

## **NEWS RELEASE**

19 November 2009

### **PRESENTATION ANNUAL GENERAL MEETING**

---

Please find attached the presentation to be made by Managing Director, Dr Alistair Cowden, at the Company's Annual General Meeting today. The presentation explains Vulcan's strategy following the two recent major transactions; the purchase of the Luikonlahti Mill and the Universal Resources Merger.

- ENDS -

**Please direct enquiries to:**

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

# Vulcan Resources Limited

---

Annual General Meeting  
19 November 2009

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

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

# Regulatory and Compliance

## Disclaimer

“This presentation and information contained in it is being provided to shareholders and investors for information purposes only. Shareholders and investors should undertake their own evaluation of this information and otherwise contact their professional advisers in the event they wish to buy or sell shares.

To the extent the information contains any projections the Company has provided these projections based upon the information that has been provided to the Company. The Company does not make any representations as to the accuracy or otherwise of that third party information”.

## 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 Jarmo Vesanto, MSc, MAusIMM and Mr Jani Impola, MSc (Geology), 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 Jarmo Vesanto and Mr Jani Impola consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

## Metal Equivalence

Metal equivalence: Assumes equally a copper-gold deposit with a gold deposit, copper US\$3.00/lb, gold US\$1,000/oz and copper values being equated to 80% of gold values to reflect copper concentrate sales terms and individual metal recoveries delivering lower payability compared to typical gold deposits.

## ASX Releases

Details of Resources and Reserves can be found in Vulcan ASX releases dated 23 October 2009 and 16 November 2009 and Universal ASX release dated 21 October 2009.

# Agenda

1. Introduction
2. Copper – the best positioned metal
3. Roseby Copper Project – acquiring scale in copper
4. Outokumpu area – mill acquisition enables Kylylahti
5. Don't forget the nickel business
6. Universal Merger
7. Where have we come from and where are we going?

# 1. Introduction

*Kylylahti area*



# Two transactions to transform Vulcan

Acquisition of an established processing plant near Kylylahti reduces capital barrier to production, allows update of DFS for development decision in Q2 2010.

Universal merger gives exposure to a development ready open pit project based on a Resource of 0.9Mt of copper. It has first class potential for Resource growth and new discoveries in a commanding tenement position at Mt Isa.

# Universal's Roseby Project



*Mt Roseby*

# The Luikonlahti Mill and Tailings Dam



# The Universal Merger Delivers:

- **Scale in copper:** 1Mt copper equivalent\* Resource at Roseby
- **A second mineral field:** Mt Isa (Queensland) and Outokumpu (Finland) each have infrastructure, skills and mine development track record
- **Development pipeline:** Australia's largest undeveloped open pit copper deposit with DFS completed, creates a development and production pipeline
- **Significant exploration upside:** Xstrata JV and Roseby Uranium potential

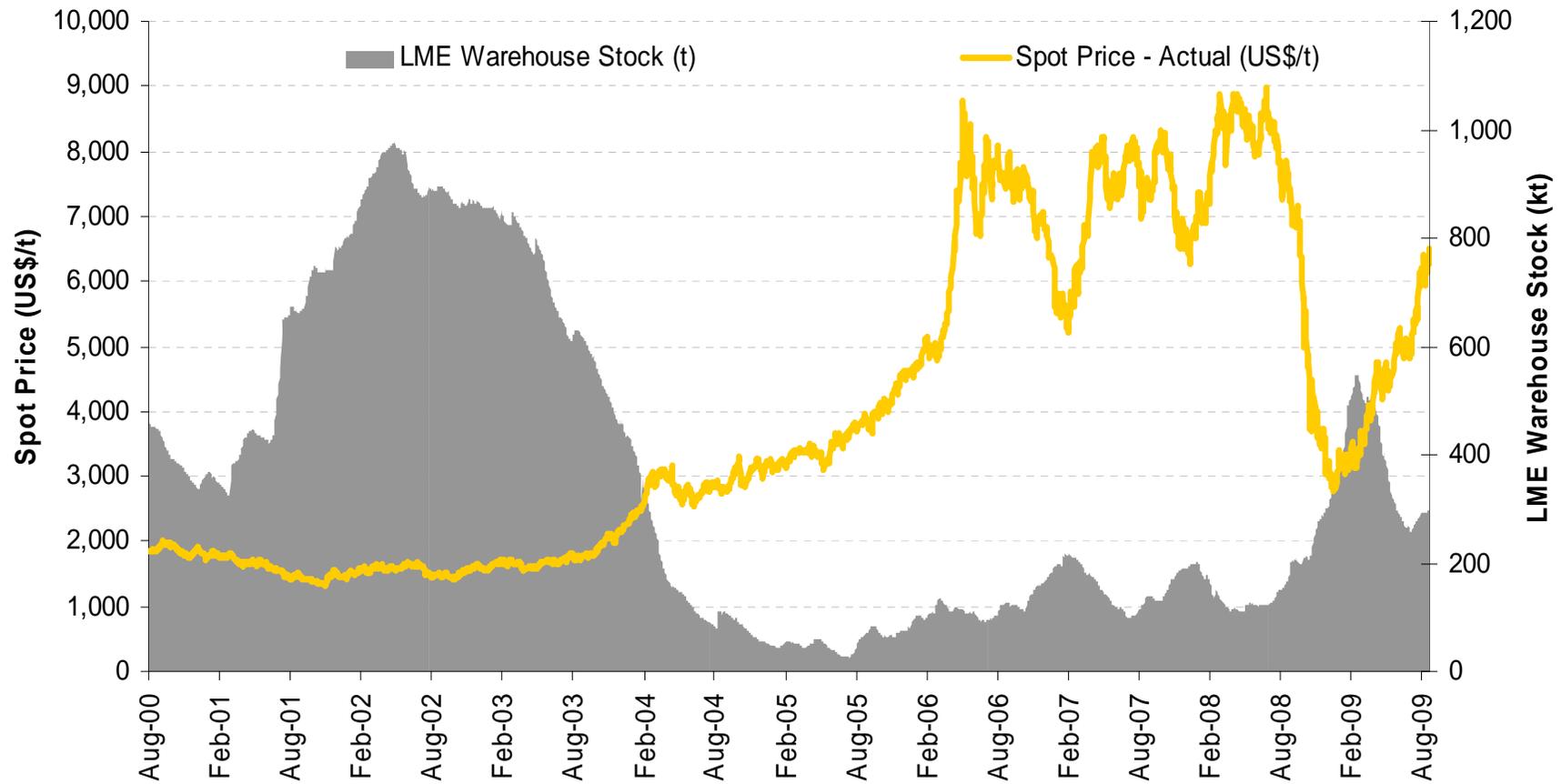
*(\* refer to disclaimer)*

A close-up photograph of a copper roof, showing a dense, concentric circular pattern of copper shingles. The color is a rich, reddish-brown, with some lighter, more reflective areas where the metal is newer or more polished. The texture is highly detailed, with individual shingles and their overlapping edges visible. The overall effect is a complex, organic-looking pattern that resembles a tree trunk or a ripple in water.

2. Copper  
- the best positioned metal

Tempeliaukio (Rock) Church Roof, Helsinki

# Focussed on Copper

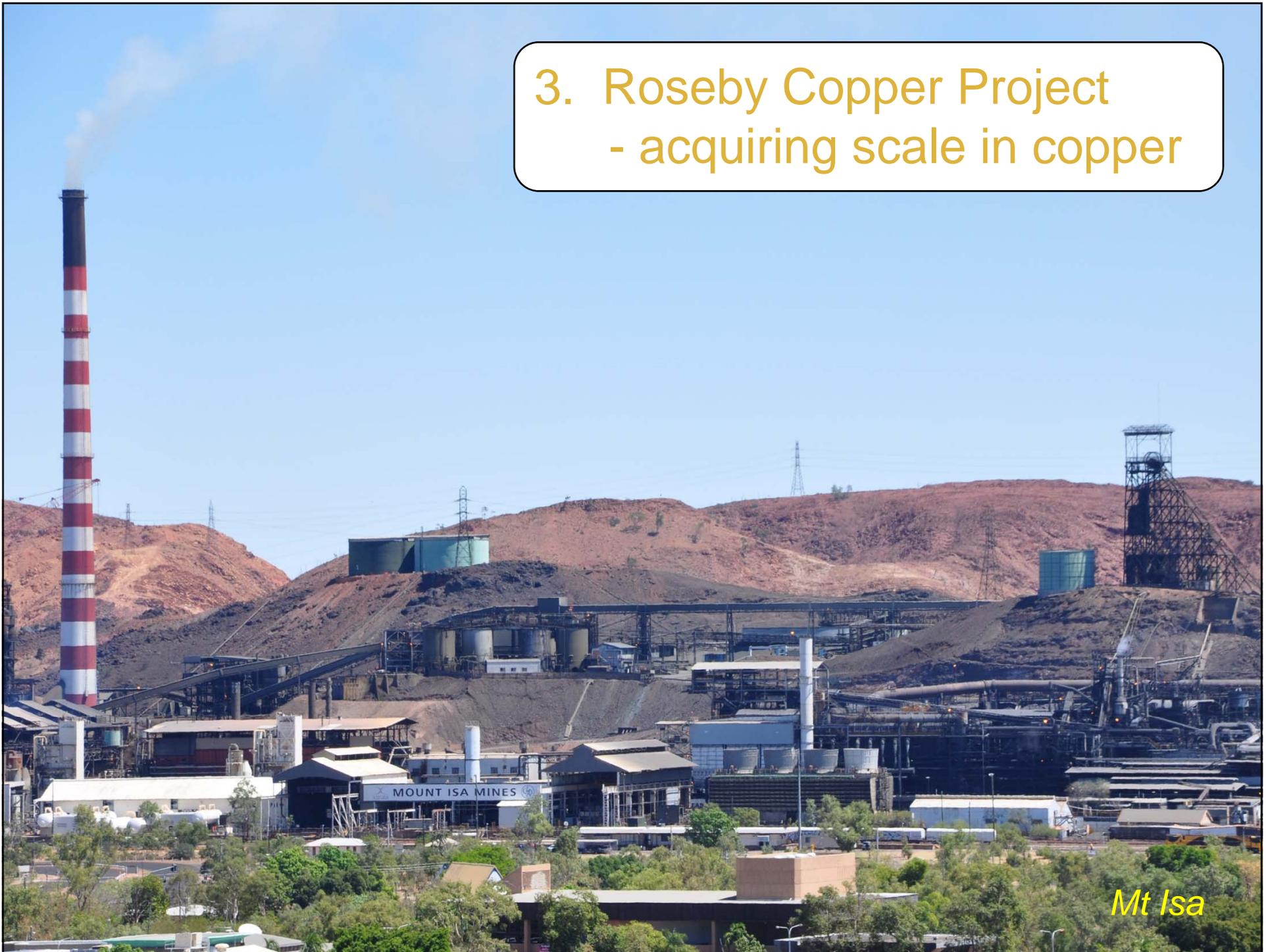


*“Most analysts have positive outlook for copper in the short, medium and long term.”*

# Why do we like Copper?

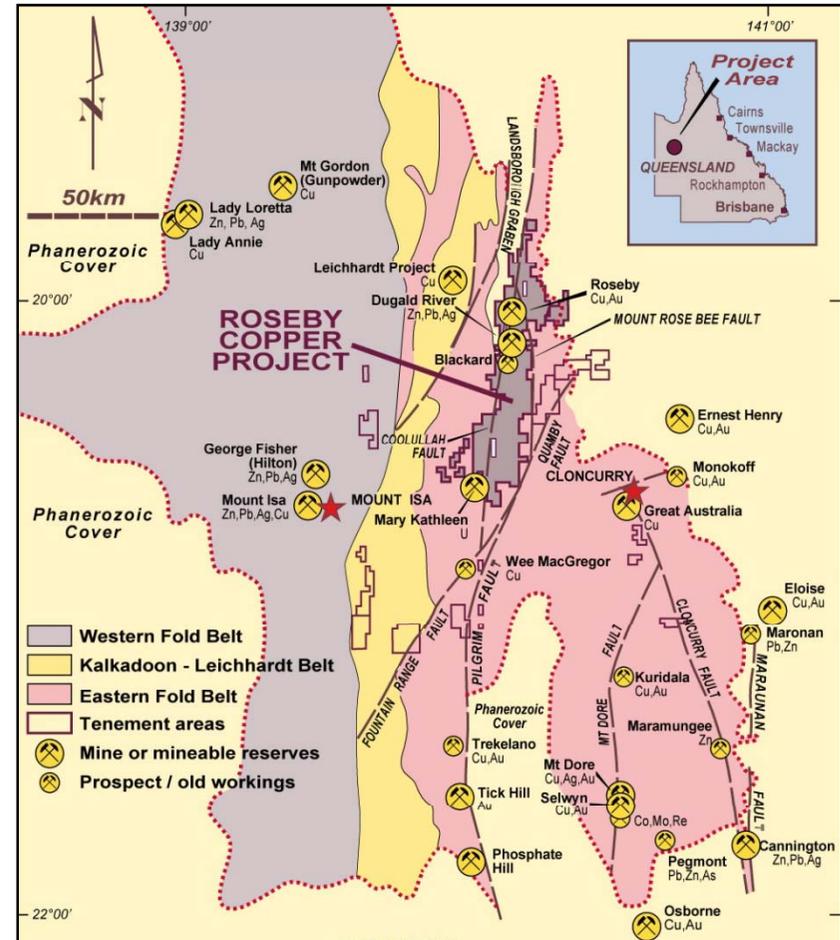
- Demand growth; developed world recovering and Chinese demand driven by industrialisation; power, vehicles, consumer goods, machinery, construction, etc
- Supply disruptions a fixture
- Mine supply growth is insufficient to meet demand, particularly for concentrates
- Declining mine grades
- Large liquid open market on LME
- Low stockpiles compared to other LME metals

### 3. Roseby Copper Project - acquiring scale in copper



# Mt Isa – world class mineral field

- World class deposits of copper, gold, lead, zinc, silver, uranium, REE
- Majors have significant presence: BHPB, Xstrata, Ivanhoe, Barrick, MMG
- Established work force and infrastructure, 5-6 substantial operating mines
- Universal has dominant tenement position (2,150km<sup>2</sup>)

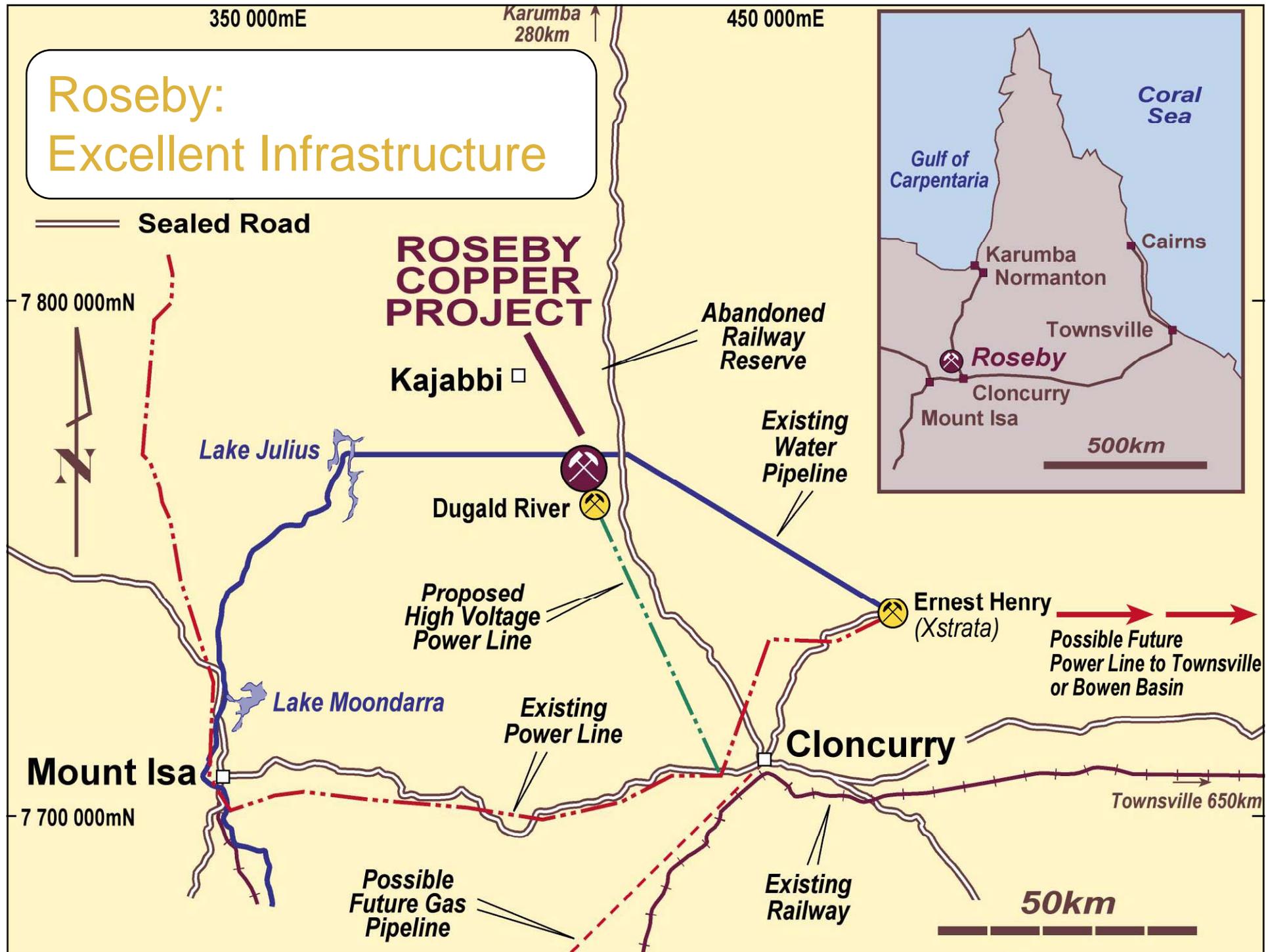


# Roseby Project – development ready

- 128Mt Resource containing:
  - 878,000 t of contained copper
  - 239,000 oz of gold
- 4.8 million ounce gold equivalent\*
- Detailed Feasibility Study on a 5Mtpa open mine and concentrator (potential to expand to 8Mtpa)
- A\$123m NPV, 20% IRR at \$2.50/lb copper (August 2008)
- Xstrata alliance: earning 51% of potential below and around Resources, option to purchase 51% of project at market
- 4km from MMG's Dugald River Zinc Project
- Native Title Agreement in place, permitting well advanced

*(\* refer to disclaimer)*

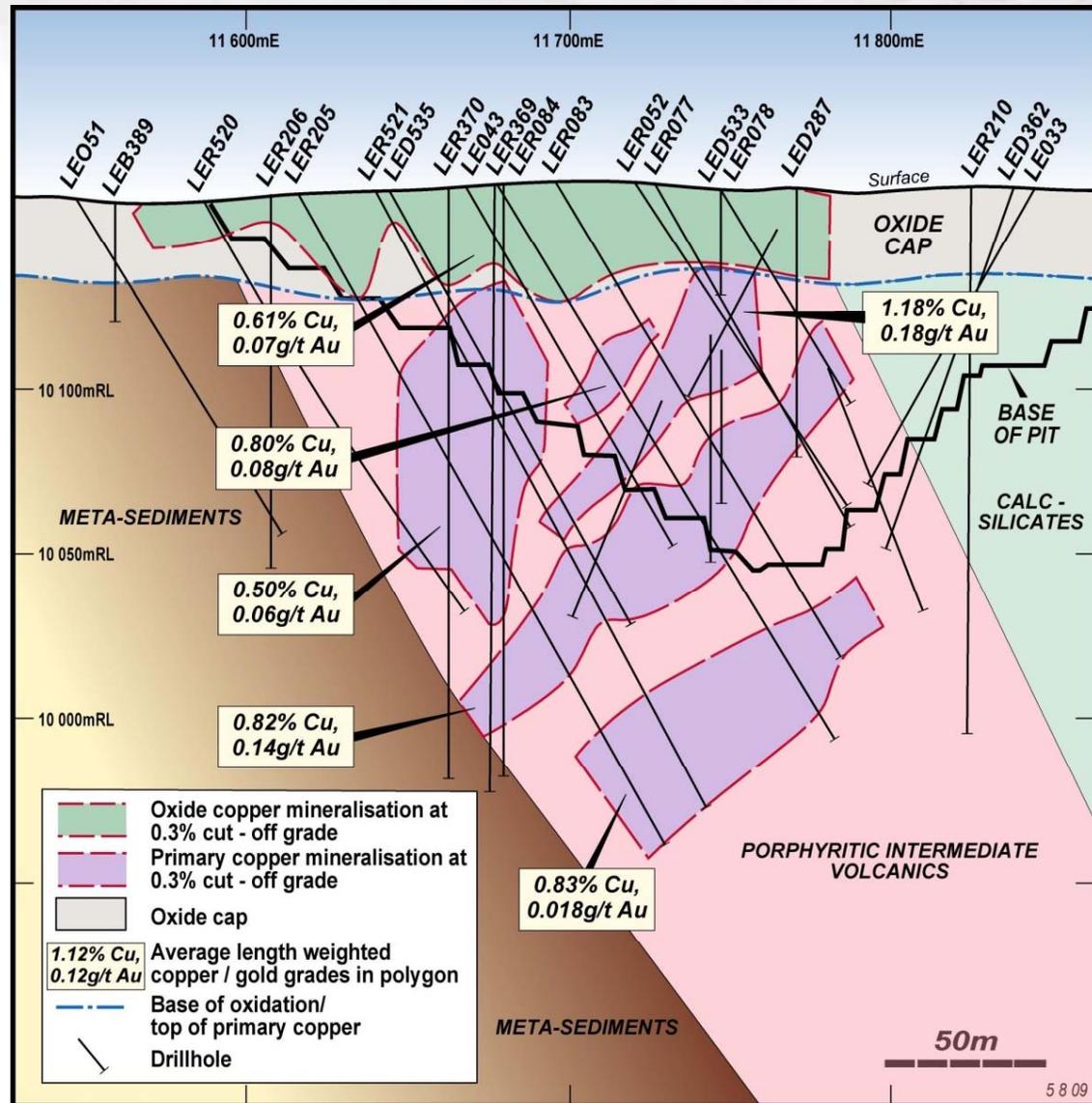
# Roseby: Excellent Infrastructure

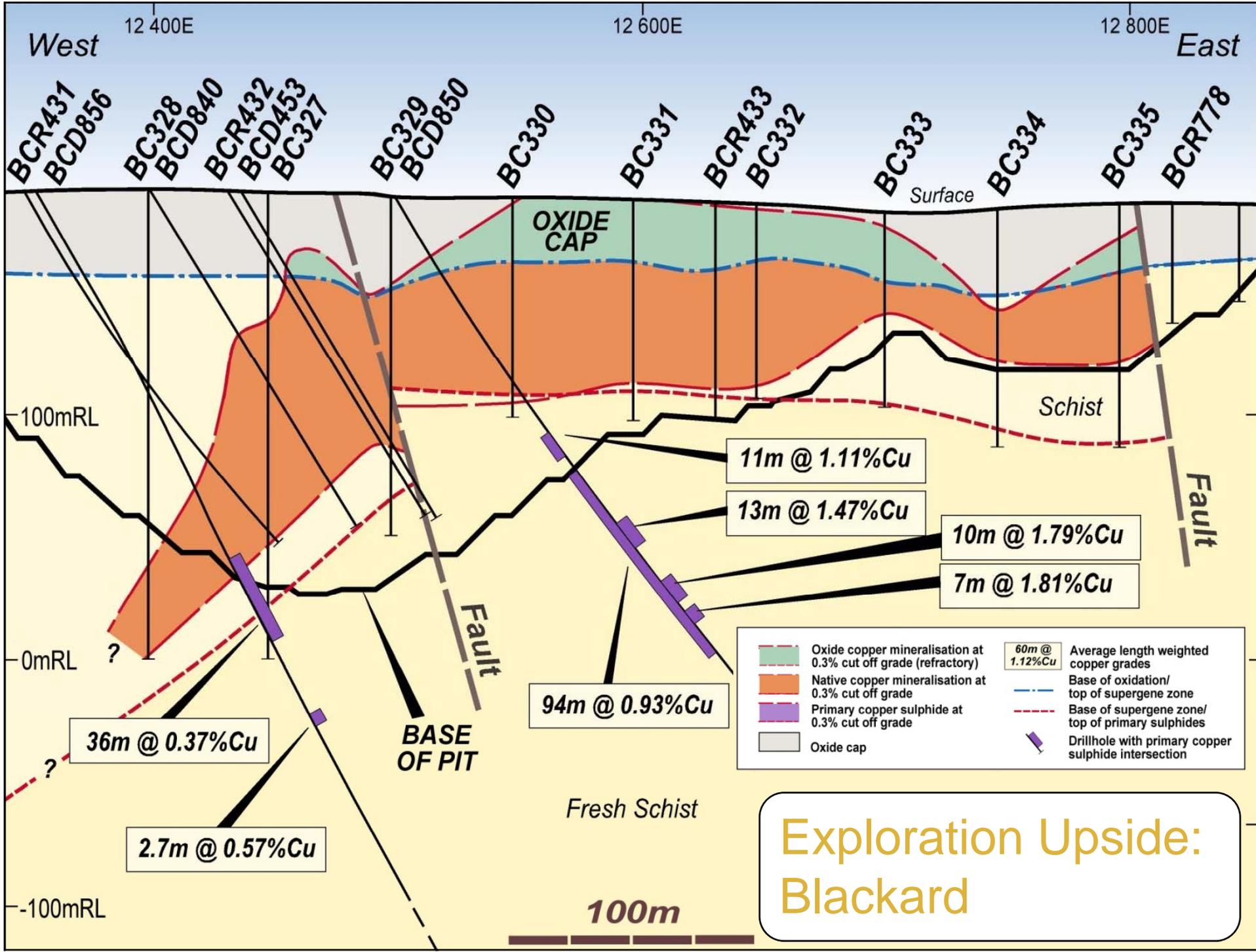


# Little Eva: Iron Ore- Copper-Gold (IOCG) deposit

30.4Mt at 0.78%  
copper, 0.14 g/t  
gold

Simple open pit  
mining





**Exploration Upside:  
Blackard**



Blue Sky Uranium potential around the Mary Kathleen Uranium Mine

# Next Steps for Roseby



- Finalise environmental approvals



- Optimisation, review and value engineering



- Detailed engineering design



- Arrange financing



- Upgrade Resources, test exploration upside



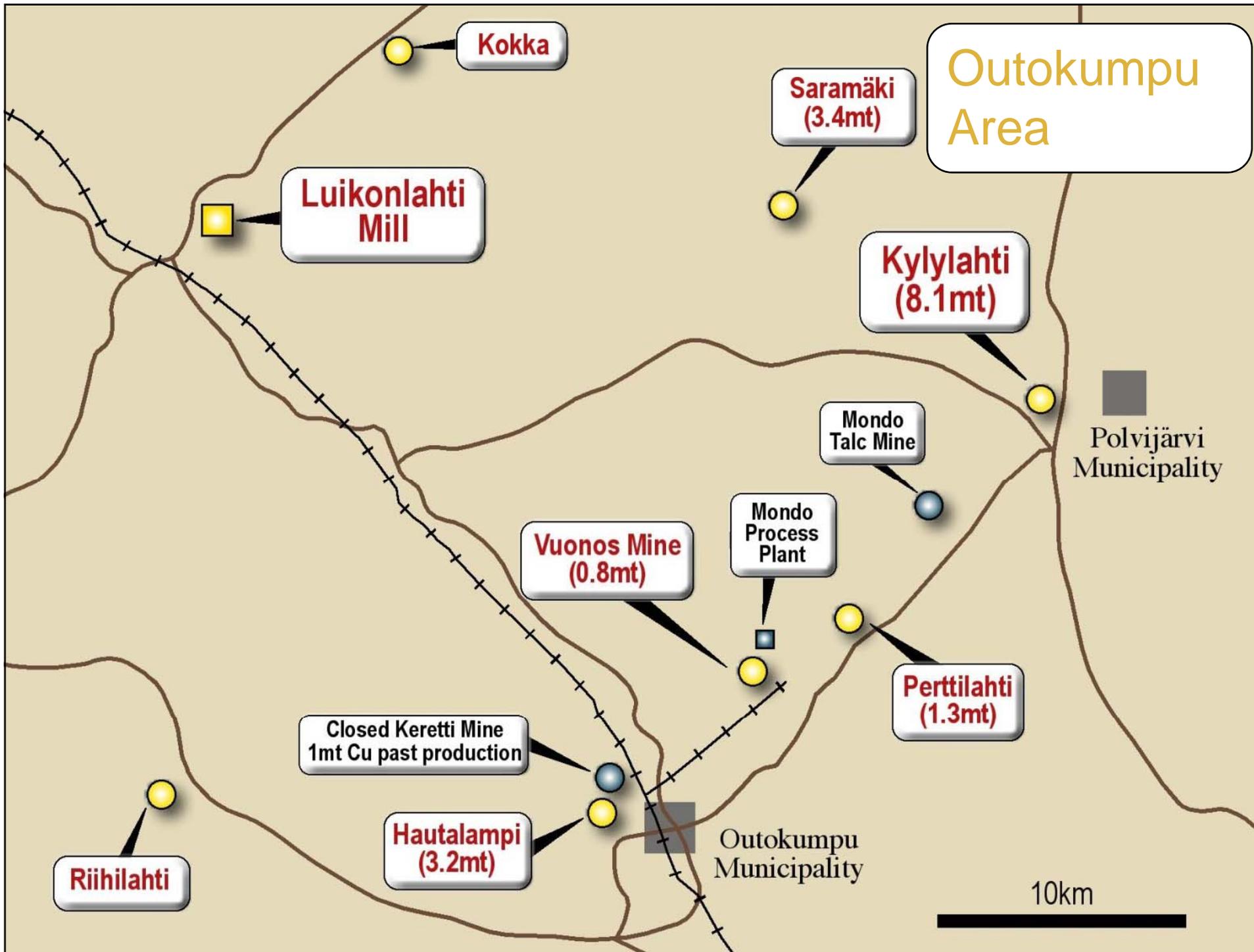
4. Outokumpu area  
- mill acquisition enables Kylylahti



*Outokumpu in the 1940's*

# Outokumpu Area: Project Status

- Kylylahti deposit fully permitted, DFS complete
- Straightforward underground mine
- 9 year mine life, potential for 15 years
- Secured 15.5Mt of Resources
- 1st Class infrastructure – Luikonlahti mill acquired
- Close to smelters and refineries for potential sale of copper-gold and cobalt-nickel concentrates
- Outokumpu: a major mineral field with 2 billion lbs Cu, 1m oz Au produced (1914-1989)



# Luikonlahti Mill: Flotation Cells



# Luikonlahti Plant



# Outokumpu Area Resources

Deposit	Tonnes (m)	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)
Kylylahti	8.1	1.18	0.24	0.22	0.47	0.66
Saramäki	3.4	0.71	0.09	0.05	0.63	-
Vuonos	0.8	1.76	0.14	-	1.33	-
Hautalampi	3.2	0.36	0.11	0.43	0.07	-
Riihilahti	0.2	1.69	0.04	0.16	-	-
<b>Total</b>	<b>15.6</b>	<b>0.94</b>	<b>0.17</b>	<b>0.21</b>	<b>0.46</b>	<b>-</b>

\* Excludes Perttilahti and Kokka deposits

# Kylylahti Strategy



Revisit and update the DFS using Luikonlahti rather than €85m new mill



New mine plan at higher grades than DFS using recent 'high-grade' Resource estimate



Re-configure nickel-cobalt concentrate for potential export from Finland



Option of start up with sale of copper-gold concentrate only



Re-opened financing discussions with banks and Finnish government agency Finnvera



Aiming for a mine development decision in Q2 2010

## 5. Don't forget the nickel business



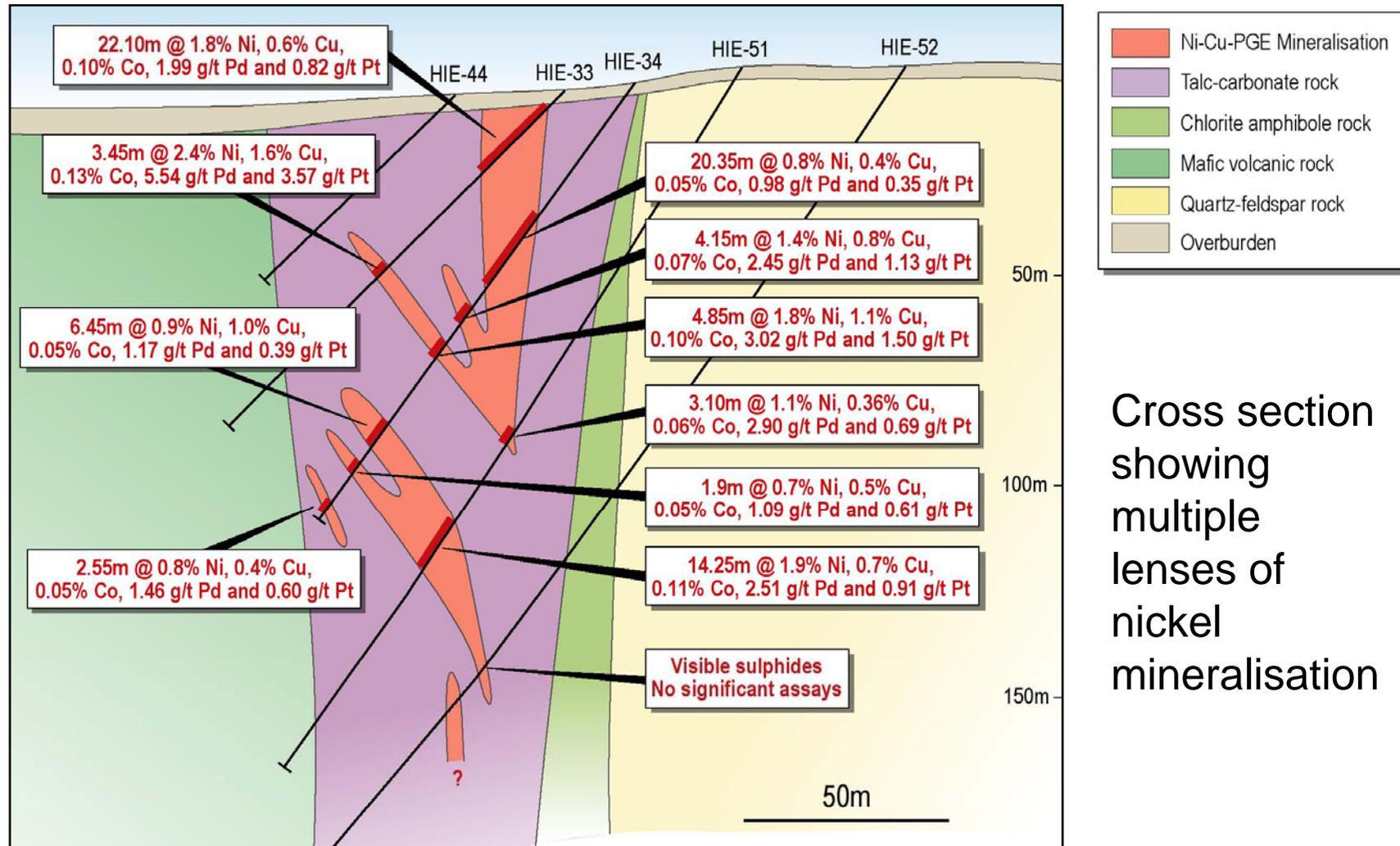
*Massive nickel sulphides;  
approx 2.5% Ni, 0.7%Cu &  
4-5g/t Pd+Pt*

## Built a substantial asset portfolio containing 72,000t nickel metal

- Kuhmo Nickel Project (95%): 11.4Mt @ 0.4% nickel with copper, platinum and palladium credits. Dominate 200km long greenstone belt.
- Kotalahti Project (100%): 2.0Mt @ 0.8% nickel, 0.3% copper in Proterozoic intrusions. Past production of 12.4Mt.
- SW Finland (100%): 2.1Mt @ 0.7% nickel, 0.2% copper near Dragon's Vammala mill

*(See ASX announcements on 16 November 2009 and 23 October 2009 for details)*

# Hietaharju – example of potential

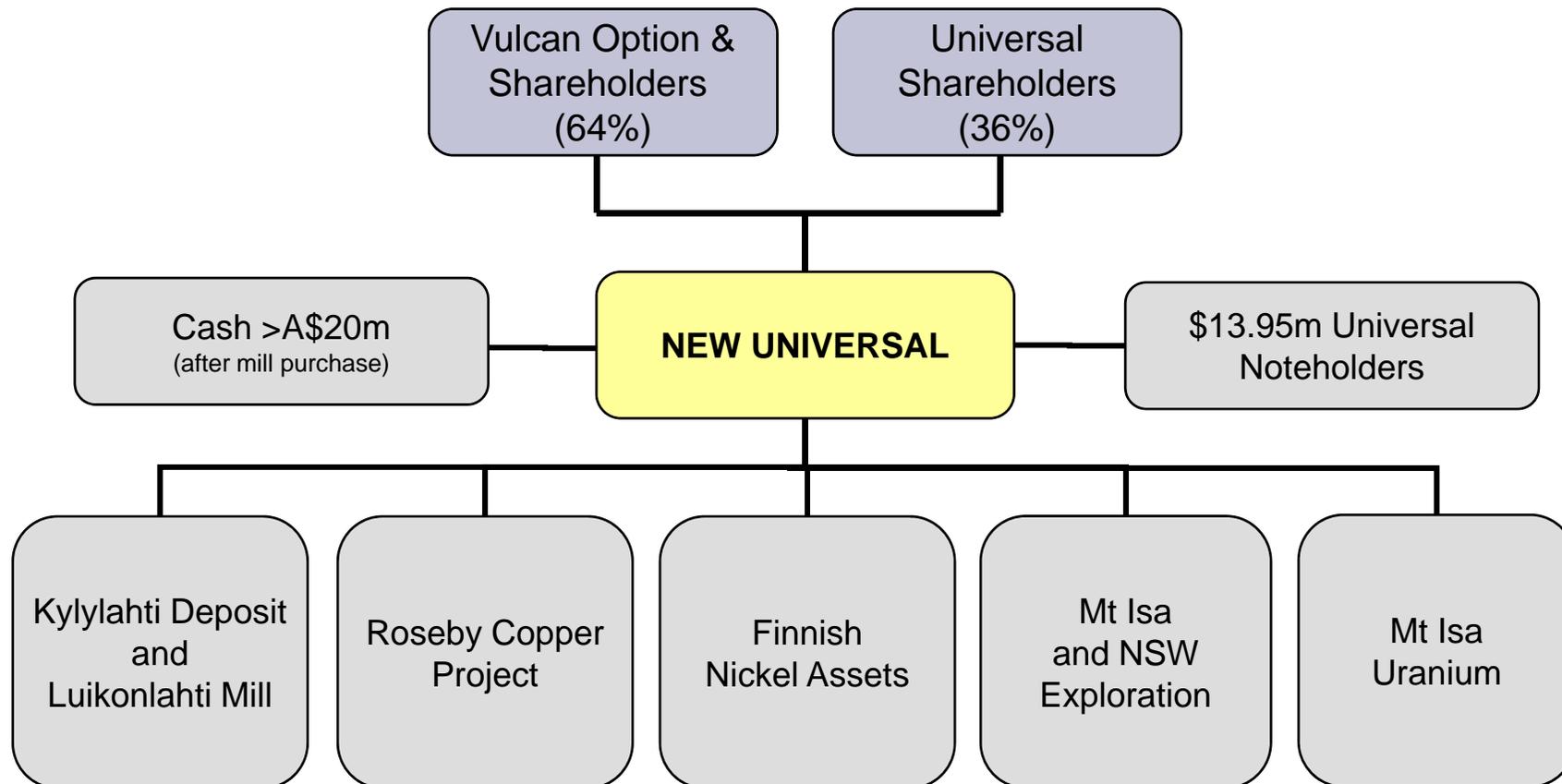


Cross section showing multiple lenses of nickel mineralisation

## 6. Universal Merger

*Roseby Project Area*

# Structure of Merged Company



# Scheme of Arrangement

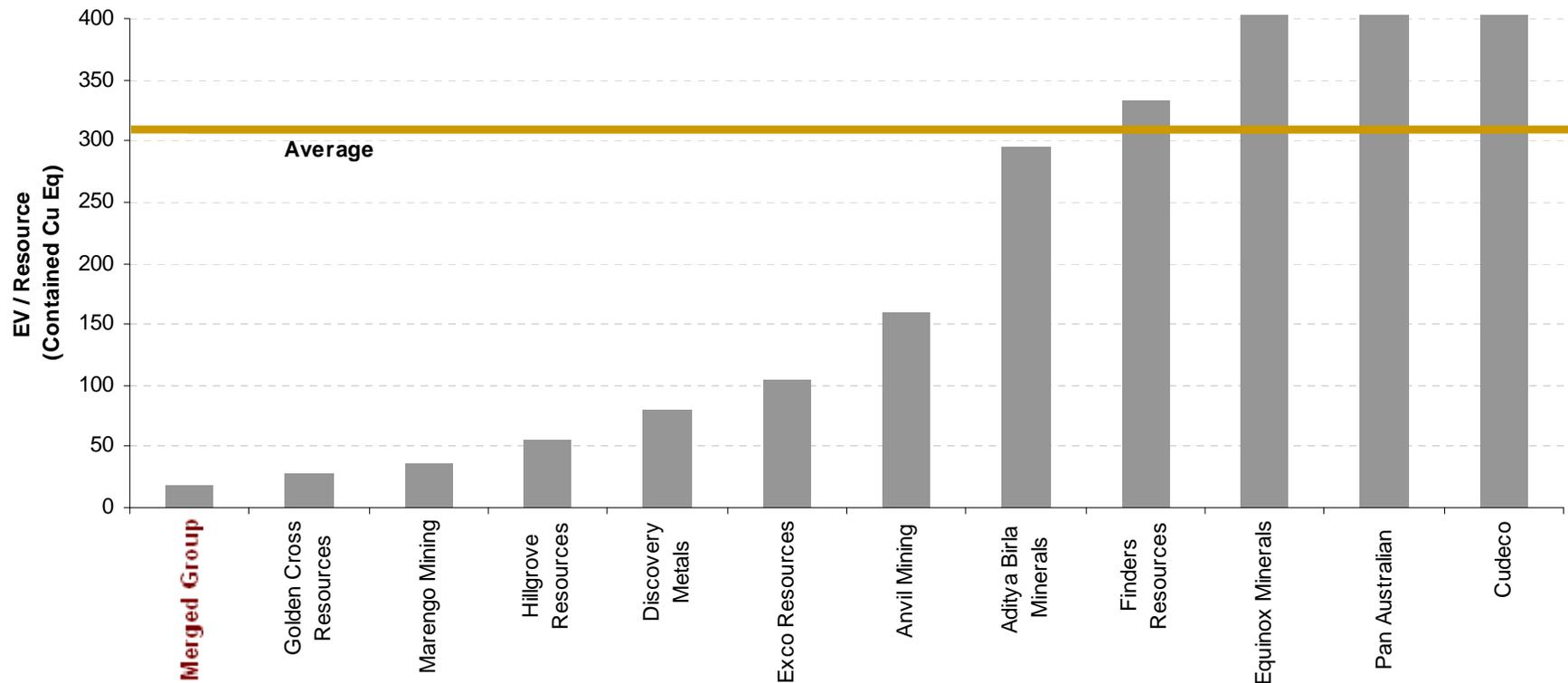
- Universal to acquire Vulcan via a scheme of arrangement by issuing approximately 1,563 million shares to Vulcan's share and option holders
- Vulcan shareholders will receive 6.85 Universal shares for every share held
- Universal will consolidate its shares to 1 for 10
- A quality board:
  - Kevin Maloney, Chairman (Universal)
  - Alistair Cowden, Managing Director (Vulcan)
  - Non Executive Directors: Peter Ingram (Universal), Fiona Harris, (Vulcan), Heikki Solin, (Vulcan), Jason Brewer, (Universal)
- Vulcan shareholder meeting January 2009, completion early February 2010

# Post Merger: Corporate Metrics

Shares on issue <sup>1</sup>	245.6 million
Implied market capitalisation <sup>2</sup>	\$54 million
Implied share price <sup>2</sup>	22¢
Options	19 million
Cash	\$20 million
Converting Note <sup>3</sup>	\$14 million

1. After proposed 1 for 10 consolidation and including shares issued for Vulcan options
2. Based on Universal share price of \$0.022 per share
3. The Converting Notes convert at any time prior to maturity at 18 cents per share. If not converted previously, the notes automatically convert at maturity into FPO shares in URL at either 18 cents per share if the share price is 18 cents or greater; or at the 5 day VWAP if the share price is < 18 cents per share

# Enterprise Valuation / Resource Multiple for Merged Group and ASX Copper Companies



*There are limitations in the use of Enterprise Value / Resource comparisons. It is common for ASX-listed copper companies to trade with different EV/Resource multiples. This may arise due to the market's perception of differences between these companies in relation to their grade of resources, development costs, operating costs, stage of project development, management capabilities, political risks and other project risks. Such differences do not necessarily represent any inappropriate undervaluation or overvaluation of these companies.*

7. Where have we come from and where are we going?



# The last 12 months: patience pays

- In face of global collapse we moved rapidly to shut down and preserve our most powerful asset – cash
- Cash leveraged into acquiring large copper asset in Australia at a favourable price
- Cash leveraged into enabling transaction for Kylylahti – the Luikonlahti mill purchase

Vulcan has met the challenge of the financial crisis and is well positioned for a rapid recovery in shareholder wealth

# Key Attributes of Merged Company

- Large Resource/Reserve position – combined Resources contain over **1 million tonnes** of copper plus significant nickel, cobalt and gold
- Kylylahti development decision Q2, 2010: first steps towards the production profile of a mid-tier miner
- Hard to match exploration upside in copper, nickel and uranium in major mining camps
- \$20m cash will add value without the prospect of dilutive share issues

# Strategy



Complete acquisition of mill and upgrade DFS to permit decision on Kylylahti production



Prefer debt finance of Kylylahti



Optimise and expand Roseby to make development ready



Focus on copper and consider how to release value from nickel and uranium assets



Launch the new Company and seek to redress the large discount to peers

# Appendices

- Roseby Project
- Kylylahti Project
- Kuhmo Project
- Movie Links

# Roseby Resources and Reserves

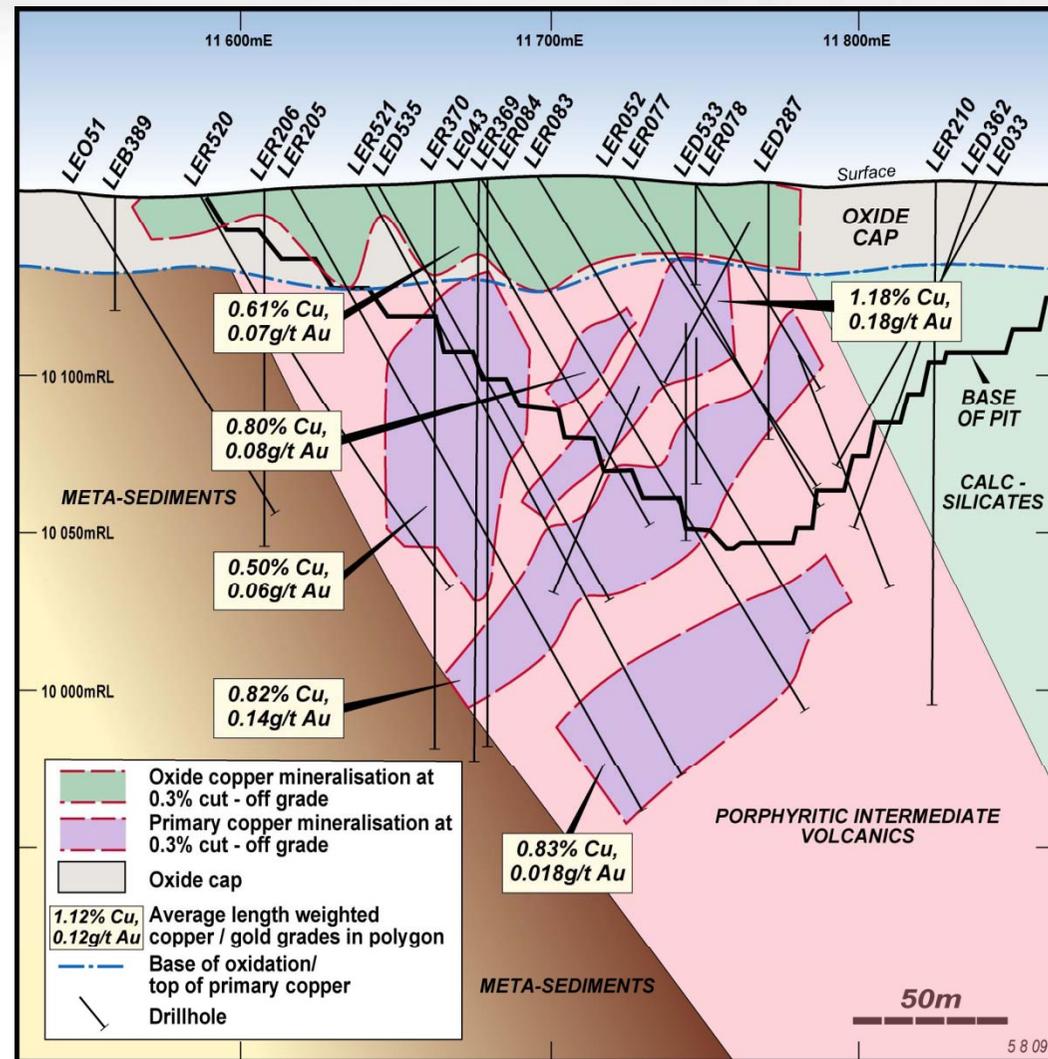
Roseby Copper-Gold Project			
Resources	Tonnes (Mt)	Cu (%)	Au (g/t)
Measured	30	0.69	0.03
Indicated	56	0.68	0.06
Inferred	42	0.68	0.08
<b>Total</b>	<b>128</b>	<b>0.68</b>	<b>0.06</b>

Roseby Copper-Gold Project			
Reserves	Tonnes (Mt)	Cu (%)	Au (g/t)
Proven	19	0.70	0.01
Probable	29	0.69	0.06
<b>Total</b>	<b>48</b>	<b>0.70</b>	<b>0.04</b>

*See Universal March 2008 Quarterly Report for details*

# Little Eva: classic Iron Ore-Copper- Gold (IOCG) deposit

- 30.4Mt at 0.78% copper, 0.14 g/t gold
- Simple easily-mined open pits



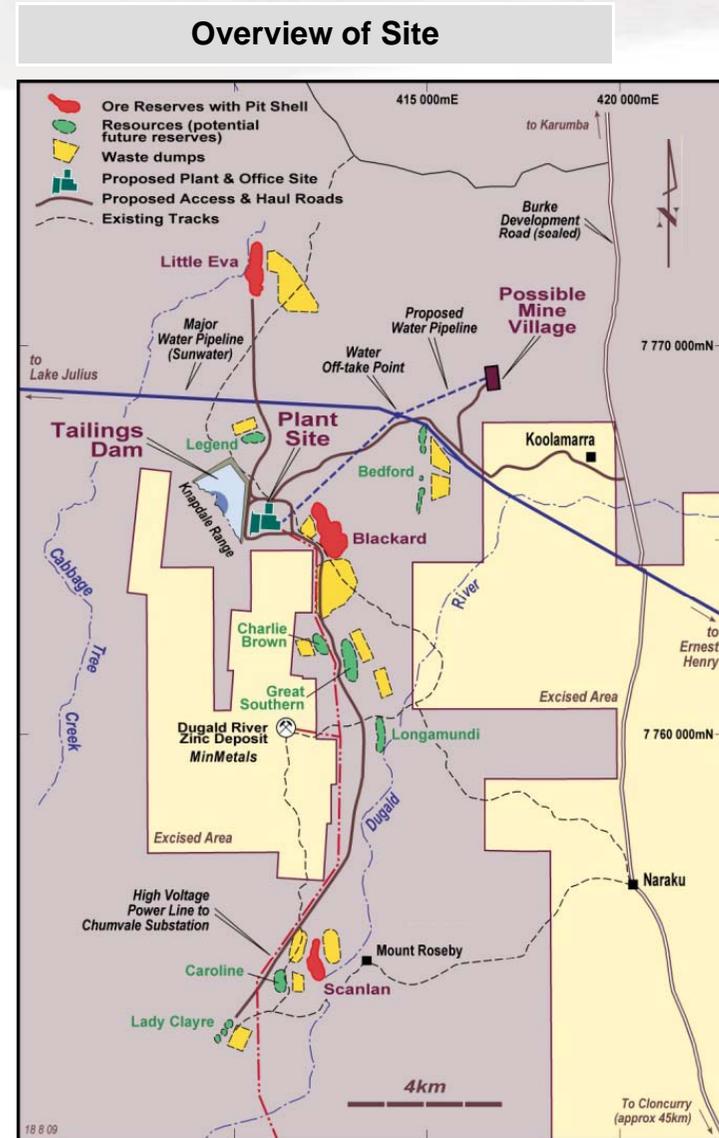
# Roseby DFS

- 5Mtpa operation for 10 years with anticipated expansion to 8Mtpa in year 3
- Results:
  - 26,000tpa copper and 7,000 oz pa gold in 80,000tpa concentrates
  - Blended mill feed (60% oxides : 40% sulphides)
  - Central treatment facility
  - Mining by contractor
  - Power from local area grid
  - Capital Cost: A\$217m
  - Operating Costs: A\$20.72/t (US\$1.10-1.50/lb)
- Financial Outcomes
  - LOM Operating Surplus: A\$1,038m
  - Average annual operating surplus: A\$100m pa
  - Project NPV (8.5%): A\$336m
  - IRR: 35%

*[Metrics as per Universal March 2008 Quarterly Report]*

# Next Steps for Roseby

- Finalise environmental approvals
- Optimisation, review and value engineering
- Detailed engineering design
- Arrange financing

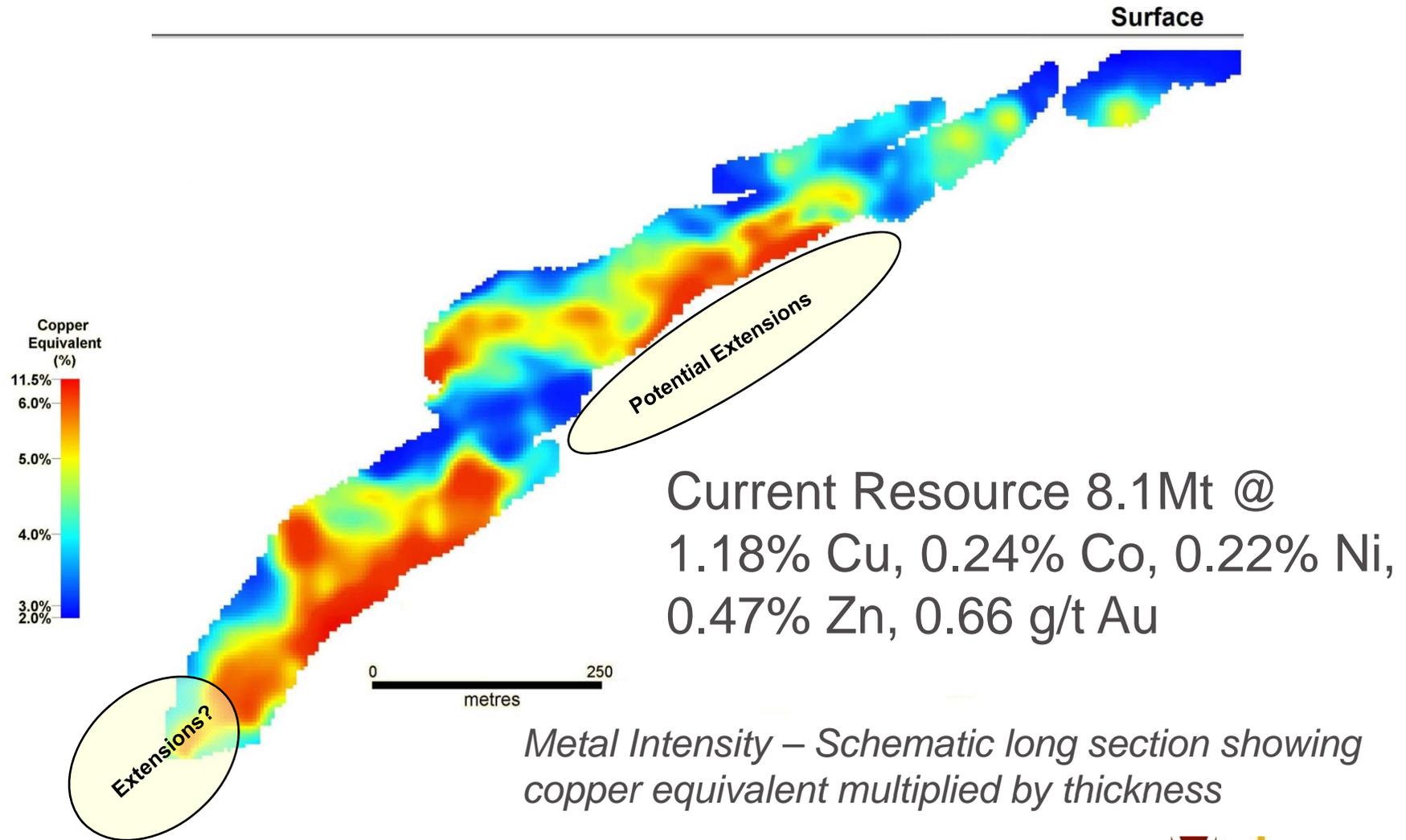


# Finland's Major Mines

- Pyhäsalmi Cu-Zn (Inmet)
- Kemi Chromite (Outokumpu)
- Siilinjärvi Phosphorus (Yara)
- Orivesi Gold (Dragon)
- Kittilä Gold (Agnico Eagle)
- Talvivaara Nickel (Talvivaara)



# Kylylahti is growing; targeting 10Mt



# Kylylahti DFS Outcomes

<b>Cu-Au Concentrate</b>	Copper	8,800 t
	Gold	11,900 oz
<b>Bulk Ni-Co-Zn Concentrate</b>	Cobalt	1,900 t
	Nickel	1,350 t
	Zinc	3,800 t
	Copper	1,700 t
<b>Key DFS Financials</b>	After tax real NPV (8%)	US\$149m
	After tax IRR	29.5%
	Average EBITDA (yrs 1-5)	US\$84mpa
	Cash Operating Cost	US\$1.05/lb Cu
	Operating Cost	US\$46/t
	Capital Cost	US\$170m
	Life of Mine Revenues	US\$1,286m

- *Financials are re-financing costs*
- *For full DFS results, etc see ASX announcement 14 April 2008*

# Kylylahti Resources and Reserves

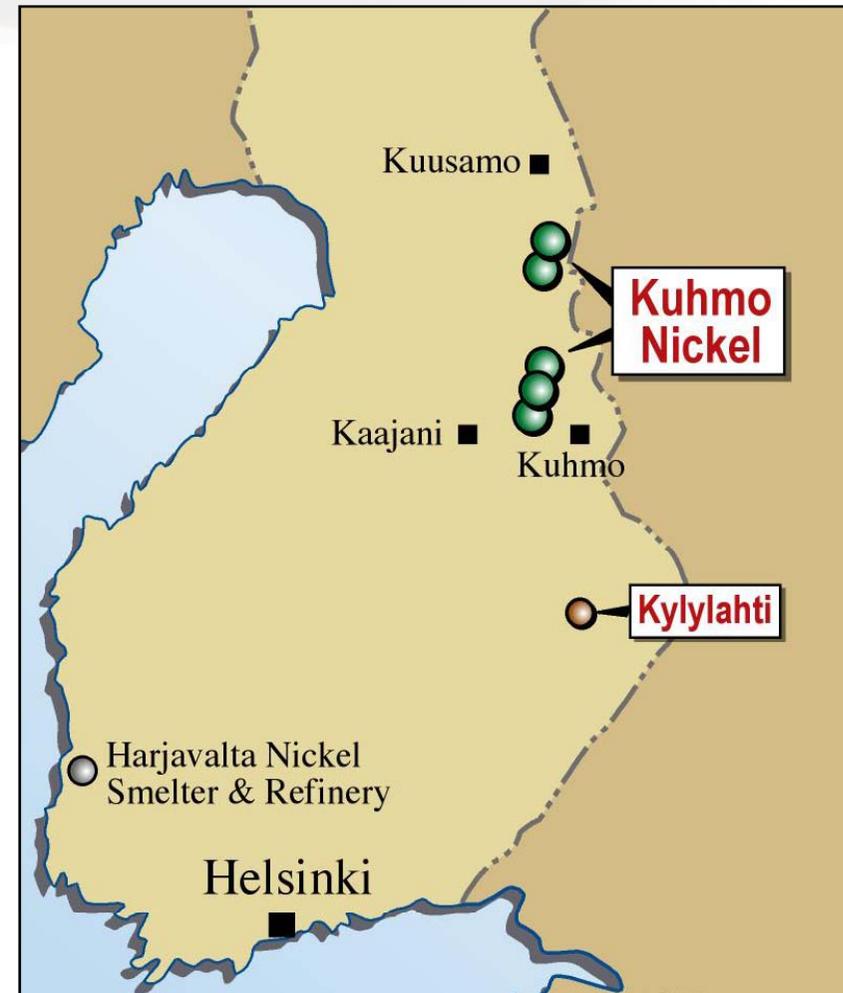
Global Resource Classification	Tonnes	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)
Measured	617,000	1.29	0.26	0.19	0.42	0.55
Indicated	7,135,000	1.19	0.24	0.22	0.47	0.68
Inferred	348,000	0.88	0.23	0.23	0.47	0.64
<b>Total</b>	<b>8,099,087</b>	<b>1.18</b>	<b>0.24</b>	<b>0.22</b>	<b>0.47</b>	<b>0.66</b>

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>

*See ASX announcement dated 7 July 2009 for details*

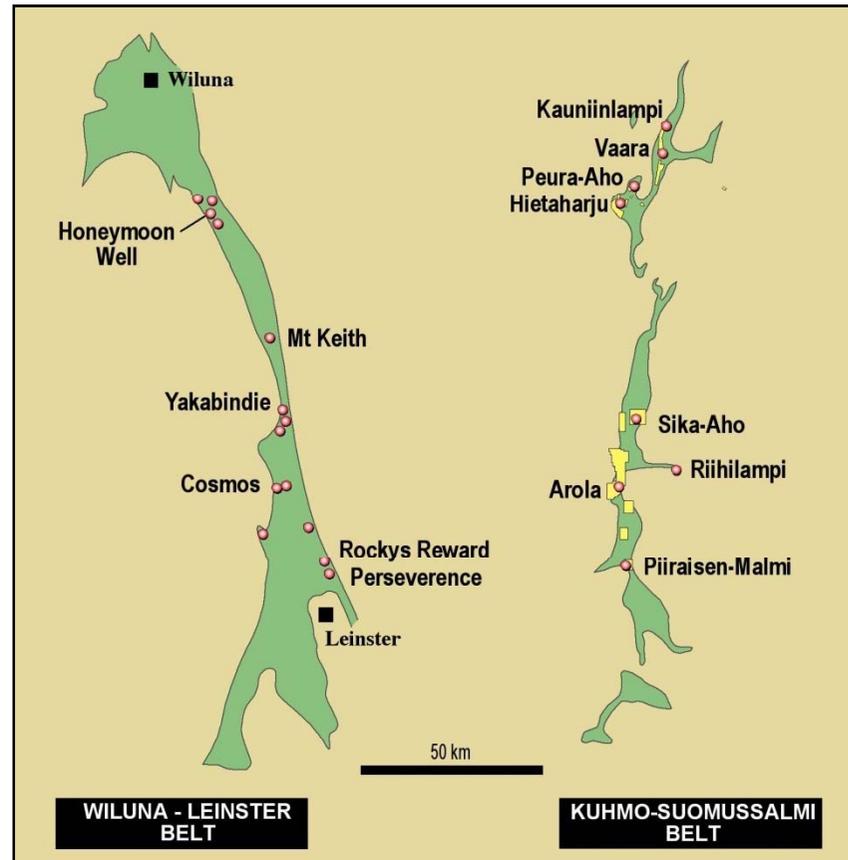
# Project Outline

- 61 granted Claims, 5 Reservations
- 45,000t of nickel metal in 5 shallow historic Resources
- 12 drilled komatiite hosted nickel sulphide occurrences
- Concept of central processing plant, multiple open pits and subsequent underground mines
- 95% owned, 5% free carried interest to Dragon Mining



# Analogous to Australia

- 150km long greenstone belt similar in age and geology to Cosmos, Kambalda and Forrestania camps
- Abundant targets, under-explored, well understood geological model
- Australian experience reinforces that sulphides lead to mine discoveries – multiple sulphide occurrences and deposits at Kuhmo



# Kuhmo Nickel Strategy

- Low grade open pit nickel Resources; development studies on hold
- Complete exploration targeting based on extensive VTEM survey – 60 targets identified
- Update Resource estimates
- Secure known Resources through mining lease application process
- Targeted exploration on high reward targets similar to Flying Fox, Cosmos, Spotted Quoll

# Kuhmo Mineral Resources

Location	Tonnes (Mt)	Ni (%)	Cu (%)	Co (%)	Pt (%)	Pd (%)
Vaara <sup>1</sup>	8.20	0.32	0.02	0.01	0.14	0.07
Peura-aho <sup>1</sup>	0.50	0.60	0.27	0.04	0.27	0.58
Hietaharju <sup>1</sup>	1.08	0.80	0.40	0.05	0.49	1.17
Sika-aho <sup>2</sup>	0.17	0.66	0.01	n/a	n/a	n/a
Arola <sup>3</sup>	1.50	0.46	n/a	n/a	n/a	n/a
<b>Total</b>	<b>11.37</b>	<b>0.40</b>	<b>Contained nickel 45,480 tonnes</b>			

<sup>1</sup> Indicated and Inferred Resources. For a breakdown see Resource estimate in ASX Release 23 October 2009.

<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

To view movies visit our website  
[www.vulcanresources.com.au](http://www.vulcanresources.com.au)

