

# 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 8.1 million tonnes grading 1.18% copper, 0.24% cobalt, 0.22% nickel, 0.47% zinc and 0.66 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 has completed Resource delineation drilling at four shallow nickel-copper-PGE sulphide deposits.

Cash on hand \$28.44 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 - June 2009

### Overview

Vulcan continued to assess opportunities for merger and acquisition during the quarter. The Companies principal focus continues to be on gold, copper and energy projects in Africa, Australia and Asia. Vulcan has been very active, but the nature of these activities, which are conducted under confidentiality, make it difficult to communicate to investors details of the individual projects that have been assessed.

Vulcan continues to hold the Kylylahti project in abeyance whilst investigating opportunities to realise value from these assets.

The Company has reduced its cash outflow to levels sufficient to support the preservation of the substantial investment in the Finnish projects and the assessment of new opportunity. Vulcan has cash of \$28.44 million and has a cash backing of 12.4 cents per share. It is trading at a discount to cash backing.

### Kylylahti

The Resource estimate and geological model for the Kylylahti deposit have been updated following the drilling undertaken in 2008 and a high grade Resource of 4.2 million tonnes at 1.8% copper, 0.3% cobalt, 0.2% nickel, 0.6% zinc and 0.7 g/t gold (see Table 1) has been defined within the global Resource.

Table 1: 2009 High Grade Resource

Classification	Tonnes	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)
Measured	340,000	1.95	0.33	0.13	0.58	0.75
Indicated	3,733,000	1.82	0.29	0.17	0.63	0.74
Inferred	119,000	1.39	0.30	0.17	0.68	0.62
<b>Total</b>	<b>4,192,000</b>	<b>1.82</b>	<b>0.29</b>	<b>0.16</b>	<b>0.63</b>	<b>0.74</b>

The high grade Resource was estimated at a nominal 0.7% copper cut-off grade and contains 52% of the tonnes of the global estimate and 79% of contained copper and 65% of contained cobalt. Full details of the estimation process are given in ASX release dated 7 July 2009.

<sup>1</sup> Measured, Indicated and Inferred Resource. For detailed breakdown see ASX release dated 7 July 2009.

The Kylylahti Project is fully permitted, a definitive feasibility study has been completed and front end engineering commenced. As markets failed in September 2008 the project was put on hold due to finance being difficult to obtain, collapsing metal prices and uncertainty on the ability of the proposed purchaser of nickel-cobalt concentrate having the ability to accept product.

Vulcan is investigating alternative production and offtake strategies for Kylylahti.

The updated global Resource is:

Table 2: 2009 Global Resource

Classification	Tonnes	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)
Measured	617,000	1.29	0.26	0.19	0.42	0.55
Indicated	7,135,000	1.19	0.24	0.22	0.47	0.68
Inferred	348,000	0.88	0.23	0.23	0.47	0.64
<b>Total</b>	<b>8,099,087</b>	<b>1.18</b>	<b>0.24</b>	<b>0.22</b>	<b>0.47</b>	<b>0.66</b>

#### Kuhmo Nickel

The Kainuu Regional Environment Centre has given the final approval on the Suomussalmi Nickel Project environmental impact assessment report.

Updates on the Suomussalmi resource estimates are nearing completion. These will incorporate 2008 drill results within the Vaara, Hietaharju and Peura-aho resource models.

Initial field work to inspect targets generated from the 2008 VTEM survey has commenced, and will continue over the summer field season. Approximately 60 geophysical targets will be studied resulting in target definition and recommendations for further exploration.

## CORPORATE ACTIVITY

#### Cash at hand

Vulcan sold under licence geophysical data to another mining company active in Finland for €350,000.

As reported in the attached Appendix 5B, cash on hand at end of March 2009 was A\$28.44 million. This amount does not include interest earned that is yet 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

## APPENDIX 5B

### Mining Exploration entity quarterly report

Name of entity

VULCAN RESOURCES LIMITED

ACN or ARBN

100 072 624

Quarter ended ("current quarter")

30 June 2009

### Consolidated statement of cash flows

Cash flows related to operating activities	Current Quarter (3 months) A\$'000	Year to Date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	796	796
1.2 Payments for (a) exploration and evaluation	(88)	(4,368)
(b) development	-	(2,064)
(c) production	-	-
(d) administration	(488)	(3,760)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	315	1,625
1.5 Interest and other costs of finance paid	(2)	(9)
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>533</b>	<b>(7,780)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(136)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	1	18
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>1</b>	<b>(118)</b>
1.13 Total operating and investing cash flows (carried forward)	534	(7,898)

1.13 Total operating and investing cash flows (brought forward)	534	(7,898)
<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>	534	(12,898)
1.20 Cash at beginning of quarter/year	28,143	40,484
1.21 Exchange rate adjustments to 1.20	(236)	855
1.22 <b>Cash at end of quarter</b>	28,441	28,441

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

	Current quarter \$A'000
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 30 June 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	81
4.2 Development	Nil
<b>Total</b>	81

## 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	1,358	548
5.2 Deposits at call	27,083	27,595
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	28,441	28,143

## 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>
	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	2,500,000	-	\$0.20	30 June 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: 16 July 2009

Print Name: Eric Hughes

For personal use only

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

### 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	Iivantiira 1	Kuhmo Metals Oy
200848	Iivantiira 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

## 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
Naurissuo	Claim application	0	100 %
Tiikkaja-aho 2	Claim application	0	100 %
Moisio 1	Reservation	0	100 %
Moisio 2	Reservation	0	100 %
Moisio 3	Reservation	0	100 %
Tapanikylä 1	Reservation	0	100 %
Tapanikylä 2	Reservation	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

**VULCAN RESOURCES LIMITED**

Mining Exploration Entity Quarterly Report  
Appendix 5B

No	Name	Holder
8708/1	Vaara NE	Kuhmo Metals Oy
8708/2	Rytys SW	Kuhmo Metals Oy
8708/3	Rytys East	Kuhmo Metals Oy
8708/4	Rytys NW	Kuhmo Metals Oy
8708/5	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
8745/1	Hietaharju North	Kuhmo Metals Oy
8745/2	Tupakkiloma	Kuhmo Metals Oy
8745/3	Murronkumpu	Kuhmo Metals Oy
8745/4	Syrjäjoki	Kuhmo Metals Oy
8745/5	Yliniitynsuo	Kuhmo Metals Oy
8745/6	Uuransuo	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

For personal use only

No	Name	Holder
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
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
8762/1	Naurissuo	Kuhmo Metals Oy
8762/2	Tiikkaja-aho 2	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
2009026	Moisio 1	Kuhmo Metals Oy
2009026	Moisio 2	Kuhmo Metals Oy
2009026	Moisio 3	Kuhmo Metals Oy
2009026	Tapanikylä 1	Kuhmo Metals Oy
2009026	Tapanikylä 2	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