5
Cobalt price +/- 10%	46.3
Capital costs +/- 10%	12.6
Operating costs +/- 10%	20.9
Euro:US\$ exchange rate +/- 10%	33.6
3 month delay	2.9
10% Reserve increase	13.0

The Project has significant leverage to metal prices. Tabulated below is the financial performance under three price scenarios.

Price Assumed	NPV (US\$ millions)	IRR (%)	Life of Mine Cashflow (US\$ millions)
Spot 11 <sup>th</sup> April	687	67.8	1,283
3 Year Average(2005-7)	198	30.7	430
Feasibility Study	139	27.1	310

There are no royalties payable in Finland, but compensation is payable to private landowners.

## FINANCING PLAN

Vulcan, together with its advisors, Azure Capital, is developing a financing plan for the Project covering both debt and equity markets, potential corporate partners, purchasers of concentrate and Finnish government agencies. Vulcan has developed strong relationships with these parties and together with Azure will embark on completion of the financing plan by end of 2008.

The next steps will be to determine the level of Finnish government assistance that may be available to the Project, to complete an Independent Technical Experts Report suitable for lenders and to finalise offtake arrangements for both concentrate products.

Tight conditions in global credit markets mean that Vulcan will take a measured and staged approach to mine development expenditure prior to obtaining final finance.

## SCHEDULE AND IMPLEMENTATION

The key milestones for the Project are:

- |  |               |
|--|---------------|
| ▪ Completion of study optimisation and value engineering | April 2008    |
| ▪ April 2008 Front end engineering commences             | April 2008    |
| ▪ Order of grinding mills/long lead items                | June 2008     |
| ▪ Start site works/box cut                               | July 2008     |
| ▪ Start decline  | December 2008 |
| ▪ Concentrator construction starts                       | December 2008 |
| ▪ Plant commissioning                                    | October 2010  |
| ▪ First production                                       | December 2010 |
| ▪ Full production  | April 2011    |

## PLEASE DIRECT ENQUIRIES TO

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## COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and reviewed by Dr Alistair Cowden, BSc (Hons), PhD, MAIG, Mr Campbell Baird, BEng (Mining), Master International Finance, Mr Nicholas Walker, BSc (Hons), MSc and Mr Jarmo Vesanto, MSc (Geology), who are members of the Australian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists, who are full time employees of Vulcan 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 Campbell Baird, Mr Nicholas Walker, 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.

## **COPPER EQUIVALENCE**

Copper equivalence is a useful measure of the combined value of the five metals that contribute to the revenue for the Kylylahti Project. It permits the comparison of Kylylahti with other copper dominant base metal projects.

Copper equivalent cost is calculated after adjusting revenues for metallurgical recoveries and the various factors which reduce the payability of each metal (Cu, Co, Ni, Zn & Au) in products sold to refineries and smelters. These factors are metal deductions, smelter charges, refining charges and concentrate transport charges. The calculation therefore takes account of the relative contributions to revenue of the different metals.

The calculation is:

Copper equivalent cost = costs / (copper metal in concentrate x Revenue factor)

Revenue factor =  $\frac{\text{Revenue attributable to all metals}}{\text{Revenue attributable to copper only}}$

Revenues are after accounting for metallurgical recovery, smelter deductions and charges etc. Metal prices assumed and metallurgical recoveries are detailed in the Release.

## **ABOUT VULCAN**

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

The Company's primary focus is the development of the 800,000 tpa 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<sup>5</sup>.

A Definitive Feasibility Study has been completed on a 10 year underground mine and concentrator producing copper-gold and zinc-cobalt-nickel concentrate for sale. All environmental and mining permits for the Project are in place and production is planned to commence in late 2010.

The Kuhmo Nickel Project is 95% owned by Vulcan and has a Resource containing 38,000 tonnes of nickel metal and over 80,000 ounces of platinum and palladium<sup>6</sup>.

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

Vulcan is listed on the Australian Stock Exchange (VCN), the Frankfurt Stock Exchange (VUA) and the Norwegian OTC (VCNR).

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<sup>5</sup> For a detailed breakdown of the Measured, Indicated and Inferred Resources, see ASX release dated 26/06/07.

<sup>6</sup> For a detailed breakdown of Resources see ASX release dated 13/11/07.