

NEWS RELEASE

3 March 2009

UPDATE ON VULCAN ACQUISITION STRATEGY

Vulcan Resources Limited ("Vulcan") (ASX: VCN, FSE: VUA, WKN: A0HHEF, Norwegian OTC: VCNR) has been very active in pursuing its acquisition strategy. This strategy has generated the review of 28 projects resulting in four serious discussions, of which two are ongoing but incomplete and confidential. Attached is a presentation which the Managing Director, Alistair Cowden, will deliver to European shareholders in the near future.

The presentation reviews the process Vulcan has adopted to review acquisition opportunities and highlights the numerous opportunities that have been assessed in the last three months. It also outlines Vulcan's strategy for its assets in Finland, progress with partnering and enhancing those assets.

The Board of Vulcan is focussed on putting shareholders cash (which stands at \$29 million at 31 January) to work. Vulcan is confident that acquisition of a significant advanced project will lead markets to recognise the value within the Company and lead to the Company trading at a premium to its cash balance rather than a discount.

- ENDS -

Please direct enquiries to:

Alistair Cowden
Managing Director
Tel: +61 8 9485 2929
Email: admin@vulcanresources.com.au

About Vulcan

Vulcan Resources Limited is a base and precious metals development and exploration company that has significant assets in Finland.

The Company's principal Finnish asset is the 800,000 tpa 100% owned Kylylahti copper-cobalt project located in eastern Finland which 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 (for Resource Classification, see ASX release dated 26/06/07).

A Definitive Feasibility Study has been completed on a 10 year underground mine and concentrator producing copper-gold and zinc-cobalt-nickel concentrate for sale. All environmental and mining permits for the project are in place.

The Kuhmo Nickel Project is 95% owned by Vulcan and has a Resource containing 38,000 tonnes of nickel metal and over 80,000 ounces of platinum and palladium (for Resource Classification, see ASX release dated 22/08/06).

Vulcan is listed on the Australian Stock Exchange (VCN), the Frankfurt Stock Exchange (VUA) and the Norwegian OTC (VCNR).

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and reviewed by Dr Alistair Cowden BSc (Hons), PhD, MAusIMM, MAIG and Mr Jarmo Vesanto, 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 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.

Cautionary Statement

No stock exchange, securities commission or other regulatory authority accepts responsibility for the adequacy or accuracy of this release or has approved or disapproved the information contained herein.

Statements regarding Vulcan's plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Vulcan's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Vulcan will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Vulcan's mineral properties. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements.

Vulcan Resources: Strategy Update

Alistair Cowden, Managing Director
March 2009

Company Overview

Currently trading at a substantial discount to cash following the suspension of the Kylylahti Project in September 2008

■ Shares on issue	227m
■ Options (30-55¢)	10.8m
■ Share price (A\$)	\$0.075
■ Market capitalisation (A\$)	\$17m
■ Cash (Dec 31 2008)	\$28.8m
■ Cash backing per share	\$0.125
■ Net cash burn (dependent on project evaluation costs)	\$1.5mpa

Vulcan's Business

- Base and precious metals development and exploration projects in Finland.
- Provides exposure to copper, cobalt and nickel with low sovereign risk.
- The principal project is the 100% owned Kylylahti Project located near Outokumpu in eastern Finland, where a 800,000tpa underground mine and mill is proposed. It has a Resource of 7.85Mt grading 1.17% copper, 0.24% cobalt, 0.22% nickel, 0.49% zinc and 0.70 g/t gold (5.2% copper equivalent at today's prices).
- Kylylahti is fully permitted, a Definitive Feasibility Study and banks expert review have been completed.
- At the 95% owned Kuhmo Nickel Project Resource delineation drilling has been completed at four shallow nickel-copper-PGE sulphide deposits and exploration for high grade massive sulphides continues.

Projects Suspended Sept 2008 - Why?

Kylylahti Project permitted, DFS complete, value engineering and design underway, ground breaking was imminent and cash burn was ramping up.

- Credit markets failing
- Share price weakness, thereby limiting ability to raise funds to meet equity requirements for developing Kylylahti
- Metal price weakness starting to emerge
- Definitive off-take agreement with Talvivaara for Co-Ni concentrate still pending

Decisive Action to Preserve Cash

- Engineering terminated (2 Finnish and 2 Australian engineering contractors terminated)
- Exploration halted - 3 drill rigs terminated
- 13 Finnish staff reduced to 2
- 11 Australian staff reduced to 4
- Board reduced to 4
- Finnish offices relinquished

Metal Price Outlook is Very Weak

- Base metal stocks are high and building.
- Demand is weak and will take time to regain pre-crash levels.
- Supply is plentiful.
- Suspended and start-up project pipeline is full.
- Sentiment poor, many investors hurt.
- Favourable environment for new project development may be 2-3 years away.
- Back to normal? Metal prices are at the long term prices banks use for lending purposes – look to grade, not volume.

Strategy

‘a cashed up mining company has a terrific opportunity for value creation in this market’

Vulcan Has Set a Clear Strategy

1. Preserve value of Finnish base metal assets at minimum cost pending better markets, partnerships, spin out or sale
2. Seek acquisition opportunity to put cash to work to deliver near term returns to shareholders
3. Prefer mergers or JV's to purchase, cash into projects not pockets
4. Prefer to be the target company so bid reflects our cash rather than market value
5. Prefer a single substantive, advanced and de-risked project, near DFS or beyond
6. Projects that fit our cash, i.e. A\$30m makes a difference, enables value release or creation

Prospects for Finnish Projects Today

- Debt, equity and metal markets are very poor
- Talvivaara are technically ready for new business but are focussed on ramp up / economic completion
- Kylylahti needs a healthy metal price forward curve to attract debt funding
- Exchange rate, opex and capex have all moved in projects favour
- Potential partners are few in current market
- Maintain tenure and plan for recovery of markets to be poised to capture value locked in projects

Kylylahti Strategy

- Profitable if operating today but would struggle to service debt
- Secure data and intellectual capital and maintain key relationships
- Relinquish early stage exploration tenure
- Update Resource estimate
- Investigating transactions which deliver project enhancements or complimentary assets
- Low key search for partners – received interest from China and others
- No fire sale at bottom of market, we are patient

Kuhmo Nickel Strategy

- Low grade open pit nickel Resources on hold
- Secure data and intellectual capital
- Complete exploration targeting based on extensive VTEM survey
- Prioritise ground holding
- Update Resource estimates
- Secure known Resources through mining lease application process
- Possible limited exploration on high reward targets similar to Flying Fox, Cosmos, Spotted Quoll generated by VTEM

Why Do We Prefer Gold?

- A clear preference for gold, but open to value in any mainstream commodity
- Low capital
- Low risk
- Easily traded commodity
- Strong outlook
- Investor interest

Project Assessment Methodology 1

- bottom up, technically founded

- Resource - soundly based, upside potential
- Mining - skills available, sound and cost efficient mining method
- Metallurgy - comprehensive testwork, simple flow sheets
- Infrastructure - few constraints on project implementation / growth / capital
- Country / tenure - ability to operate with confidence and security
- Financial analysis - robust project using conservative assumptions
- Return on Vulcan's \$30m cash - does the transaction make sense for a Vulcan shareholder?

Project Assessment Methodology 2

- top down

If it meets the technical hurdles and is in a secure fiscal and legal environment, will it get traction and can a deal be done?

- Market appeal
- Need for debt / additional equity
- Commodity - mainstream
- Growth potential
- Asset history - why is the opportunity available?
- Ability to consummate deal

How Have We Performed?

- Picked downturn early and re-focussed
- Aggressively cut expenditure
- Assessed 28 opportunities since October
- Commodities considered: Gold, Nickel, Copper, Iron Ore, Coal, Coal Seam Gas
- Locations: Ghana, Botswana, Zambia, Philippines, Australia, Brazil, Mexico, USA, PNG, Burkina Faso, Sweden, Spain, Finland, UK
- Deals considered: Mergers, takeovers, JV's and purchases
- Four serious commercial discussions, two terminated, two are current but incomplete and confidential

Update on Risk Profile

- As development and exploration activities have been shut down, Vulcan has limited down side risk exposure
- Cash burn has been reduced and expenditure controls remain appropriate
- Cash is invested with Australian AA rated banks
- Vulcan has a clear strategy and set appropriate criteria for investment of its cash

Conclusions

Stay focussed on project fundamentals

Discipline and patience will bring value

A scenic view of a coastline with a wooden fence in the foreground and a bright sky. The fence is made of light-colored wood and runs along the edge of a white sandy beach. The ocean is visible in the background, with waves breaking on the shore. The sky is a pale, hazy blue.

Alistair Cowden Managing Director

1 Altona Street, West Perth WA 6005, Australia Ph: +61 8 9485 2929

www.vulcanresources.com.au

Disclaimer

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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”.

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