

ASX RELEASE  
5 September 2005

## NICKEL DRILLING PROGRAMME COMMENCES IN FINLAND

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Vulcan Resources Limited (ASX: VCN) has today commenced a 3,500 metre diamond drilling programme at the Kuhmo Nickel project in eastern Finland. Drilling will take place on a number of targets encompassing over 100 kilometre length of the greenstone belt and is expected to be completed in December.

The strategy for the programme is two fold:

- Firstly, drill existing deposits and adjacent targets in the northern Suomussalmi belt to define sufficient shallow open pittable resources to undertake mine scoping studies. This will be achieved by conducting infill and extension drilling at the Hietaharju and Peura-aho deposits from which Vulcan has recently reported excellent shallow hits. Infill and extension drilling at the Vaara mineralised occurrence which is located some 20 kilometres north of Peura-aho and testing geological/geochemical and geophysical targets immediately adjacent to Peura-aho and Hietaharju.
- The second strategy is to target new discoveries by drilling a number of compelling geological/geochemical and geophysical targets in the Kuhmo belt some 100 kilometres south of Peura-aho.

Geological investigation in this very large belt is at an early stage, and most exploration to date is wide spaced and shallow. Vulcan is reviewing its exploration strategy in a number of highly prospective areas and will be conducting various systematic till (shallow geochemical) drilling programmes as well as employing geophysical techniques which look deeper than the current data which penetrates no more than 50 metres.

Vulcan continues to increase its ground holding in the belt as its understanding of geology and prospectivity grows.

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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 by Dr Alistair Cowden B.Sc (Hons), Ph.D, M.Aus.I.M.M., M.A.I.G. and Mr Nicholas Walker, B.Sc (Hons), M.A.I.G., 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 and Mr Nicholas Walker consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

## **About Vulcan**

Vulcan Resources (ASX: VCN) is an Australian company based in Perth focussed on the development of base metal deposits in Finland.

The Kylylahti copper-cobalt-nickel-gold deposit is 100% owned by Vulcan and is located 24 kilometres from Outokumpu in Eastern Finland in the heart of the plus 1Mt copper Outokumpu mining camp. Vulcan commenced a pre-feasibility study on the deposit in January 2005 based on extensive work by Outokumpu Oy from 1987-1995.

The current resource at Kylylahti is 7.4Mt of 1.0% copper, 0.2% cobalt, 0.2% nickel, 0.4% zinc and 0.6 g/t gold.

The Kuhmo project is 60% owned by Vulcan and has extensive tenure in the Kuhmo-Suomussalmi greenstone belt. Six nickel sulphide occurrences have been identified and the deposits are directly analogous to those found in Western Australia.

Finland is a mining friendly country within the European Union with a competitive and low risk economy. Finland has a long mining tradition and has one of the world's greatest concentrations of metallurgical infrastructure.