

ASX RELEASE
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NICKEL DRILLING PROGRAM LAUNCHED

Vulcan Resources Limited (ASX: VCN) today announced the launch of a major nickel exploration campaign in Finland.

Vulcan's program will focus on drilling two highly prospective komatiite-hosted nickel occurrences in the Kuhmo-Suomussalmi greenstone belt in Eastern Finland, Peura-aho and Hietaharju.

When commenting on the project, Vulcan Resources Managing Director, Dr Alistair Cowden, said it was extremely promising to have a greenstone belt where nickel sulphide mineralisation has already been identified in komatiites over 150 kilometres from north to south in a variety of different host units and mineralisation styles.

"I am pleased to report that in addition to our drilling, a comprehensive review of all available geological, geophysical and geochemical data from the Kuhmo-Suomussalmi belt has highlighted numerous untested targets," said Dr Cowden.

Vulcan has prioritised these targets and commenced a program of airborne geophysics and geochemical till drilling to further delineate targets for drill testing.

Peura-aho and Hietaharju were discovered in the 1960's and have not been revisited for over 20 years. Four additional nickel sulphide deposits were identified by historic exploration and will be tested in future programs.

"The emerging picture of identified deposits, multiple exploration targets and hundreds of kilometres of untested prospective komatiite contact suggests we have a potential world class nickel province," he said.

Vulcan holds these nickel assets through its 100% owned subsidiary Kuhmo Nickel plc. UK-based Cambrian Mining plc will earn a 40% shareholding in Kuhmo by providing the first \$1.5 million of funding for the exploration program. It is Cambrian's intention to sponsor the London listing of this new nickel company on the London Stock Exchange Alternative Investment Market (AIM) in mid-2005.

Peura-aho

At Peura-aho, up to nine holes will be drilled to test beneath a 20 metre long outcrop of low-tenor massive nickel sulphides. The massive sulphides are coincident with a 250 metre long magnetic anomaly which will be tested in this program. The highest values obtained in previous drilling were 3.6% nickel, 2.2% copper and 2.9g/t Pt plus Pd. The best intercept was 2.25 metres at 2.3% nickel and 0.3% copper.

Mineralisation is hosted in a northerly plunging antiform where a 50 metre thick komatiite flow unit sits on a felsic volcanic substrate. A significant airborne electromagnetic anomaly occurs on the western limb of this antiform some 0.5 kilometre along strike from the Peura-aho deposit.

A characteristic of both deposits to be drilled is that they are hosted by lower magnesium komatiites than is usual in Australia and thus nickel sulphides are higher in platinum group elements and copper, but lower in nickel tenor than 'Kambalda-style' deposits.

Hietaharju

Nickel sulphide mineralisation is hosted in a komatiite unit up to 100 metres thick and over 0.8 kilometres long. Mineralisation occurs over 500 metres along strike both as basal contact mineralisation and as internal disseminated and vein sulphides.

In shallow bedrock drilling, values up to 2% nickel have been recorded and historic diamond drilling has returned values up to 3.6% nickel, 3.1% copper and 18g/t Pt plus Pd. The best intercept is 2.45 metres at 1.9% nickel and 0.8% copper.

Drilling will be targeted at basal contact mineralisation in two locations approximately 400 metres apart, at coincident outcropping nickel sulphides, and at a geophysical anomaly in a parallel komatiite unit to the east.

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About Vulcan

Vulcan Resources (ASX: VCN) is a Western Australian company based in Perth, focussed on exploration, development and mining of base and precious metal deposits in Finland. It has 45.8 million shares on issue. It has a strategic alliance with London mining finance house and 20% shareholder Cambrian Mining plc.

Competent Person Statement

The information on mineralisation contained in this report accurately reflects information compiled by Dr Alistair Cowden B.Sc (Hons), Ph.D, M.Aus.I.M.M., M.A.I.G. who is a Competent Person (as defined by the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves) with relevant experience in relation to such mineralisation and is an employee of Vulcan Resources Limited. He has consented to the form of this report.