

ASX RELEASE

21 December 2006

FURTHER HIGH GRADE INTERSECTIONS AT KYLYLAHTI

Vulcan Resources Limited (“Vulcan”) (ASX: VCN) today announced that drilling at the Kylylahti Copper-Cobalt project to finalise the Resource Estimate for the Definitive Feasibility Study has been completed.

Significant drill intercepts include:

- Thick high grade relatively shallow intersection on the Wallaby Zone of **33.7 metres at 3.05% copper, 0.41% cobalt (8.7% copper equivalent) with values up to 6.0% copper;**
- High gold grades from additional assays in the hanging wall of the Wallaby Zone - **7 metres at 4.4 g/t gold with elevated nickel of 0.46%;** and
- High nickel grades within the footwall of the Wombat Zone of **3 metres at 1.18% nickel.**

Shallow infill drilling was undertaken to obtain samples for comminution testwork and optimisation of the metallurgical flowsheet. The high grade material in drilling both confirms the Resource Estimate and will improve grade estimates for the early years of production.

The high nickel grades in recent drilling are intriguing. At the closed Vuonos mine, which is located 15 kilometres from Kylylahti, a separate zone of nickel sulphides was mined in addition to copper-cobalt sulphides. Vulcan is undertaking a review of the nickel potential of the Kylylahti ultramafic complex.

Drilling at the lower limit of the deposit has been completed with significant visible sulphides intersected over 80 metres, assay results are expected in the New Year. This indicates the potential for significant extensions to the current Resource.

Table 1: Drilling Results – December 2006

Hole	From	To	Interval	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)	Cu Eq* (%)	In-situ value* (US\$/t)
OKU-917	355.0	362.0	7.0	0.01	0.10	0.46	0.02	4.39	5.14	169.7
OKU-931	185.4	188.8	3.3	0.67	0.19	0.07	0.05	0.36	3.17	104.9
	200.6	209.4	8.8	1.98	0.54	0.05	0.89	1.10	8.56	283.0
OKU-932	132.0	137.7	5.7	1.88	0.16	0.11	0.16	0.29	4.23	139.9
	176.0	209.7	33.7	3.05	0.41	0.10	0.62	1.00	8.65	285.9
	191.2	206.7	15.5	5.44	0.68	0.08	1.10	1.77	14.50	479.5
OKU-934	521.8	524.8	3.0	0.01	0.02	1.18	0.01	0.01	4.60	152.1

* In-situ value and copper equivalent (Cu Eq) are provided to aid investors assessment of the value of polymetallic mineralisation. These parameters are estimated by utilising the following conservative price assumptions: copper US\$1.50/lb, cobalt US\$16/lb, nickel US\$5.55/lb, gold US\$550/oz, zinc US\$0.77/lb. Please note that in-situ value does not equate to revenue that would be received.

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About Vulcan

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

Vulcan's main project, the Kylylahti Copper-Cobalt Project (100%) is in the heart of the plus 2.5 billion pound copper Outokumpu mining camp some 400km NE of Hellsinki and is currently undergoing a definitive feasibility study for the development of a 550,000tpa underground mine and processing plant.

The current Resource estimate for Kylylahti is 7.0 million tonnes of 1.1% copper, 0.2% cobalt, 0.2% nickel, 0.4% zinc and 0.7 grams per tonne gold.

The Kuhmo Nickel 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.

On the exploration front, Vulcan has significant opportunities throughout Finland, including a number of drilled nickel, vanadium and palladium-platinum prospects.

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.