

# Vulcan Resources

## Developing Base Metals in Finland

### ABOUT VULCAN RESOURCES

Vulcan Resources Limited is a base and precious metals development and exploration company in Finland.

Vulcan provides unique exposure to copper, cobalt and nickel in a location where sovereign risk is minimal.

The Company's primary focus is the development of the 800,000 tpa 100% owned Kylylahti project located in eastern Finland which has a Resource of 7.85 million tonnes grading 1.17% copper, 0.24% cobalt, 0.22% nickel, 0.49% zinc and 0.70 g/t gold<sup>1</sup>.

The Kuhmo Nickel Project is 95% owned by Vulcan and has a Resource containing 38,000 tonnes of nickel metal and over 80,000 ounces of platinum, palladium and gold.

Vulcan also has extensive iron-vanadium-titanium, nickel-copper and platinum group element projects in northern Finland.

**ASX:** VCN

**Frankfurt:** VUA (WKN: A0HHEF)

**Norwegian OTC:** VCNR

**Shares on issue:** 224,544,751

**Options on issue:** 26,910,000

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## Quarterly Report - March 2008

- The Definitive Feasibility Study for the Kylylahti Project has been completed and the Board of Vulcan has approved the commencement of the project.
- The project has a pre tax NPV (10%) of US\$178 million and the average of annual earnings before interest and tax (EBITDA) for the first 5 years is US\$84 million per annum.
- Drilling at Kylylahti has returned significant extensions to the lower limit of the Wallaby zone. Visual indications from drilling in progress indicate that further extensions are likely. The focus of drilling at Kylylahti will move to this area of potential increase in Reserves.
- Results from drilling at the Arola nickel prospect highlighting the prospectivity of this area. Values up to 4.6% nickel have been encountered.
- Nickel drilling is now focussed on Resource definition of the Hietaharju and Vaara nickel deposits and assay results are expected this quarter.
- Cash on hand at 31 March is A\$43 million.

[www.vulcanresources.com.au](http://www.vulcanresources.com.au)

<sup>1</sup> Measured, Indicated and Inferred Resource. For detailed breakdown see ASX release 26 June 2007

## OVERVIEW

The quarter saw the Company complete the Definitive Feasibility Study for the Kylylahti Project.

The project has been simplified, costs reduced and the Board has authorised the staged construction of the project. Vulcan's strong cash position of A\$43 million has allowed the Company to immediately commence project implementation.

Milestones expected this quarter are:

- Letting of engineering contracts
- Engineering and final design of civil works to permit commencement of site works by end of the quarter
- Finalisation of box cut contract and decline development contract.

Vulcan's financing strategy will initially focus on discussions with various Finnish Government agencies on the level of assistance that may be available, completion of an Independent Technical Experts Report, engagement with debt and equity providers in Europe and Australia and finalising offtake agreements.

Markets for the principal commodities that will be produced by Kylylahti remain strong. Copper is testing US\$4.00/lb and many analysts are predicting very robust pricing due to supply difficulties. Each year Kylylahti will produce around 10,000 tonnes of copper (22 mlbs).

Cobalt has traded as high as US\$52.50/lb on BHP Billiton's Cobalt Open Sales System. The market is underpinned by surging demand and a poor supply response. Each year Kylylahti will produce 1,500-2,000 tonnes of cobalt (3-4 mlbs).

## KYLYLAHTI DEFINITIVE FEASIBILITY STUDY

### **Overview**

Vulcan completed the Definitive Feasibility Study for an 800,000 tonnes per annum Kylylahti mine and concentrator in eastern Finland.

The Board of Vulcan has approved the initial development of the project. The project has an after tax NPV (8%) of US\$149 million, an IRR of 29.5%. This is equivalent to a pre-tax NPV (10%) of US\$178 million and an IRR of 36%. Life of mine pre tax cash flow is US\$618 million and the capital cost is US\$170 million.

The Definitive Feasibility Study saw significant changes to the Project plan described in the Pre-Feasibility Study with mine throughput increased from 500,000 tpa to 800,000 tpa. The Project will produce two concentrates; firstly a copper-gold concentrate for sale to copper smelters in the Nordic countries or elsewhere in Europe and secondly a bulk cobalt-nickel-zinc concentrate for sale to processing facilities within Europe. The development of a facility to produce nickel-cobalt intermediate products as envisaged in the Pre-Feasibility Study has not been included in the Project plan, however Vulcan will continue to examine concentrate processing options to produce high value intermediate products.

## SUMMARY OF KEY FACTS

**Robust returns  
and rapid  
payback**
**Project Economics**<sup>2, 3</sup>

Pre tax NPV at 10% discount rate	US\$177.8m
After tax NPV at 8% post tax real discount rate	US\$149.3m
After tax IRR	29.5%
Average annual EBITDA (years 1-5)	US\$84m
Total revenue generated for life of mine	US\$1,286m
Capital payback from 1 <sup>st</sup> production	in year 3

**If spot prices for 11 April 2008 are adopted the project economics are:**

After tax NPV at 8% post tax real discount rate	US\$687m
After tax IRR	67.8%
Average annual EBITDA (years 1-5)	US\$238m

Capital Costs	Euro (million)	US\$ (million)
Pre-production mining, decline, etc	28.6	40.0
Concentrator, utilities and infrastructure	49.5	69.3
Tailings and paste plant	8.0	11.2
Owners costs	10.4	14.6
<b>Subtotal</b>	<b>96.5</b>	<b>135.1</b>
EPCM	11.8	16.5
Contingency	13.2	18.5
<b>Total</b>	<b>121.5</b>	<b>170.1</b>

The average exchange rate assumed in this table for the capital expenditure period is €:US\$ 1.40

**Competitive Cost  
Structure**

Operating Costs (LOM Average)	Euro (per tonne)	US\$ (per tonne)
Mining	19.1	22.9
Processing	11.6	13.9
Overhead and Administration	2.1	2.5
Concentrate transport and sales	5.2	6.2
<b>Total</b>	<b>37.9</b>	<b>45.5</b>

The average exchange rate assumed in this table for the operating cost period is €:US\$ 1.20

**High Resource:  
Reserve  
Conversion**

Mineral Resources and Reserves	Tonnes (million)	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)
Measured, Indicated and Inferred Resources	7.8	1.17	0.24	0.22	0.49	0.70
Proven and Probable Reserves	6.9	1.17	0.24	0.20	0.49	0.70

**Production summary**

Mine life	10 yrs
Annual production rate	800,000 t
Copper in copper concentrate (years 1-5)	8,800 t pa
Gold in copper concentrate (years 1-5)	11,900 oz pa
Cobalt in bulk concentrate (years 1-5)	1,900 t pa
Nickel in bulk concentrate (years 1-5)	1,350 t pa
Zinc in bulk concentrate (years 1-5)	3,800 t pa
Copper in bulk concentrate (years 1-5)	1,700 t pa

<sup>2</sup> All costs were estimated in Euro and revenue is in US dollars. Exchange rate assumptions are for Euro:US\$ to decline from current levels back to long term averages of 1.15 by 2012.

<sup>3</sup> All economics are for the Project only and financing costs and working capital during ramp up are not included.

## FINANCING PLAN

Vulcan, together with its advisors, Azure Capital, is developing a financing plan for the Project covering both debt and equity markets, potential corporate partners, purchasers of concentrate and Finnish government agencies. Vulcan has developed strong relationships with these parties and together with Azure will embark on completion of the financing plan by end of 2008.

The next steps will be to determine the level of Finnish government assistance that may be available to the Project, to complete an Independent Technical Experts Report suitable for lenders and to finalise offtake arrangements for both concentrate products.

Tight conditions in global credit markets mean that Vulcan will take a measured and staged approach to mine development expenditure prior to obtaining final finance.

## SCHEDULE AND IMPLEMENTATION

The key milestones for the Project are:

▪ Front end engineering commences	April 2008
▪ Order of grinding mills/long lead items	June 2008
▪ Start site works/box cut	July 2008
▪ Start decline	December 2008
▪ Concentrator construction starts	December 2008
▪ Plant commissioning	October 2010
▪ First production	December 2010
▪ Full production	April 2011

## KYLYLAHTI RESOURCE

### *Drilling effort resumes at Kylylahti*

Four drill holes have been completed in the quarter at Kylylahti. Three holes were drilled into the Wallaby zone. One drill hole (OKU-955) encountered mineralisation well outside the current Resource limits. Drillhole OKU-955 intersected significant thicknesses of mineralisation 40 metres down dip and outside of the Wallaby Zone Resource. The hole encountered a total of 51.3 metres of mineralisation in four separate intercepts (Figure 1). Drillhole OKU-953 intersected mineralisation with grades above Resource grade at the lower edge of the Wallaby Zone.

A hole was drilled to test for lateral extensions to the lower Wombat zone. This hole did not extend the mineralisation but did confirm the Resource model with almost 90 metres of visible chalcopyrite (Cu) in sulphides.

Drilling for downplunge extensions of the Wombat zone have been hampered by drill rig equipment failures. The highest grade intercepts in the deposit were made at depth and the intensity of mineralisation is increasing downplunge.

Table 1. Significant Drill Intercepts from Kylylahti – April 2008

Hole	From (m)	Interval (m)	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au g/t
OKU-953	343.00	5.90	2.32	0.22	0.32	0.80	0.58
OKU-954	251.15	1.35	0.48	0.36	0.09	1.71	0.23
OKU-955	357.00	15.00	0.63	0.10	0.26	0.09	0.49
	382.00	12.00	1.03	0.10	0.28	0.16	0.92
incl.	386.00	7.00	1.32	0.08	0.28	0.20	1.34
	400.00	6.00	0.61	0.06	0.24	0.22	0.17
	409.00	18.30	1.20	0.14	0.21	0.75	0.48
incl.	410.50	4.00	2.16	0.26	0.10	0.54	1.19
incl.	421.75	3.90	2.06	0.22	0.31	2.42	0.67

This drilling highlights the potential for extensions down dip from the Wallaby Zone over at least 70 metres of length between OKU-953 and OKU-955. In addition, OKU-955 also encountered elevated gold values above the Wallaby Zone and outside the Resource (Figures 1 and 2).

The drilling indicates the potential for a significant increase to the Resource Estimate. The extensions are relatively shallow and would positively impact on tonnes available for mining in first four years of production.

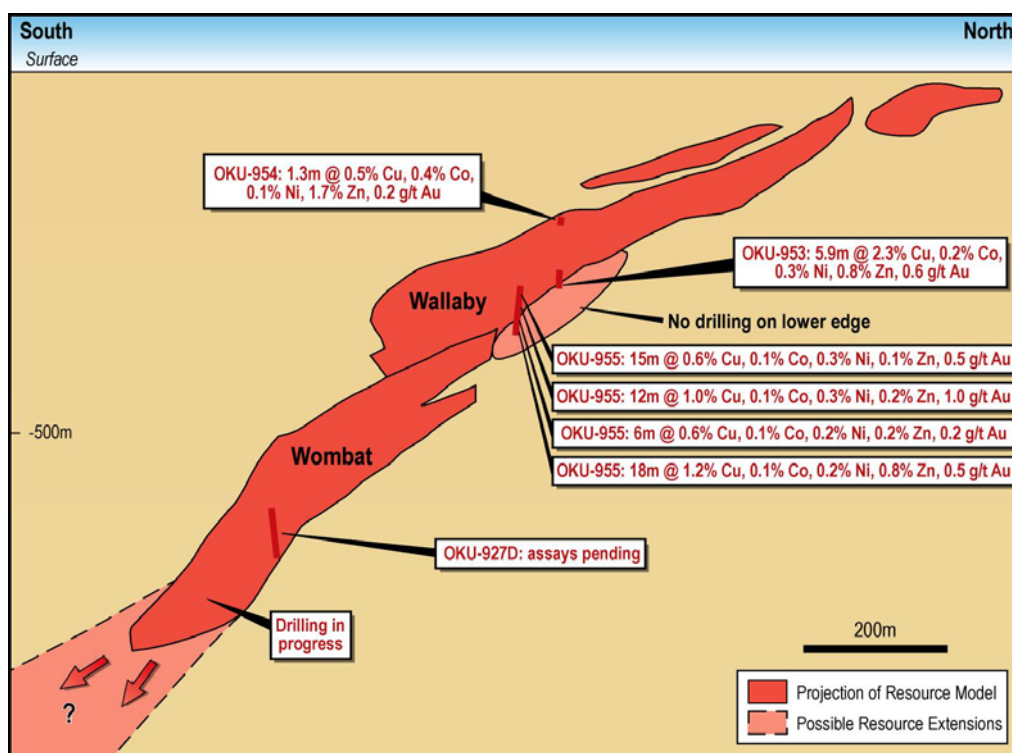


Figure 1. Longitudinal section of the Kylylahti Deposit showing location of recent drilling and potential Resource extensions

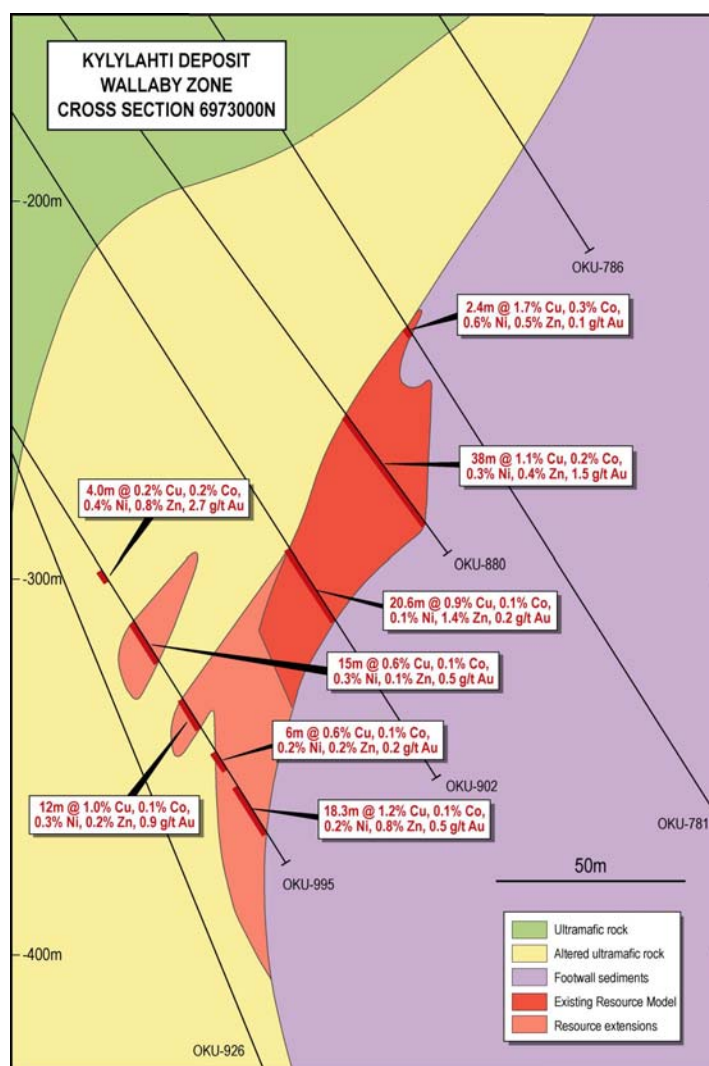


Figure 2. Cross Section through drillhole OKU-995 showing significant down dip extension to Resources

## KUHMO NICKEL

### Drilling

Drilling programmes at Hietaharju and Peura-aho were in progress during the quarter. Two rigs completed 43 short holes, totalling 3,617 metres. At Hietaharju, 24 holes were completed, which included 15 holes to further delineate the shallow mineralisation, six holes to investigate possible depth extensions to the known mineralisation and three holes drilled north of Hietaharju to investigate conductors identified from the recent EM survey. At Peura-aho nine holes were completed which were drilled to test the southern continuity of mineralisation identified during the previous drilling campaign.

### Hietaharju

The programme of shallow delineation drilling at Hietaharju was completed. Fourteen of 15 holes completed intersected mineralisation. The most significant mineralisation was intersected in HIE-36, being 19.95 metres of disseminated sulphides with thin massive sulphides.

A drilling programme to 150 metres depth at Hietaharju was completed by the end of March. A total of six holes for 1,500 metres were drilled. The holes were targeted to test and extend the deeper parts of the known mineralisation. All six holes drilled intersected nickel sulphides. The

first hole, HIE-51, intersected the longest massive sulphide interval to date at Hietaharju; a cumulative 10 metres within 12.5 meters. The thickest individual massive sulphide intercept, 2.7 metres, was intersected in HIE-54. The majority of sulphides intersected in these holes are disseminated. Massive sulphides if present commonly occur as thin veins.

Three holes were drilled north of the Hietaharju deposit targeting EM anomalies identified from the recent EM survey. Only one hole, HIE-58 intersected ultramafics, but the unit contained no visible sulphides. All targeted anomalies can be reconciled by either iron sulphides occur as bands or veins in felsics and black schists or sulphide bearing graphite sedimentary rocks that were intersected in the drilling.

### ***Peura-aho***

Nine holes were drilled at Peura-aho. Four holes were planned to test a mise-a-la-masse anomaly and to follow up contact mineralisation and massive sulphides within footwall rocks along the southern limb of the Peura-aho fold structure. The first hole, PA-41 was collared into contact mineralisation and included some 2 metres of disseminated and 2 metres of massive sulphides. This is the first time massive sulphides have been located at the contact of ultramafic rock and the felsic footwall. The last two holes intersected mineralisation with up to 2.75 metres of massive sulphides related to the western contact of this ultramafic unit. This was a previously unknown zone of mineralisation.

Holes PA-46 and PA-48 intersected the same talc-carbonate rock unit intersected in PA-41 but the amount of sulphides was much lower. Other holes PA-45, -47 and -49 intersected variable amounts of sulphides within serpentines and chlorite-amphibole rocks, representing disseminated and contact type of mineralisation respectively.

The programme confirmed the continuity of the contact mineralisation further south from the present model but most significantly identified a new zone of previously unknown talc-carbonate rocks with both disseminated and massive sulphides. This new zone appears to be small but remains open to south.

### ***Arola***

Drilling was undertaken at the Arola nickel occurrence for first time in 35 years and delineated a complex zone of multiple thin layers of remobilised nickel sulphides with individual grades up to 4.6% nickel within a highly altered sequence of ultramafic rocks.

All holes returned multiple intervals of varying thickness, but mainly thin and of low grade (<0.8%Ni). In places, sufficient thin sulphide layers generated thicker drill intercepts. Arola sulphides are typical of high tenor komatiite hosted nickel sulphides found in Western Australia although remobilised in a wide quartz-chlorite shear zone.

The significance of the mineralisation of Arola is the presence of deformed or remobilised sulphides within a greenstone belt hosting multiple komatiite units including a 500 metre thick serpentinite body 50 metres to the east. Such sequences frequently prove to be the location of high grade nickel discoveries such as those in Western Australia.

Table 1. Arola Deposit

Hole	From (m)	Interval (m)	Ni (%)	Cu (%)	Co (%)
KUH/ARO-5	27.00	4.65	0.52	0.01	0.01
incl.	27.00	1.65	0.77	0.02	0.01
KUH/ARO-5	88.95	0.45	0.87	0.05	0.03
KUH/ARO-5	93.65	1.00	0.45	0.03	0.01
KUH/ARO-5	113.15	10.35	0.47	0.01	0.01
incl.	119.00	2.70	0.97	0.02	0.01
KUH/ARO-5	146.00	6.00	0.43	0.01	0.01
KUH/ARO-6	46.30	6.00	0.45	0.01	0.01
incl.	47.80	0.80	1.46	0.02	0.03
KUH/ARO-6	65.80	0.25	0.50	0.01	0.01
KUH/ARO-7	86.90	13.10	0.43	0.01	0.01
incl.	93.10	0.50	1.59	0.02	0.02
incl.	94.90	0.20	2.90	0.04	0.03
KUH/ARO-7	110.55	0.35	1.03	0.03	0.02
KUH/ARO-8	77.40	0.80	1.28	0.06	0.01
KUH/ARO-8	113.35	0.90	0.78	0.06	0.02
KUH/ARO-9	49.00	4.05	0.69	0.02	0.01
KUH/ARO-9	70.40	0.50	1.06	0.22	0.03
KUH/ARO-9	75.85	0.20	0.61	0.17	0.02
KUH/ARO-10	43.40	0.35	0.83	0.09	0.03
KUH/ARO-11	30.50	2.05	0.46	0.02	0.01
KUH/ARO-11	41.00	2.00	0.41	0.01	0.01
KUH/ARO-11	46.60	2.40	0.41	0.02	0.01
KUH/ARO-11	63.00	5.00	0.44	0.01	0.01
KUH/ARO-12	72.70	18.05	0.46	0.02	0.01
KUH/ARO-12	100.00	1.00	0.34	0.02	0.01
KUH/ARO-12	105.00	6.00	0.35	0.01	0.01
KUH/ARO-12	113.00	4.00	0.31	0.01	0.01
KUH/ARO-13	4.90	10.10	0.62	0.02	0.01
KUH/ARO-13	24.00	4.00	0.33	0.01	0.01
KUH/ARO-13	31.00	1.00	0.46	0.03	0.01
KUH/ARO-13	35.00	5.50	0.39	0.01	0.01
KUH/ARO-13	44.50	2.00	0.37	0.01	0.01
KUH/ARO-14	22.00	7.00	0.40	0.02	0.01
KUH/ARO-14	32.15	7.85	0.64	0.01	0.01
KUH/ARO-14	44.90	1.50	1.08	0.06	0.01
KUH/ARO-14	53.90	1.15	0.45	0.03	0.01

**Geophysics**

A Moving Loop Electromagnetic (“MLEM”) orientation survey at Hietaharju was completed in January. A low frequency SmarTEM receiver was utilised, which theoretically allows greater depth penetration than previous surveys.

Known mineralisation can be clearly identified in the results. In addition, several strong anomalies north of the known mineralisation were identified.

MLEM survey in the Vaara-Kauniinlampi area began in March. Progress has been slower than anticipated, but the quality of the data is good. By the end of the month the southern portion of the survey area over the Vaara deposit had been completed.

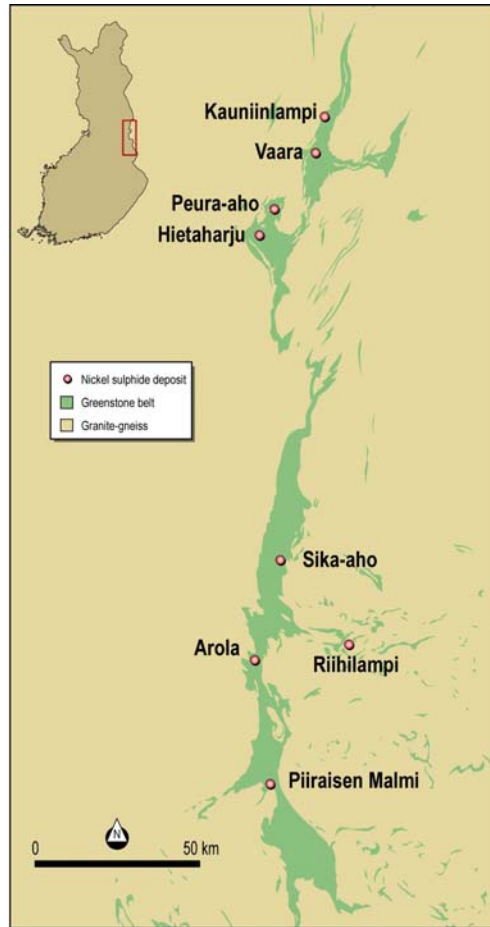


Figure 3. Kuhmo-Suomussalmi Greenstone Belt showing Nickel occurrences and Deposits

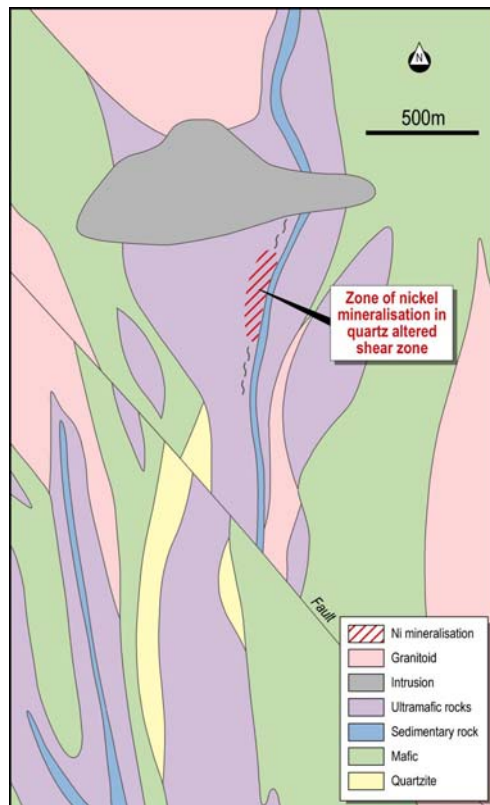


Figure 4. Geology of the Arola Area

**Metallurgy**

The Geological Survey of Finland has completed metallurgical testwork on the Peura-aho and Hietaharju deposits. The results are very encouraging (Table 3) and indicate that good quality concentrates with acceptable recoveries can be produced from both deposits.

*Table 3. Selected Metallurgical Testwork Results from Peura-aho and Hietaharju Drill Core Samples*

	Ni (%)	Rec (%)	Co (%)	Rec (%)	Cu (%)	Rec (%)	Pt (g/t)	Rec (%)	Pd (g/t)	Rec (%)
<b>Hietaharju Massive Ore</b>										
Head Grade	2.4		0.13		1.5		2.4		3.8	
Nickel Bulk Concentrate	11.2	69.4	0.68	74.6	9.2	89.7	6.7	47.2	16.0	64.8
<b>Hietaharju Disseminated Ore</b>										
Head Grade	1.0		0.06		0.5		0.5		1.1	
Nickel Concentrate	20.7	57.1	1.37	61.4	1.4	9.1				
Copper Concentrate	0.5				30.9	75.4				
<b>Peura-aho Massive Ore</b>										
Head Grade	1.8		0.08		0.6		0.2		1.0	
Nickel-Copper Concentrate	11.9	56.4			6.0	87.3				
<b>Peura-aho Contact Ore</b>										
Head Grade	1.0		0.05		0.5		0.6		0.8	
Nickel Concentrate	14.8	50.1			1.7	11.7				
Copper Concentrate	0.7				25.0	48.5				

Drill core samples for the Vaara test work have been collected and metallurgical testwork has commenced.

**Scoping Study**

The Hietaharju mining license application was submitted on 14 March. Preliminary mine designs and schedules have been completed for Hietaharju as part of the application.

Preliminary work has commenced on the Vaara site layout, including waste dumps, tailings facilities and infrastructure.

Preliminary pit design and scheduling work has also been undertaken on the Peura-aho resource.

The Environmental Impact Assessment (“EIA”) process for the Hietaharju, Peura-aho and Vaara nickel deposits has commenced and is due to be completed by mid December 2008.

**CORPORATE ACTIVITY**

**Cash at hand**

As reported in the attached Appendix 5B, cash on hand at end of March 2008 was A\$43.5 million.

Mr Eric Hughes has been appointed as Chief Financial Officer and Joint Company Secretary with effect from 17 March 2007.

Mr Hughes is a qualified accountant with over 20 years experience in the financial management of listed resource companies, including senior appointments with BHPB, Amity Oil, Roebuck Resources and Ironclad. Mr Hughes is also a non-executive director of Platinum Australia Limited.

On 8 November 2007, shareholders at Vulcan's Annual General Meeting approved the issue of unlisted options to Non Executive Directors Mr Michael Blakiston and Mrs Fiona Harris.

Under the terms governing the issue of the options, the issue was required to be effected within one month of shareholder approval being granted. As a consequence of Vulcan failing to lodge the appropriate documentation on a timely basis, the approval received from shareholders to issue these options can not be effected and further approvals from shareholders will be required.

## 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, 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.

## OVERVIEW OF THE KYLYLAHTI PROJECT

Vulcan's principal asset is the Kylylahti copper-cobalt-nickel project, located in central eastern Finland. The project is 380 kilometres north-east of Helsinki, and is accessible by a sealed road and by air via Joensuu, 40 kilometres to the south-east. The Kylylahti deposit was discovered by Outokumpu Oy in 1984 and sits within the historic Outokumpu copper mining district centred on the North Karelia Schist Belt.

The project was purchased by Vulcan's subsidiary company, Kylylahti Copper Oy, in December 2004. Ninety holes were drilled into the deposit by Outokumpu (33,265 metres) and, including geotechnical holes, Vulcan has drilled 49 holes (16,890 metres) up until January 2008. The Resource estimate was completed by Vulcan and its consultant Quantitative Geoscience Pty Ltd. The estimate was reported according to the JORC Code (ASX Release 26 June 2007) and has a total Measured, Indicated plus Inferred Mineral Resource of 7.85 Mt at a grade of 1.17% copper, 0.24% cobalt, 0.22% nickel, 0.49% zinc and 0.70 g/t gold within geologically defined domains.

Vulcan has completed a definitive feasibility study for the mining, processing, and sale of products from the Kylylahti deposit. Vulcan's timetable sees the commencement of construction activities at the project site in 2008. Vulcan proposes an underground mining operation accessed by a decline which will see ore generated from conventional longhole open stopes with filling of underground voids with paste fill injected from surface. Ore production is currently planned to rise to be 800 ktpa.

Vulcan's current processing plan is to crush and concentrate the ore by flotation on site to yield two products - a copper-gold concentrate and a nickel-cobalt-zinc concentrate. Letters of Intent have been executed with potential customers.

The Kylylahti mine and plant are located on three granted mining leases and an Environmental Permit for the Kylylahti site has been awarded.

## OVERVIEW OF THE KUHMO NICKEL PROJECT

The Kuhmo Nickel Project is 95% owned by Vulcan and comprises a discontinuous holding of tenements over 150 kilometres of north-south strike of the Kuhmo-Suomussalmi greenstone belt in eastern central Finland. This greenstone belt has close geological similarities to the Leinster - Wiluna greenstone belt of Western Australia and many of the deposits identified to date are geological analogues of significant Australian nickel mines. Both belts are 2.75 billion years old. The type example of these komatiite hosted nickel deposits is Kambalda in Western Australia.

There are 12 drilled or outcropping nickel occurrences and mineral Resources have been reported for five of these. Exploration has been sporadic over 40 years and was largely conducted by Outokumpu and the Geological Survey of Finland.

At Vaara, a large tonnage low grade but high nickel tenor deposit is hosted in a thick serpentinite (cumulate) unit and thin intersections of massive sulphide have been made in talc carbonate altered komatiite units in the footwall to this mineralisation. Five different drilled nickel sulphide occurrences occur elsewhere in this highly prospective 20 kilometre komatiite belt and numerous nickel anomalies in soil, boulder and shallow till drilling have been found in the area.

At Peura-aho and Hietaharju, some 5 kilometres apart, low tenor massive sulphide deposits with associated disseminated mineralisation have been identified. Massive sulphides outcrop at Peura-aho and grade up to 3% nickel, 2% copper and 15 g/t palladium. At Peura-aho, massive sulphides are hosted within footwall felsic rocks. At Hietaharju multiple massive sulphide lenses are inter-layered with disseminated sulphide within a talc carbonate altered ultramafic unit.

At Arola and Sika-aho, high tenor nickel mineralisation is hosted in sheared and altered mafic rocks closely spatially associated with a complex series of komatiitic rocks.

Resources for the project were reported in full to ASX on 22 August 2006 and the reader is referred to this release for further details.

*Table 3. Mineral Resources at the Kuhmo Nickel Project*

Location	Tonnes (Mt)	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)
Vaara <sup>1</sup>	6.1	0.35	0.03	0.01	0.25	0.25
Peura-aho <sup>1</sup>	0.6	0.51	0.22	0.03	0.18	0.40
Hietaharju <sup>1</sup>	1.0	0.53	0.28	0.03	0.19	0.26
Sika-aho <sup>2</sup>	0.175	0.66	0.01	n/a	n/a	n/a
Arola <sup>3</sup>	1.5	0.46	n/a	n/a	n/a	n/a
Total	9.38	0.40	Contained nickel		37,765 tonnes	

<sup>1</sup> Indicated and Inferred Resources. For a breakdown see Resource estimate by Snowden & Associates in ASX Release 23 November 2006.

<sup>2</sup> GTK, 1998 Polygonal Resource Estimate, available in Public domain but not reported under JORC Code. Vulcan review classified as Inferred Resource.

<sup>3</sup> Outokumpu, Polygonal Resource Estimate, available in Public domain but not reported under JORC Code. Vulcan review classified as Inferred Resource.

The Resource Estimates for Sika-aho and Arola were not conducted by Vulcan but were estimated by various Finnish entities (Outokumpu Oy and the Geological Survey of Finland) and are quoted from public documents available on the Geological Survey of Finland website. Vulcan's review of these Resources, their calculation, methodology and of input data classifies them as Inferred Resources under the JORC Code.

## APPENDIX 5B

### Mining Exploration entity quarterly report

Name of entity

VULCAN RESOURCES LIMITED

ACN or ARBN

100 072 624

Quarter ended ("current quarter")

31 March 2008

### Consolidated statement of cash flows

Cash flows related to operating activities	Current Quarter (3 months) A\$'000	Year to Date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(3,027)	(8,971)
(b) development	-	-
(c) production	-	-
(d) administration	(657)	(2,463)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	958	2,086
1.5 Interest and other costs of finance paid	(168)	(467)
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(2,894)</b>	<b>(9,815)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(100)	(185)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	2	2
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>(98)</b>	<b>(183)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,992)</b>	<b>(9,998)</b>

1.13 Total operating and investing cash flows (brought forward)	(2,992)	(9,998)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares (net of costs)	76	49,832
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	(2,500)
1.18 Dividends paid	-	-
1.19 Other	-	-
<b>Net financing cash flows</b>	<b>76</b>	<b>47,332</b>
<b>Net increase (decrease) in cash held</b>		
1.20 Cash at beginning of quarter/year to date	46,565	5,922
1.21 Exchange rate adjustments to 1.20	(178)	215
1.22 <b>Cash at end of quarter</b>	<b>43,471</b>	<b>43,471</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	<b>Current quarter</b> <b>\$A'000</b>
1.23 Aggregate amount of payments to the parties included in item 1.2	164
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	5,000	5,000
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,600
4.2 Development	1,400
<b>Total</b>	<b>3,000</b>

## Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	459	403
5.2 Deposits at call	43,012	46,163
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>43,471</b>	<b>46,566</b>

## Changes in interests in mining tenements

See attached Schedule A.

## Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-			
7.2 Changes during quarter	-			
7.3 <b>Ordinary securities</b>	224,544,751	224,544,751		
7.4 Changes during quarter - Issued	-			
7.5 <b>Convertible debt securities</b> <i>(description and conversion factor)</i>	\$5,000,000 Unsecured Convertible Note at 10% per annum, convertible into ordinary fully paid shares @ \$0.30 per share, maturing on 30 June 2008.			
7.6 Changes during quarter	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<b>Exercise Price</b>	<b>Expires</b>
	2,500,000	-	\$0.20	30 June 2008
	2,500,000	-	\$0.20	30 June 2009
	520,000	-	\$0.30	1 February 2009
	10,000,000	-	\$0.25	28 February 2009
	1,000,000	-	\$0.26	28 February 2009
	500,000	-	\$0.30	28 February 2009
	600,000	-	\$0.30	1 July 2010
	3,000,000	-	\$0.30	1 July 2010
	1,000,000	-	\$0.35	1 July 2010
	950,000	-	\$0.35	31 December 2010
	3,340,000	-	\$0.55	31 December 2011
7.8 Issued during quarter	-			
7.9 Exercised during quarter	-			
7.10 Expired during quarter	1,000,000 (these options were cancelled)	-	\$0.55	31 December 2010
7.11 <b>Debentures</b> <i>(totals only)</i>	-			
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-			

## Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.

Sign here: 

Joint Company Secretary

Date: 30 April 2008

Print Name: Anthony Begovich

## Interests in mining tenements relinquished, reduced or lapsed during the quarter

### Reservations

No	Name	Holder
200710	Koitelainen 8-9	Kylylahti Copper Oy

### Claims

No	Name	Holder
7014/1	Hietaharju 1	Kuhmo Metals Oy
7014/2	Hietaharju 2	Kuhmo Metals Oy

## Interests in mining tenements acquired or increased during the quarter

Tenement Reference	Nature of Interest	Interest at beginning of quarter	Interest at end of quarter
Kianta 2	Reservation	0	100%
Kianta 3	Reservation	0	100%
Polvikoski 1	Claim	0	100%
Polvikoski 2	Claim	0	100%
Kylylahti 6	Claim	0	100%
Saramäki 2	Claim	0	100%
Sukkula 1	Claim	0	100%
Sukkula 2	Claim	0	100%
Vuonos 4	Claim	0	100%
Vuonos 5	Claim	0	100%
Vuonos 6	Claim	0	100%
Vuonos 7	Claim	0	100%
Hoikka	Claim	0	100%
Vaara West	Claim	0	100%
Huutoniemi 1	Claim	0	100%
Huutoniemi 2	Claim	0	100%
Huutoniemi 3	Claim	0	100%
Huutoniemi 4	Claim	0	100%
Korkea-aho 2	Claim	0	100%
Korkea-aho 3	Claim	0	100%
Siivikko 1	Claim	0	100%
Siivikko 2	Claim	0	100%
Hietaharju	Mining License	0	100%
Pentinpuro	Claim	0	100%
Honkamäki	Claim	0	100%
Hautakankas	Claim	0	100%
Vuorokas South	Claim	0	100%
Vuorokas North	Claim	0	100%
Koski	Claim	0	100%
Mäkrö	Claim	0	100%
Isonkivenkangas	Claim	0	100%
Vaiskonselkä 1	Claim	0	100%
Vaiskonselkä 2	Claim	0	100%
Vaiskonselkä 3	Claim	0	100%
Vaiskonselkä 4	Claim	0	100%
Vaiskonselkä 5	Claim	0	100%
Vaiskonselkä 6	Claim	0	100%
Vaiskonselkä 7	Claim	0	100%
Haukiahho 1	Claim	0	100%
Haukiahho 2	Claim	0	100%

## Interests in mining tenements at end of the quarter

### KYLYLAHTI PROJECT

#### Mining Licenses

No	Name	Holder
3593/1a	Kylylahti	Kylylahti Copper Oy
3593/1b	Kylylahti	Kylylahti Copper Oy
3593/2a	Kylylahti 2	Kylylahti Copper Oy
3593/1c	Kylylahti ML extension	Kylylahti Copper Oy

#### Claims

No	Name	Holder
7799/1	Kylylahti 1	Kylylahti Copper Oy
7799/2	Kylylahti 2	Kylylahti Copper Oy
7799/4	Kylylahti 4	Kylylahti Copper Oy
7799/3	Kylylahti 3	Kylylahti Copper Oy
7914/1	Saramäki 1	Kylylahti Copper Oy
7906/1	Perttilahti 1	Kylylahti Copper Oy
7906/2	Perttilahti 2	Kylylahti Copper Oy
7906/4	Vuonos 2	Kylylahti Copper Oy
7906/5	Vuonos 3	Kylylahti Copper Oy
7906/3	Vuonos 1	Kylylahti Copper Oy
8393/1	Polvikoski 1	Kylylahti Copper Oy
8393/2	Polvikoski 2	Kylylahti Copper Oy
8393/3	Kylylahti 6	Kylylahti Copper Oy
8394/1	Saramäki 2	Kylylahti Copper Oy
8525/1	Sukkula 1	Kylylahti Copper Oy
8525/2	Sukkula 2	Kylylahti Copper Oy
	Vuonos 4	Kylylahti Copper Oy
	Vuonos 5	Kylylahti Copper Oy
	Vuonos 6	Kylylahti Copper Oy
	Vuonos 7	Kylylahti Copper Oy

#### Reservations

No	Name	Holder
2007153	Miihkali 1	Kylylahti Copper Oy
2007153	Miihkali 2	Kylylahti Copper Oy
2007153	Miihkali 3	Kylylahti Copper Oy
2007153	Miihkali 4	Kylylahti Copper Oy
2007153	Miihkali 5	Kylylahti Copper Oy
2007155	Viurusuo 1	Kylylahti Copper Oy
2007155	Viurusuo 2	Kylylahti Copper Oy
2007155	Viurusuo 3	Kylylahti Copper Oy
2007154	Sammakkovaara 1	Kylylahti Copper Oy
2007154	Sammakkovaara 2	Kylylahti Copper Oy

### KUHMO JOINT VENTURE

#### Kuhmo Metals Oy Mining Licenses

No	Name	Holder
	Hietaharju	Kuhmo Metals Oy

**Kuhmo Metals Oy Claims**

No	Name	Holder
	<b><i>Vaara-Kauniinlampi</i></b>	
7789/1	Vaara	Kuhmo Metals Oy
8049/1	Kotisuo	Kuhmo Metals Oy
8049/2	Kauniinlampi	Kuhmo Metals Oy
8049/3	Hoikkalampi	Kuhmo Metals Oy
8049/4	Rytys	Kuhmo Metals Oy
8049/5	Vaara North	Kuhmo Metals Oy
8396/1	Hoikka	Kuhmo Metals Oy
	Vaara West	Kuhmo Metals Oy
	<b><i>Kiannanniemi</i></b>	
7014/1	Hietaharju 1	Kuhmo Metals Oy
7014/2	Hietaharju 2	Kuhmo Metals Oy
7922/1	Peura-aho	Kuhmo Metals Oy
8033/3	Peura-aho North	Kuhmo Metals Oy
8033/1	Peura-aho East	Kuhmo Metals Oy
8033/2	Peura-aho NE	Kuhmo Metals Oy
8033/5	Peura-aho SW	Kuhmo Metals Oy
8033/4	Peura-aho South	Kuhmo Metals Oy
8049/6	Mikkosenranta	Kuhmo Metals Oy
8476/1	Huutoniemi 1	Kuhmo Metals Oy
8476/2	Huutoniemi 2	Kuhmo Metals Oy
8476/3	Huutoniemi 3	Kuhmo Metals Oy
8476/4	Huutoniemi 4	Kuhmo Metals Oy
	<b><i>Moisiovaara</i></b>	
8047/4	Luokkivaara	Kuhmo Metals Oy
8055/1	Luokkipuro	Kuhmo Metals Oy
8055/2	Hyyrylainen	Kuhmo Metals Oy
8049/7	Sika-aho	Kuhmo Metals Oy
8049/8	Paatola	Kuhmo Metals Oy
8049/9	Likosuo	Kuhmo Metals Oy
8049/10	Karsikkosuo	Kuhmo Metals Oy
8049/11	Lehdonmaa	Kuhmo Metals Oy
8049/12	Harju	Kuhmo Metals Oy
8049/13	Yhteisenaho	Kuhmo Metals Oy
8049/14	Selkajarvi	Kuhmo Metals Oy
8049/15	Kaartilanvaara	Kuhmo Metals Oy
8049/16	Kaivolampi	Kuhmo Metals Oy
8049/17	Paatolaislampi	Kuhmo Metals Oy
8233/1	Kinnula	Kuhmo Metals Oy
8233/2	Kupusenkangas	Kuhmo Metals Oy
8242/6	Metsälä	Kuhmo Metals Oy
8242/4	Viima-aho	Kuhmo Metals Oy
8242/5	Rinneaho	Kuhmo Metals Oy
8242/3	Kemppaanlehto	Kuhmo Metals Oy
	<b><i>Arola – Harma North</i></b>	
7457/1	Hautalehto 1	Kuhmo Metals Oy
7457/4	Korkea-aho	Kuhmo Metals Oy
7923/1	Arola	Kuhmo Metals Oy
8047/1	Arola South	Kuhmo Metals Oy
8047/2	Palovaara South	Kuhmo Metals Oy
8047/3	Tiikkaja-aho	Kuhmo Metals Oy
8043/1	Kelosuo South	Kuhmo Metals Oy
8049/18	Karhujarvi	Kuhmo Metals Oy
8049/19	Palovaara	Kuhmo Metals Oy
8049/20	Putkisuo	Kuhmo Metals Oy
8049/21	Kelosuo	Kuhmo Metals Oy
8049/22	Pitkaaho	Kuhmo Metals Oy

No	Name	Holder
8242/2	Antinaho	Kuhmo Metals Oy
8242/1	Nyberginlehto	Kuhmo Metals Oy
8500/1	Korkea-aho 2	Kuhmo Metals Oy
8500/2	Korkea-aho 3	Kuhmo Metals Oy
	<b>Kuhmo Area</b>	
8055/3	Siivikkovaara	Kuhmo Metals Oy
8055/4	Niemenkyla	Kuhmo Metals Oy
8049/23	Juurikkajarvi	Kuhmo Metals Oy
8049/24	Riihilampi	Kuhmo Metals Oy
8477/1	Siivikko 1	Kuhmo Metals Oy
8477/2	Siivikko 2	Kuhmo Metals Oy

**Kuhmo Metals Oy Reservations**

No	Name	Holder
200793	Kianta 1	Kuhmo Metals Oy
200794	Hakovaara	Kuhmo Metals Oy
2007194	Saarikylä 1	Kuhmo Metals Oy
2007194	Saarikylä 2	Kuhmo Metals Oy
2007194	Saarikylä 3	Kuhmo Metals Oy
	Kianta 2	Kuhmo Metals Oy
	Kianta 3	Kuhmo Metals Oy

**Tulikivi Oyj claims. Base metals rights held by Kuhmo Metals Oy and gold rights by Polar Mining Oy**

No	Name	Holder
7645/1	Sivusuvanto	Tulikivi Oyj
7871/1	Savelahti	Tulikivi Oyj

## VANADIUM PROJECTS

### Claims

No	Name	Holder
	<b>Koillismaa Area</b>	
8299/1	Syöte 1	Kylylahti Copper Oy
8299/2	Syöte 2	Kylylahti Copper Oy
8299/3	Syöte 3	Kylylahti Copper Oy
8299/4	Syöte 4	Kylylahti Copper Oy
8299/5	Syöte 5	Kylylahti Copper Oy
8299/6	Syöte 6	Kylylahti Copper Oy
8299/8	Porttivaara 1	Kylylahti Copper Oy
8299/9	Porttivaara 2	Kylylahti Copper Oy
8299/10	Porttivaara 3	Kylylahti Copper Oy
8299/11	Porttivaara 4	Kylylahti Copper Oy
8299/12	Porttivaara 5	Kylylahti Copper Oy
8299/13	Porttivaara 6	Kylylahti Copper Oy
8299/14	Porttivaara 7	Kylylahti Copper Oy
	<b>Akanvaara Area</b>	
8313/1	Akanvaara 1	Kylylahti Copper Oy
8313/2	Akanvaara 2	Kylylahti Copper Oy
8313/3	Akanvaara 3	Kylylahti Copper Oy
8313/4	Akanvaara 4	Kylylahti Copper Oy
8313/5	Akanvaara 5	Kylylahti Copper Oy
8313/6	Akanvaara 6	Kylylahti Copper Oy
	<b>Otanmäki Area</b>	
8312/1	Pentinpuro	Kylylahti Copper Oy
8312/2	Honkamäki	Kylylahti Copper Oy
8312/3	Hautakankas	Kylylahti Copper Oy
8312/4	Vuorokas South	Kylylahti Copper Oy
8312/5	Vuorokas North	Kylylahti Copper Oy
8312/6	Koski	Kylylahti Copper Oy
8312/7	Mäkrö	Kylylahti Copper Oy
8312/8	Isonkivenkangas	Kylylahti Copper Oy
	<b>Koitelainen Area</b>	
8455/1	Vaiskonselkä 1	Kylylahti Copper Oy
8455/2	Vaiskonselkä 2	Kylylahti Copper Oy
8455/3	Vaiskonselkä 3	Kylylahti Copper Oy
8455/4	Vaiskonselkä 4	Kylylahti Copper Oy
8455/5	Vaiskonselkä 5	Kylylahti Copper Oy
8455/6	Vaiskonselkä 6	Kylylahti Copper Oy
8455/7	Vaiskonselkä 7	Kylylahti Copper Oy

### Reservations

No	Name	Holder
200710	Koitelainen 8-9	Kylylahti Copper Oy

## KYLYLAHTI COPPER OY NICKEL-COPPER-PGE TENEMENTS

### Claims

No	Name	Holder
8366/1	Haukiaho 1	Kylylahti Copper Oy
8366/2	Haukiaho 2	Kylylahti Copper Oy

### Reservations

No	Name	Holder
2007150	Kuusi	Kylylahti Copper Oy