

# Vulcan Resources

## ABOUT VULCAN RESOURCES

Vulcan Resources Limited has base and precious metals development and exploration projects in Finland. These projects are on hold and Vulcan is currently focussed on acquiring near term development projects.

The Company's principal project is the 800,000 tpa, 100% owned Kylylahti underground base metal deposit located near Outokumpu in eastern Finland. It 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>.

Kylylahti is fully permitted and a Definitive Feasibility Study completed.

The Kuhmo Nickel Project is 95% owned by Vulcan and Vulcan is undertaking Resource delineation drilling at four shallow nickel-copper-PGE sulphide deposits.

Cash on hand \$28.14 million

Market Capitalisation at 9.5 cents per share: \$21.6 million

**ASX:** VCN

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

**Norwegian OTC:** VCNR

**Shares on issue:** 227,044,751

**Options on issue:** 10,790,000

### **Vulcan Resources Limited**

Ground Floor, 1 Altona Street  
West Perth

Western Australia 6005

Tel: +61 8 9485 2929

Fax: +61 8 9486 4933

[admin@vulcanresources.com.au](mailto:admin@vulcanresources.com.au)

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

## Quarterly Report - March 2009

### Overview

Vulcan has concentrated on assessing numerous opportunities for merger and acquisition during the quarter. The focus has been largely on gold deposits in the Americas, South-East Asia and Africa. Three companies/projects with advanced gold projects are under active assessment.

Vulcan has cash of \$28.14 million before interest and has a cash backing of 12.4 cents per share. It is trading at a discount to cash backing.

The Kylylahti projects key commodity exposures, copper and cobalt, have performed well this quarter. LME Copper opened the quarter at multi-year lows of \$1.25/lb and has risen to approximately \$2.00/lb. Similarly, 99.3% cobalt as quoted on MinorMetals.com has increased from \$10.00/lb to \$16.00/lb. Whilst demand for major industrial metals is still depressed it is encouraging to see the recovery of prices from recent lows.

Vulcan continues to hold the Kylylahti project in abeyance whilst investigating opportunities for project synergies within Finland.

### Kylylahti

The Geological Survey of Finland (GTK) has delivered preliminary results on the reflection seismic surveys carried out in the Kylylahti area in 2008. The results indicate steeply dipping extensive vertical continuation for the Kylylahti fold structure. However, discrimination of semi-massive sulphides within the structure appears to be too challenging. GTK will complete final interpretations and reporting within the next few months.

Tenement holdings have been rationalized and reduced to the four known deposits in Vulcan's portfolio at Kylylahti, Vuonos, Saramäki and Perttilahti.

An update of the Kylylahti Resource estimate is nearing completion. The update will incorporate all 2008 drilling.

### Kuhmo Nickel

Astroek Oy has completed processing and interpretation of the 2008 regional VTEM survey. The work resulted in the definition of a total of 66 priority targets for follow-up work.

Extensive data compilation work and updating of Kuhmo – Suomussalmi greenstone belt geology maps was completed during the quarter.

The Suomussalmi Environmental Impact Assessment (EIA) report comprising assessments of the Hietaharju, Peura-aho and Vaara deposits has been subject to a public consultation. Kainuu Regional Environment Centre is expected to give a final statement and approval on the report in May. The EIA is a key part of the process of securing Mining Licences over the known nickel deposits.

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

## CORPORATE ACTIVITY

**Cash at hand**

The quarter saw the final payments that relate to 2008 activity in Kylylahti project development such as costs associated with staff redundancies and former Finnish employee benefits.

As reported in the attached Appendix 5B, cash on hand at end of March 2009 was A\$28.14 million. This amount does not include interest earned that is to be received.

## 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 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 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.

**Please direct enquiries to:**

Alistair Cowden  
Managing Director  
Tel: +61 8 9485 2929  
Email: [admin@vulcanresources.com.au](mailto:admin@vulcanresources.com.au)

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## 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 2009

### 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	(408)	(4,280)
(b) development	(88)	(2,201)
(c) production	-	-
(d) administration	(656)	(3,211)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	479	1,310
1.5 Interest and other costs of finance paid	(2)	(7)
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(675)</b>	<b>(8,389)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(60)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	17
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(43)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(675)</b>	<b>(8,432)</b>

1.13 Total operating and investing cash flows (brought forward)	(675)	(8,432)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares (net of costs)	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	(5,000)
1.18 Dividends paid	-	-
1.19 Other	-	-
<b>Net financing cash flows</b>	-	(5,000)
<b>Net increase (decrease) in cash held</b>		
1.20 Cash at beginning of quarter/year	28,771	40,484
1.21 Exchange rate adjustments to 1.20	47	1,091
1.22 <b>Cash at end of quarter</b>	28,143	28,143

**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	155
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment of directors fees, salaries and superannuation to the directors during the quarter ended 31 March 2009.

**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	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	Nil
<b>Total</b>	200

## 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	548	2,903
5.2 Deposits at call	27,595	25,868
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	28,143	28,771

## 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>	227,044,751	227,044,751	-	-
7.4 Changes during quarter - Issued	-	-	-	-
7.5 <b>Convertible debt securities</b> <i>(description and conversion factor)</i>	-	-	-	-
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 2009
	600,000	-	\$0.29	1 July 2010
	3,000,000	-	\$0.29	1 July 2010
	1,000,000	-	\$0.34	1 July 2010
	600,000	-	\$0.34	31 December 2010
	2,090,000	-	\$0.55	31 December 2011
	1,000,000	-	\$0.40	1 July 2011
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	220,000 10,000,000 1,000,000 500,000	-	\$0.30 \$0.25 \$0.25 \$0.29	1 February 2009 28 February 2009 28 February 2009 28 February 2009
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:



Company Secretary

Date: 23 April 2009

Print Name: Eric Hughes

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

### Claims

No	Name	Holder
8601/1	Vuonos 4	Kylylahti Copper Oy
8601/2	Vuonos 5	Kylylahti Copper Oy
8601/3	Vuonos 6	Kylylahti Copper Oy
8601/4	Vuonos 7	Kylylahti Copper Oy
8630/1	Sola 1	Kylylahti Copper Oy
8630/2	Sola 2	Kylylahti Copper Oy
8630/3	Sola 3	Kylylahti Copper Oy
8630/4	Sola 4	Kylylahti Copper Oy
8630/5	Sola 5	Kylylahti Copper Oy
8679/1	Miihkali 1	Kylylahti Copper Oy
8679/2	Miihkali 2	Kylylahti Copper Oy
8679/3	Miihkali 3	Kylylahti Copper Oy
8679/4	Miihkali 4	Kylylahti Copper Oy
8679/5	Teerivaara 1	Kylylahti Copper Oy
8679/6	Teerivaara 2	Kylylahti Copper Oy
8679/7	Teerivaara 3	Kylylahti Copper Oy
8679/8	Teerivaara 4	Kylylahti Copper Oy
8683/1	Rajakangas	Kylylahti Copper Oy
8693/1	Haukiaho 5	Kylylahti Copper Oy
8693/2	Haukiaho 6	Kylylahti Copper Oy
8693/3	Haukiaho 7	Kylylahti Copper Oy
8693/4	Haukiaho 8	Kylylahti Copper Oy
8693/5	Haukiaho 9	Kylylahti Copper Oy
8693/6	Haukiaho 10	Kylylahti Copper Oy
8693/7	Repoharju 1	Kylylahti Copper Oy
8693/8	Repoharju 2	Kylylahti Copper Oy

### Reservations

No	Name	Holder
200847	Kianta 2	Kuhmo Metals Oy
200847	Kianta 3	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
Hietaharju North	Claim application	0 %	100 %
Tupakkiloma	Claim application	0 %	100 %
Murronkumpu	Claim application	0 %	100 %
Syrjäjoki	Claim application	0 %	100 %
Yliniitynsuo	Claim application	0 %	100 %
Uuransuo	Claim application	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

### KUHMO JOINT VENTURE

#### Kuhmo Metals Oy Mining Licenses

No	Name	Holder
7014	Hietaharju	Kuhmo Metals Oy

#### Kuhmo Metals Oy Claims

No	Name	Holder
	<b>Saarikylä belt</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
8618/1	Hakovaara	Kuhmo Metals Oy
8602/1	Vaara West	Kuhmo Metals Oy
	Vaara NE	Kuhmo Metals Oy

No	Name	Holder
	Rytys SW	Kuhmo Metals Oy
	Rytys East	Kuhmo Metals Oy
	Rytys NW	Kuhmo Metals Oy
	Kauniinvaara	Kuhmo Metals Oy
	<b>Kiannanniemi</b>	
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
8618/3	Myllyaho 1	Kuhmo Metals Oy
8618/4	Myllyaho 2	Kuhmo Metals Oy
	Hietaharju North	Kuhmo Metals Oy
	Tupakkiloma	Kuhmo Metals Oy
	Murronkumpu	Kuhmo Metals Oy
	Syrjäjoki	Kuhmo Metals Oy
	Yliiitynsuo	Kuhmo Metals Oy
	Uransuo	Kuhmo Metals Oy
	<b>Huutoniemi</b>	
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>Moisiovaara</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>Arola - Harma North</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

No	Name	Holder
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
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
8049/24	Riihilampi	Kuhmo Metals Oy

**Kuhmo Metals Oy Reservations**

No	Name	Holder
200848	Haverisensuo	Kuhmo Metals Oy
200848	Raiskionsuo	Kuhmo Metals Oy
200848	Hämeenniemi	Kuhmo Metals Oy
200848	Palosuo	Kuhmo Metals Oy
200848	Taulusuo 1	Kuhmo Metals Oy
200848	Taulusuo 2	Kuhmo Metals Oy
200848	livantiira 1	Kuhmo Metals Oy
200848	livantiira 2	Kuhmo Metals Oy
200848	Riihi 1	Kuhmo Metals Oy
200848	Riihi 2	Kuhmo Metals Oy
200848	Riihi 3	Kuhmo Metals Oy
200848	Riihi 4	Kuhmo Metals Oy
200848	Riihi 5	Kuhmo Metals Oy
200848	Riihi 6	Kuhmo Metals Oy
200848	Riihi 7	Kuhmo Metals Oy
200848	Riihi 8	Kuhmo Metals Oy
200848	Riihi 9	Kuhmo Metals Oy
200848	Riihi 10	Kuhmo Metals Oy
200848	Riihi 11	Kuhmo Metals Oy
200848	Riihi 12	Kuhmo Metals Oy
200848	Riihi 13	Kuhmo Metals Oy

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

No	Name	Holder
7871/1	Savelahti	Tulikivi Oyj

## 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
8676/1	Haukiaho 3	Kylylahti Copper Oy
8676/2	Haukiaho 4	Kylylahti Copper Oy
8704/1	Haukiaho 11	Kylylahti Copper Oy

### Reservations

No	Name	Holder
2008105	Rusamo	Kylylahti Copper Oy

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