

NEWS RELEASE

5 January 2010

**VULCAN COMPLETES PURCHASE OF
LUIKONLAHTI PROCESSING PLANT**

Vulcan Resources Limited ("Vulcan") (ASX: VCN, FSE: VUA, WKN: A0HHEF, Norwegian OTC: VCNR) has completed the purchase of the established Luikonlahti processing plant, copper resources and nickel resources in Finland. The purchase price was €4.71m, being A\$7.6m at an exchange rate for EUR:AUS of 1.61.

Vulcan has commenced a review and update of the Kylylahti Definitive Feasibility Study ("DFS") with the objective of bringing the Kylylahti copper deposit into production utilising the infrastructure purchased from the Administrators of Finn Nickel Oy. This review is expected to be completed for presentation to the Board of Directors in the second quarter of 2010.

An extract from ASX Release of 16 November 2009 announcing the transaction follows on the next page for shareholders information.

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Processing plant purchase is an enabling transaction for the Kylylahti Project

Vulcan has acquired a package of assets comprising an established processing plant, copper Resources and nickel Resources from the Bankruptcy Estate of a Finnish subsidiary of Canadian mining company Belvedere Resources.

- The principal asset acquired is the Luikonlahti processing plant which has a capacity of 350,000tpa upgradeable to 600,000tpa and is located only 45km from Vulcan's Kylylahti deposit. The plant is permitted and fully serviced.
- The purchase price is €4.71m (A\$7.6m) for the plant, various Resources, mineral tenements, real estate and buildings. A deposit of €1.4m has been paid with settlement due by year end.
- The plant is currently on care and maintenance and the estimated cost for its refurbishment and upgrade is €6-7m (A\$9.7-11.3m).
- 3.3Mt of copper-nickel-cobalt Resources have also been acquired in the Outokumpu (Kylylahti) area. The Resource inventory in this area now totals 15.6Mt. Vulcan now controls this famous mining camp.
- The Kylylahti Definitive Feasibility Study is to be reviewed and optimised based on the Luikonlahti plant rather than the construction of an all new plant and associated infrastructure which was estimated in the April 2008 Definitive Feasibility Study to cost €85m (A\$137m).
- 4.3Mt of nickel Resources were also acquired in two project areas; Kotalahti and Vammala.



Luikonlahti Processing Plant and Tailings Dam

Keystone asset in building significant copper-focussed global development company

Vulcan Resources Managing Director, Dr Alistair Cowden, said that the mill acquisition was a significant step for Vulcan. “Vulcan’s proposed merger with Universal will create a significant, copper-focussed global company. The purchase of the Luikonlahti processing plant is a cornerstone asset to build upon after completion of the merger,” he said.

“The possession of built and permitted processing infrastructure is an important step in the path to development and towards our aim of building a mid tier base metal miner.”

“The transaction also demonstrates the importance of the prudent and measured approach Vulcan took to expenditure at the onset of the Global Financial Crisis. By acting swiftly to preserve the company’s balance sheet and defer expenditure in September 2008, Vulcan was able to take advantage of distressed assets in the wake of the crisis,” said Dr Cowden.

Potential for increases to Outokumpu area Resource Inventory

Vulcan has a dominant position in the Outokumpu area. It will own:

- The Luikonlahti processing plant which is permitted and has all infrastructure and services in place.
- The 8.1Mt Kylylahti copper-cobalt-nickel deposit which is fully permitted and had a Definitive Feasibility Study completed.
- The 3.2Mt Hautalampi nickel-copper-cobalt deposit which sits on granted mining licences and is awaiting final approvals.
- Additional copper-cobalt-zinc-nickel Resources and mineralisation in three deposits within 35km of the Luikonlahti plant.
- Substantive exploration targets in two nickel-copper deposits.

Vulcan will immediately commence a review and update of the Kylylahti Definitive Feasibility Study to incorporate the Luikonlahti processing plant with the aim of making a development decision early in the second quarter of 2010.