

ASX RELEASE
13 October 2004

VULCAN ACQUIRES COPPER-COBALT, NICKEL AND PLATINUM ASSETS IN FINLAND

Highlights

- **Vulcan has purchased three key development and exploration assets from Dragon Mining in Finland and will issue 7 500 000 shares and options to Dragon Mining in consideration while taking advantage of Dragon's technical support in Finland.**
 - **The Kylylahti Copper-Cobalt-Nickel Deposit has a Resource of 3.4 million tonnes grading 1.8% copper and 0.3% cobalt, or 8.2% copper equivalent and will be the subject of a pre-feasibility study in 2005.**
 - **Australian geological models and discovery expertise will be applied to six identified nickel sulphide deposits and numerous EM targets within the 150 km long extent of the Kuhmo Nickel Project.**
 - **The Tornio Platinum Project may be the lateral equivalent of GoldFields Arctic Platinum Project (12 million ounces Pt + Pd + Au).**
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Overview

Vulcan Resources Limited (ASX Code: VCN "Vulcan") has purchased three development and exploration projects in Finland from Dragon Mining NL (ASX Code: DRA "Dragon"). The projects were purchased by Dragon as part of a suite of assets acquired by Dragon from Outokumpu Mining Oy (Outokumpu) and represent the non-gold assets in that package.

Vulcan has completed due diligence on the assets which included a site visit. The transaction will be subject to shareholder approval and Vulcan will issue 7,500,000 shares and options to Dragon in two tranches in consideration.

Mr Cam Ansell, Chairman of Dragon, said "We are delighted to become the largest shareholder in Vulcan and to back the Vulcan team. Dragon seeded the float of Archaean Gold in 1994 which was led by Alistair Cowden and Brett Dickson. Archaean was taken over after the discovery of the Nimbus silver deposit for \$52 million cash and Dragon achieved a multi-million dollar return on its investment. We are confident that with this track record Dragon will achieve a superior return."

Kylylahti Copper-Cobalt Deposit

The Kylylahti Copper-Cobalt Deposit is located 24 km NW of Outokumpu, some 600km NW of Finland's capital, Helsinki. The deposit is one of a cluster of 'Outokumpu' type deposits, the largest of which is the Keretti Deposit of 28 million tonnes at 3.8% copper and 0.12% cobalt.

Outokumpu have completed extensive drilling programmes, metallurgical testwork and other studies on the deposit. In 1998 Outokumpu completed an Inferred Resource Estimate. The deposit contains an inventory of 60,000 tonnes of copper and 10,000 tonnes of cobalt.

Kylylahti Inferred Resource Estimate

Mineralisation	Tonnes (Mt)	Cu (%)	Co (%)	Zn (%)	Ni (%)	Au (g/t)	Cu (Eq) (%)	In Situ Value (A\$/t)
Semi-massive sulphides	1.95	2.63	0.39	0.76	0.13	0.9	10.2	390
Disseminated sulphides	1.40	0.61	0.18	0.39	0.33	0.9	5.6	213
TOTAL	3.35	1.79	0.30	0.61	0.21	0.9	8.2	316

The Resource Estimate was made by Outokumpu in 1998 in accordance with the JORC code. Copper equivalent grades were calculated using metal prices of: copper US\$1.20/lb, cobalt US\$20/lb, nickel US\$5.50/lb and gold US\$400/ounce.

Vulcan plan to commence pre-feasibility studies in 2005. The study will include capture and validation of all existing data, construction of a Resource Model suitable for mining studies, concentrate marketing studies, infill and extension drilling, definitive metallurgical testwork followed by mine and process design and financial analysis.

The Kylylahti Deposit has potential, in the near term, to transform Vulcan into a base metal miner. This potential is highlighted by drillhole OKU-808 which intersected **70 metres at 3.1% copper and 0.37% cobalt (approximately 10% copper equivalent)**. The deposit is open at depth and numerous exploration targets remain to be tested.

Kuhmo Nickel Project

The Kuhmo Nickel Project is a 95% owned joint venture with Dragon subsidiary Polar Mining Oy ("Polar") which will hold a 5% free carried interest. The Kuhmo-Suomussalmi Greenstone Belt is directly analogous to Western Australian greenstone belts and the six nickel sulphide deposits already identified by drilling are identical to the type examples of komatiite-hosted nickel deposits at Kambalda and elsewhere in Australia. Polar has an extensive database over the Kuhmo-Suomussalmi belt that was compiled over many years which will be available to the Joint Venture.

The largest deposit identified to date is the Arola Deposit. Arola and the other identified deposits have estimates that were not prepared in accordance with the JORC Code. The Company will be making new estimates in due course. The best intercept is from the Peura-aho deposit, namely **2.25 metres at 2.3% nickel, 0.33% copper and 0.13% cobalt**.

There has been little exploration undertaken in the last 10 to 20 years on the bulk of the deposits. Exploration has largely focussed on thick high magnesium ultramafic lenses containing disseminated nickel sulphides. Australian experience has highlighted the high prospectivity of basal ultramafic contacts (eg. the recent Alec Mairs discovery at the Cosmos Nickel Mine) in thin komatiite units along strike from such occurrences. There are a number of bullseye EM anomalies in such settings within the Kuhmo Project and Vulcan intends to move quickly to assess, prioritise and drill compelling targets for Australian 'style' nickel deposits.

Tornio Platinum Project

The Tornio Platinum Project encompasses a 10 km long layered intrusion in an identical stratigraphic position and with similar geology to the adjacent Penikat intrusion which forms

part of GoldFields Arctic Platinum Project. Published Resources for this project are 156 million tonnes at 2.42 g/t combined Pt + Pd + Au for 12 million contained ounces.

The prospective horizons of the Tornio intrusion are untested and Vulcan will commence geochemical drilling to define drill targets as soon as possible.

Transaction

Vulcan will issue 7,500,000 shares and options to Dragon with the options converting to one ordinary share at an exercise price of 20 cents in the following tranches:

On completion

- 5,000,000 shares
- 2,500,000 options expiring June 30, 2007
- 2,500,000 options expiring June 30, 2008
- 2,500,000 options expiring June 30, 2009

Six months after completion

- 2,500,000 shares

Vulcan will seek shareholder approval of the transaction and expects to hold a Shareholder Meeting in November 2004.

Dragon may nominate one person to be appointed to the Board of Vulcan and Dragon will make available its Finnish technical team, made up of experienced former Outokumpu staff, who have extensive operating experience in Finland.

About Vulcan

Vulcan Resources is a Perth based explorer which listed on ASX in October 2002 and has 25,100,000 shares on issue. It holds a number of gold exploration projects in Western Australia. Chairman, Alistair Cowden, has extensive experience in nickel and platinum having worked at Kambalda and on the Hartley Platinum Project in Zimbabwe, and completed a PhD on the Kambalda nickel deposits. The Board of Michael Blakiston, Brett Dickson and Alistair Cowden have extensive experience with successful exploration and development companies such as Ranger Minerals, Archaean Gold and Magnetic Minerals.

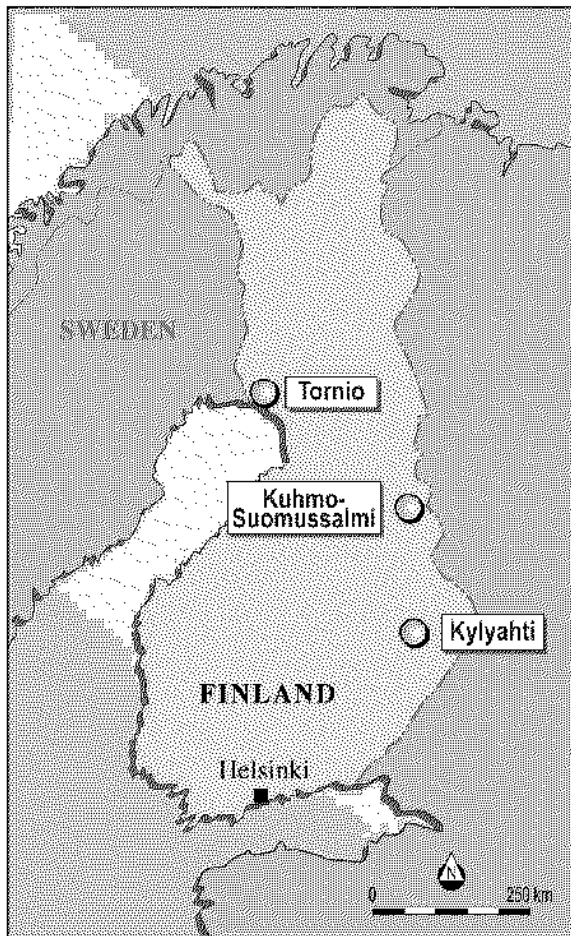
JORC Code Compliance Statement

The information on mineralisation contained in this report accurately reflects information compiled by Dr Alistair Cowden B.Sc (Hons), Ph.D, M.Aus.I.M.M., M.A.I.G. who is a Competent Person (as defined by the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves) with relevant experience in relation to such mineralisation and is an employee of Vulcan Resources Limited. He has consented to the form of this report.

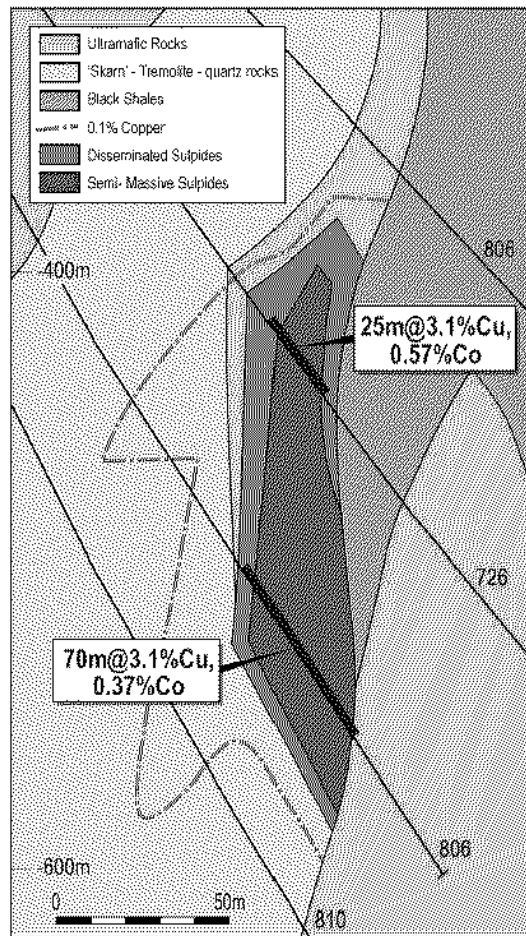
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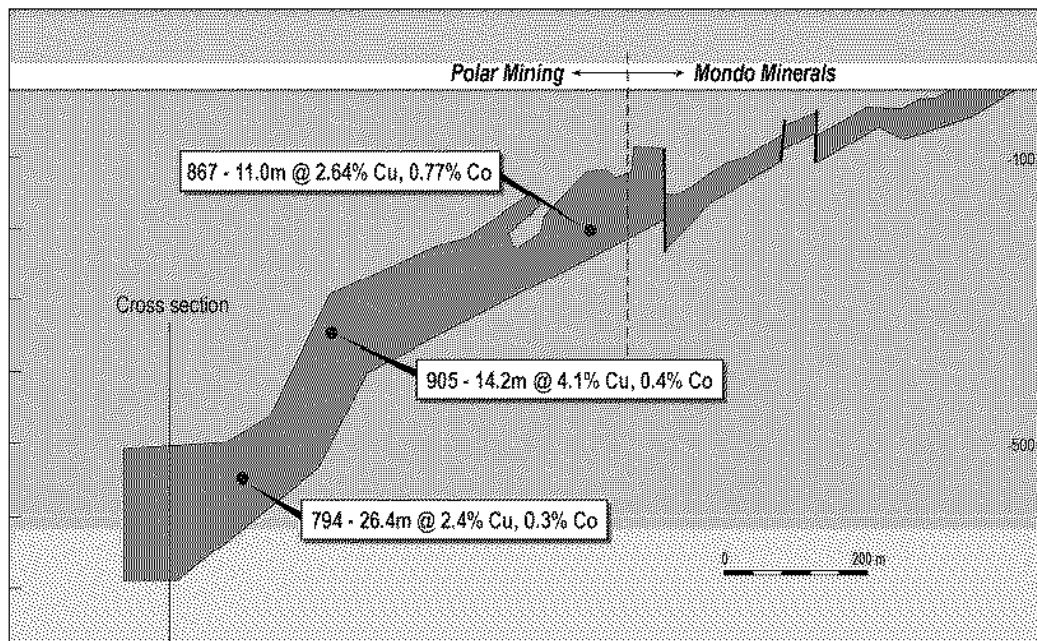
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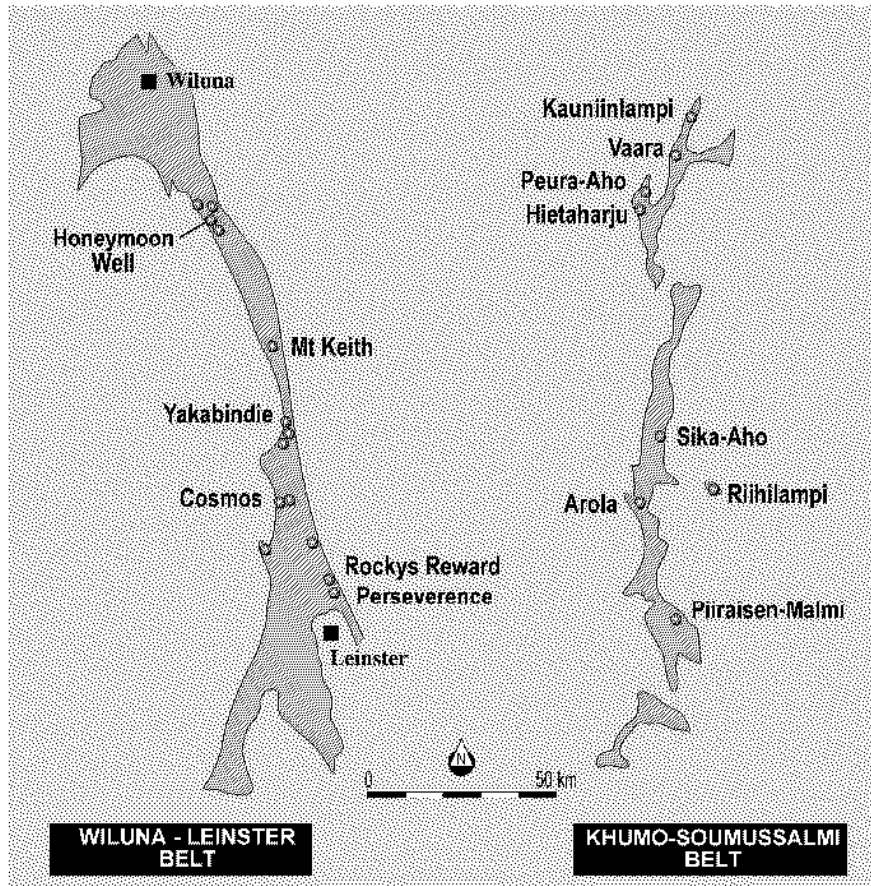
Map of Finland



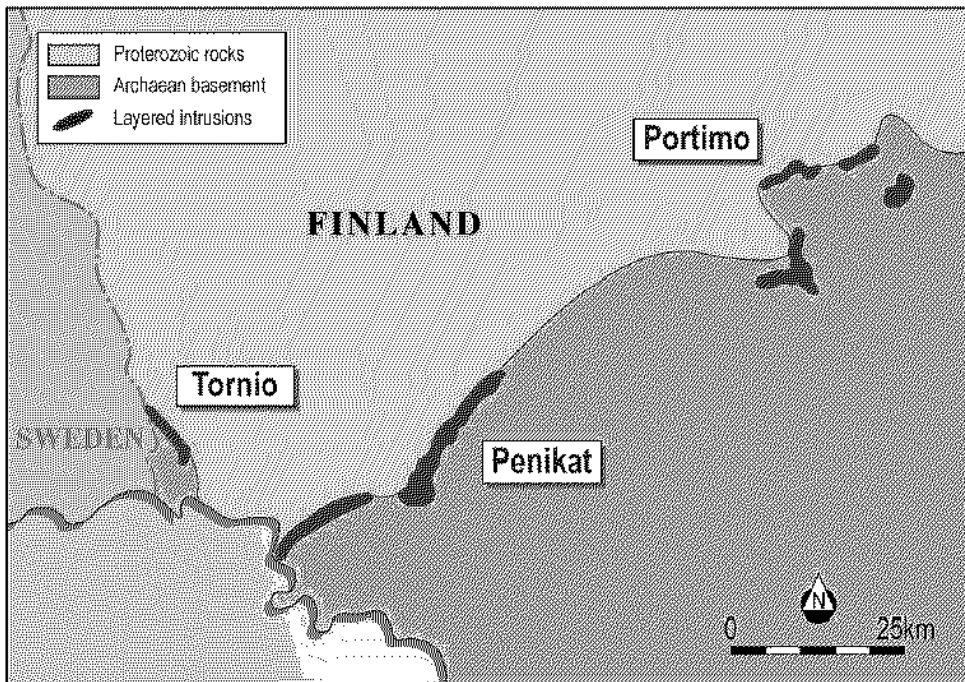
Cross Section of Kylylahti Deposit



Longitudinal Projection of the Kylylahti Deposit



Comparison of Kuhmo belt with Australian Greenstone belt



Location of the Tomio Platinum Project