

ASX RELEASE

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ROASTER AGREEMENT IN FINLAND WITH KEMIRA GROWHOW

Base metals developer, Vulcan Resources Limited (ASX: VCN) ("Vulcan"), is pleased to announce that discussions with major European company Kemira GrowHow ("GrowHow") have progressed significantly. A Letter of Intent is in place and the companies have now commenced a detailed evaluation of a cooperation on the potential treatment of nickel-cobalt concentrate from Vulcan's Kylylahti project.

The Kylylahti copper-cobalt project (100%) is currently undergoing a definitive feasibility study for the development of a 550,000tpa underground mine and processing plant. The study is managed by SNC-Lavalin Australia and is due to be completed by April 2007.

In November 2005, Vulcan completed a pre-feasibility study which recommended production of a Cu-Au concentrate for sale and a Co-Ni-Zn concentrate to be roasted and leached. Vulcan selected this option as the preferred route for the feasibility study due to the excellent metal recoveries and the creation of two revenue streams.

Vulcan has completed initial metallurgical testing on roast and leach of Kylylahti nickel-cobalt concentrate at Ammtec in Perth, Western Australia and at Outokumpu Technology in Finland. Metal recoveries from this work were excellent for cobalt, copper and zinc and moderate to excellent for nickel.

GrowHow operates a phosphate mine, sulphide roasters and acid plant at Siilinjärvi, 100 kilometres by rail from the Kylylahti mine site. The roasters treat concentrate to produce sulphur dioxide which is used to make sulphuric acid for the production of phosphoric acid.

Vulcan and GrowHow have started negotiating the detailed terms of an agreement to roast Vulcan's concentrate at GrowHow's site, providing the roasted product (calcine) to Vulcan for the leaching and recovery of the valuable contained metals and the delivery of gas and steam to GrowHow for the production of energy and acid. The leach plant would be built by Vulcan on an adjacent site made available by GrowHow and would produce nickel-cobalt hydroxide for sale to refineries and copper and zinc intermediate products.

Vulcan's Managing Director, Alistair Cowden, said entering the detailed discussions concerning the roasting agreement with GrowHow represents a major milestone on the way to completing the Kylylahti Definitive Feasibility Study.

"We're delighted to have found the ideal partner to advance our Kylylahti project to commercialisation," said Dr Cowden.

"Vulcan believes that the roasting of Kylylahti concentrate at Siilinjärvi is technically and commercially feasible," he said. "We look forward to working with this leading European company on engineering the integration of the Kylylahti project into the Siilinjärvi production process to the optimum benefit of both parties. Overall, it would be a very positive agreement for both companies."

Finalisation of the agreement requires, among other things the determination of the final flow sheet in the Definitive Feasibility Study.

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About Kemira GrowHow

Kemira GrowHow is a European provider of fertilizer products for use in agriculture with a particular focus to customized fertilizing solutions. The company has a leading market position in a number of its selected geographical markets, including Finland, Denmark and the Baltic region, and a strong market position in the United Kingdom, the Benelux countries, Northern France and Northern Germany. Kemira GrowHow has production facilities in eight countries, sales in over 100 countries, 2,700 employees and net sales in excess of Euro 1.2 billion. www.kemira-growhow.com

About Vulcan

Vulcan Resources (ASX: VCN) is an Australian company focussed on the development of emerging base metal opportunities in Finland. Finland is a mining friendly country within the European Union with a competitive and low risk economy.

Vulcan's main project, the Kylylahti copper-cobalt project (100%) is currently undergoing a definitive feasibility study for the development of a 550,000tpa underground mine and processing plant. This project will allow Vulcan to transition from explorer to base metal producer over the next few years.

On the exploration front, Vulcan has significant opportunities throughout Finland, including a number of advanced nickel and vanadium prospects. The most advanced of these projects, Kuhmo nickel (95%), has Resources and extensive tenure in the Kuhmo-Suomussalmi greenstone belt which is directly analogous to those found in Western Australia.

To enable closer and more formal links with European capital markets, Vulcan intends to dual list on the Alternative Investment Market ("AIM") of the London Stock Exchange later this year.

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 BSc (Hons), PhD, MAusIMM, MAIG, Mr Nicholas Walker, BSc (Hons), MAIG and Mr Jarmo Vesanto, MSc (Geology), MAusIMM, 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, Mr Nicholas Walker and 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.