

ASX RELEASE
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KYLYLAHTI PRE-FEASIBILITY FORGES AHEAD

Vulcan Resources (ASX: VCN) today announced that the Company's pre-feasibility study (PFS) on its 100%-owned Kylylahti copper project Kylylahti is on track, with geological re-interpretations showing potential for the extension of the resource.

Vulcan plans to conclude the PFS in August 2005 at which time a decision to proceed to a feasibility study will be made if the result is within acceptable economic and risk limits.

Vulcan Resources Managing Director, Dr Alistair Cowden, said the Company has been very active in commencing new studies and compiling, translating and evaluating the extensive metallurgical, mining and geological studies completed by Outokumpu when it held the project.

"It continues to be our strategy to build Vulcan's dominant position in one of the world's most significant copper mining camps to become a producer of copper, cobalt and nickel in Finland," said Dr Cowden.

Drilling at the Kylylahti project commenced on 11 April 2005 and is presently 400 metres into the first stage exploration program. This program is expected to be not less than 3,000 metres with the objective of confirming the presence of previously reported thick high grade intersections of mineralisation and delineating the potential for extension of mineralisation at depth. Samples will be collected to allow commencement of metallurgical test work.

The Kylylahti project was acquired in December 2003 and Vulcan commenced a PFS in January 2005.

"The feasibility study is expected to take at least 12 months with an aim to commence construction of the Kylylahti mine in January 2007," he said.

Vulcan has completed validation of the Kylylahti geological database and a review of all available geophysical data was found to be of a high standard. A reinterpretation of the geology has been carried out with the assistance of geologists from the Geological Survey of Finland who have extensive experience of Outokumpu style deposits.

"We're very encouraged that the re-interpretation has demonstrated significant potential for extension of the resource and this information has been utilised in the development of the drill program," said Dr Cowden.

SRK Consulting is compiling a new resource estimate for Kylylahti based on the re-interpretation of the geology of the deposit. This resource is expected to be delivered by June 2005. The previous estimate by Outokumpu OY was made in 1995 and utilised a sectional estimation method. This estimate will be the first 3-D model of the resource.

-ENDS-

See attached Appendix for additional updates on Vulcan's progress at Kylylahti.

Please direct enquiries to:

Alistair Cowden
Chairman
Tel: +61 8 9485 2929
Mobile: 0419 914 988
Email: admin@vulcanresources.com.au
Web: www.vulcanresources.com.au

Ann Nahajski
Porter Novelli
Tel: +61 8 9386 1233
Mobile: 0400 205 433

APPENDIX:

Kylylahti

The Kylylahti copper-cobalt-nickel deposit is 100%-owned by Vulcan and has a resource of 3.4 million tonnes grading 1.8% copper and 0.3% cobalt, 0.21% nickel, 0.9 g/t gold or 8.2% copper equivalent. It is located 24 kilometres north west of Outokumpu and is one of a cluster of 'Outokumpu' type deposits.

Geotechnical

SRK Consulting has undertaken a geotechnical review of the Kylylahti Project and is working with Vulcan to ensure that geotechnical investigations form part of all exploration and development work. The review has indicated that good ground conditions can be expected in the footwall where the decline will be placed. In addition, preliminary estimates of stope design indicate that large stopes can be utilised and conventional ground support will be adequate.

Portal Location

It is expected that the resource will predominantly be mined by underground methods. Three portal locations were investigated by Outokumpu in 1986 through geotechnical drilling and seismic surveys. After undertaking a risk assessment, a decline portal location was chosen and the initial 1,200 metres of proposed decline was explored through detailed geotechnical drilling. Vulcan has not decided which of the three portal locations to use to date, but it is recognised that the previous work represents a significant saving in time and cost.

Mining

The underground mining potential for Kylylahti has been internally assessed by reviewing mining method options, developing preliminary cost and performance parameters based on similar mining operations and applying geotechnical constraints as supplied by SRK's initial review

The mining methods that are considered to be suitable are:

- Bench Stopping; either up-hole benching and/or down-hole benching, extracting 15-20m high benches with progressive filling of slices if required.
- Sublevel Open Stopping (25 - 50m high stopes) with fill to enable full extraction.

The utilisation of these mining methods would allow Vulcan to achieve annual mining rates of between 300,000 and 500,000 tonnes.

Finland has a strong mining culture and Vulcan is developing an understanding of the operating environment of Finland through visiting Finnish operations and through discussions with contractors and suppliers.

Vulcan is confident that a mine operating in Finland will be extremely cost competitive due to access to a skilled and experienced mining workforce and through the implementation of the latest mining technology of which Finland is a world leader.

Vulcan expects that the mine will be operated with a mix of owner-operator equipment and contractors as is employed successfully at a number of mines in Finland.

Processing

Lycopodium has completed an analysis of the previous test work carried out by Outokumpu on Kylylahti which has delineated a number of possible concentrate products:

- copper-gold concentrate
- cobalt-nickel concentrate
- zinc concentrate

The work carried out by Outokumpu over the past 10 years has formed a solid base of work that has allowed Vulcan to confidently develop conceptual concentration models with realistic processing throughput rates and metallurgical recoveries, building from this work Lycopodium is presently developing a programme of metallurgical test work to optimise the recoveries and permit detailed process route design.

Vulcan is presently reviewing opportunities to enhance the value of the Kylylahti products through the application of a hydrometallurgical process route. Vulcan has identified that significant opportunities exist in some hydrometallurgical processes. Until these potential opportunities are quantified, Vulcan will continue to focus on the base case of concentrate production, before moving to secondary hydrometallurgical test work.

Infrastructure

Lycopodium has commenced the development of a processing plant, site infrastructure capital and operating cost estimate. This estimate will be used for discussion and benchmarking before completing a Pre-feasibility estimate.

Marketing

Based on an initial review of Outokumpu's metallurgical work Vulcan has approached European and other smelters and refineries with details of potential concentrate products. Favourable feedback regarding the quality and content of the Kylylahti products has been received and Vulcan is confident that the final products will be well received by the market.

Environment and Community

Vulcan has engaged both an environmental consulting group and individual experts in Finland and Australia to assist with the environmental approvals process and community consultation.

Consultation has been undertaken with landowners affected by planned drilling activities. Consultation with key stakeholders including the nearby community of Polvijärvi will commence in late April 2005.

Baseline environmental studies are scheduled to commence in June 2005. This work will form the basis of the environmental approval process.

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.