

## ASX RELEASE

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### SNC-LAVALIN AUSTRALIA APPOINTED FEASIBILITY STUDY MANAGER

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Vulcan Resources Limited ("Vulcan") (ASX: VCN) today announced that SNC-Lavalin Australia Pty Ltd ("SLA") has been appointed to manage the preparation of the Definitive Feasibility Study for the development of its Kylylahti Copper-Cobalt Project in Finland.

SLA will study the construction of a 550,000 tpa underground mine and processing plant at the 100% owned Kylylahti Project. Based on long term metal prices, the mine is expected to generate annual average revenues of between A\$80-\$100 million for a period of 10 to 12 years.

The Study will be prepared to a level sufficient to support project financing for the full development of the project. SLA has targeted a completion date of mid February 2007.

Vulcan has undertaken drilling, metallurgical testwork, permitting, geotechnical and engineering scoping studies since completion of the Pre-Feasibility Study in November last year. This work will provide the definitive inputs for the Study.

John Brodziak, a former Rio Tinto senior executive, is joining Vulcan and will be Project Manager with responsibility for supervising the Study Engineer and negotiating and implementing the engineering and construction of the mine and process plant.

Vulcan Managing Director Alistair Cowden said the appointment of SLA was an important milestone in the development of Kylylahti.

"The Kylylahti Copper-Cobalt Project is a major resources development that is fast growing in stature," said Dr Cowden.

"Vulcan is continuing to lay the foundation for construction of a significant new base metals mine in Finland in 2007 and we are delighted to have a group of the calibre of SLA as Study Engineer."

SLA is a wholly owned subsidiary of SNC-Lavalin Inc based in Canada experienced in hydrometallurgy and plant construction in cold climates.

Mr Brodziak brings to Vulcan extensive experience in managing major resource project developments in Australia and Canada.

Besides SLA, principal contributors to the Study will be SRK Consulting on geotechnical issues, mine design and Ore Reserves, Golder Associates on tailings, paste fill and hydrology, Quantitative Geoscience on Resources and IP-Engineering Finland on permitting and environment.

Vulcan will provide inputs on operations, environmental management, operating cost estimates and financial and risk analysis. Outokumpu Technology will consult on concentrate processing.

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**About SNC-Lavalin**

SNC-Lavalin (TSX: SNC) is one of the leading groups of engineering and construction companies in the world, a global leader in the ownership of infrastructure, and in operations and maintenance services. The SNC-Lavalin companies have offices across Canada and in 30 other countries around the world and are currently working in some 100 countries. [www.snclavalin.com](http://www.snclavalin.com).

**About Vulcan**

Vulcan Resources (ASX: VCN) is an Australian company based in Perth focussed on the development of base metal deposits in Finland. Vulcan has a unique portfolio of commodities spanning a range from near decision to mine to resource definition and exploration.

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 1 million tonne copper Outokumpu mining camp. Vulcan has completed a Pre-Feasibility Study and commenced a Bankable Study for development of a 500,000 tonnes per annum underground mine.

The current resource at Kylylahti is 7.4 million tonnes of 1.0% copper, 0.2% cobalt, 0.2% nickel and 0.6 grams per tonne gold.

The Kuhmo project is 95% 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. Vulcan is commencing Resource Estimates on three deposits and a Scoping Study on mining.

The Syöte vanadium project is 100% owned by Vulcan and has known vanadium bearing magnetite gabbro horizons up to 130 metres thick and up to 10 kilometres long. Historic metallurgical testwork indicates that the project has the potential to be a world class vanadium mine similar to the now closed adjacent Mustavaara mine.

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 largest concentrations of metallurgical infrastructure.