Vulcan
Resources Limited

Ref: VRL1804L-EH/kw

23 September 2009

Company Announcements Office
Australia Securities Exchange Limited
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

2009 ANNUAL REPORT

Please find attached the Annual Report for the year ended 30 June 2009.

The 2009 Annual Report will be available on our website www.vulcanreasources.com.au following this release under the heading "Reports".

Yours faithfully

Eric Hughes

ERIC HUGHES
Company Secretary

Att.

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Vulcan Resources Limited

Annual Report 2009

Corporate Directory

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Chairman

Dr Alistair Cowden
Managing Director

Ms Fiona Harris
Non-Executive Director

Mr Heikki Solin
Non-Executive Director

Company Secretary/Chief Financial Officer:
Mr Eric Hughes

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Stock Exchanges:
Australian Stock Exchange Limited
Frankfurt Stock Exchange
Norwegian OTC

Company Codes:
ASX: VCN
FSE: VUA
NOTC: VCNR

Issued Capital:

Fully paid ordinary shares	227,044,751
Options Expiring 01/07/10 at 29c	3,000,000
Options Expiring 01/07/10 at 29c	600,000
Options Expiring 01/07/10 at 34c	1,000,000
Options Expiring 31/12/10 at 34c	600,000
Options Expiring 01/07/11 at 40c	1,000,000
Options Expiring 31/12/11 at 55c	2,090,000

www.vulcanresources.com.au

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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.

Chairman's Letter

Dear fellow shareholder,

Shareholders will be aware of the events in global financial markets in late 2008. As the impact of these events became clear your Board decided to cease the development of the Kylylahti Project in Finland ("Kylylahti") in September 2008. Subsequently credit markets deteriorated further and debt funding negotiations ceased, base metal prices retreated sharply and Talvivaara, our potential nickel-cobalt concentrate buyer, indicated it would not be in a position to enter into an offtake agreement to acquire concentrate for some time. Against this background it was not realistic for Vulcan to expect to be able to finance the Kylylahti mine for some time.

Vulcan has shut down development work at Kylylahti and the aggressive exploration programmes in the Outokumpu and Kuhmo regions have also been terminated. There has been a significant reduction in staffing and overheads. This was completed quickly to reduce spending and preserve our cash.

We are actively seeking ways in which to realise value from Kylylahti. This will likely be through some form of partnership and with a new offtaker for nickel-cobalt products. The project is the subject of a completed Definitive Feasibility Study, a favourable Independent review of the study has been completed on behalf of lenders, front end engineering has been largely completed, mining licences are granted and environmental permits are approved. Kylylahti is an advanced project which has been largely de-risked.

At Kuhmo work is focussed on the capture of all data, preservation of intellectual property, generation of new targets for when activities resume and advancing the permitting of the principal nickel deposits.

Since late 2008 we have been focussed on a search for opportunities to put our cash to work where our cash can add significant value and with a bias to near term production or development. As a consequence of this search, Vulcan and Universal Resources Ltd announced their intention to merge on 2 September 2009, subject to satisfactory due diligence and other conditions being satisfied.

Under the proposed merger, Vulcan shareholders will receive 6.85 Universal fully paid ordinary shares for every one Vulcan fully paid ordinary share they hold.

It is proposed that the merger will be effected by way of a Vulcan scheme of arrangement. It is envisaged that the enlarged Universal will consolidate its shares on a basis yet to be decided.

The parties have entered into a non-binding term sheet outlining the proposed terms of the merger. The parties have agreed to conduct due diligence, deal exclusively with each other and decide whether or not they are satisfied with their respective due diligence enquiries and then enter into a merger implementation agreement by 25 September 2009.

Should a merger eventuate it will create a significant copper group with advanced development stage projects in Queensland, Australia and in Finland. Definitive Feasibility Studies have been completed for both projects and each has significant production potential. The merged group will have a strong cash position given Vulcan's cash on hand of A$28.4 million.

MICHAEL BLAKISTON
Chairman

Highlights

- The development of the Kylylahti Project was deferred pending improvements in metals, equity and debt markets and securing offtake agreements in particular with Talvivaara Mining plc ("Talvivaara") for nickel-cobalt concentrate.
- All technical work on Finnish projects has been scaled back to care and maintenance levels and Vulcan's workforce has been substantially reduced.
- Vulcan moved to preserve its cash and is focussed on merger and acquisition opportunities seeking to invest its substantial cash balance in projects which will deliver a return to shareholders pending a market recovery which is permissive of the development of its base metal projects.
- The final and deepest drill hole completed at Kylylahti indicated significant extensions to the deposit at depth. OKU-927J returned an outstanding 89 metres at 1.48% copper, 0.21% cobalt, 0.15% nickel, 0.78% zinc and 0.38g/t gold.
- At the Saramäki deposit, some 15 kilometres from Kylylahti, the first drilling for 30 years intersected shallow mineralisation with the best intercept being 11.8 metres at 1.47% copper, 0.11% cobalt and 0.48g/t gold.
- At the Kuhmo Nickel project preliminary interpretation of last years major regional VTEM survey has generated 66 follow-up targets. Drilling at Kuhmo delineated extensions to the Vaara deposit.

Overview

Vulcan Resources 'Vulcan' is an ASX listed company with A$28 million cash on hand. It owns two base metal projects in Finland, the 100% owned Kylylahti Copper-Cobalt Project and the 95% owned Kuhmo Nickel Project.

Vulcan has a large Resource and Reserve base in copper, nickel and cobalt, has a commanding land holding in two major mineral fields, has invested more than US$30 million over 5 years in acquisition, drilling, engineering, studies and permitting and has a development ready project in Kylylahti.

Kylylahti

Kylylahti and its satellite deposits contain 130,000 tonnes copper metal, 24,500 tonnes cobalt metal, 20,000 tonnes nickel metal, 72,000 tonnes zinc and over 176,000 ounces gold (equates to US$2 billion of metal at May 2009 prices). Kylylahti is part of the major Outokumpu copper district which produced from 1914-1989 and there is a clear potential to increase these Resources.

The latest drill intersection at the bottom of the Kylylahti deposit indicates the deposit remains open at depth: OKU-927J returned 89 metres at 1.48% copper, 0.24% cobalt, 0.22% nickel, 0.49% zinc and 0.70 g/t gold.

All environmental and regulatory approvals to commence construction and mining are in place. Work completed prior to the suspension of project development in September 2008 includes a definitive feasibility study and a subsequent update, an independent due diligence on behalf of banks and significant engineering and design studies.

The mine plan envisaged an underground decline mine and a conventional flotation plant producing two concentrates. Some 32,000 tpa of copper concentrate at 27-28% copper and 10-14 g/t gold for 8,800 tonnes of copper metal and 12,300 ounces of gold will be produced. A second 'bulk' concentrate was tailored to the Talvivaara hydrometallurgy plant in Finland (currently in commissioning). The concentrate was optimised to maximise sulphur and metal content rather than grade. This concentrate would contain on average each year 1,925 tonnes cobalt, 1,400 tonnes nickel, 3,575 tonnes zinc and 1,675 tonnes copper.

Vulcan has a non binding Letter of Intent with Talvivaara but Talvivaara advised that it is not in a position to accept Vulcan's products so Vulcan is considering alternatives to selling low-grade concentrate to Talvivaara, in particular the production of higher grade, albeit lower recovery nickel-cobalt concentrates.

Kylylahti Drilling

Directional drilling in the deeper sections of Wombat continued in 2008 with each hole returning intervals of variable thickness of both disseminated and semi-massive sulphides. Drilling also tested the lower limits of the Wallaby zone and substantiated the connectivity of the upper Wallaby and lower Wombat zones.

Table 1. Significant Drill Intercepts from Kylylahti in 2008/2009 Financial Year

Hole	From (m)	Interval (m)	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au g/t
OKU-927F					Abandoned		
OKU-927G	700.00	5.46	1.68	0.23	0.29	0.52	2.48
OKU-927G	714.00	5.00	2.80	0.33	0.12	0.85	0.75
OKU-927H	668.00	4.00	0.57	0.01	0.22	0.07	0.14
OKU-927H	676.30	11.90	1.90	0.11	0.07	0.73	0.46
incl	679.80	7.40	2.56	0.15	0.05	0.79	0.62
OKU-927I					Abandoned		
OKU-927J	500.00	1.00	0.44	0.02	0.18	0.11	0.03
	643.46	5.44	0.60	0.14	0.53	0.16	0.03
	738.00	89.00	1.48	0.21	0.15	0.78	0.38
incl	755.00	26.60	2.10	0.24	0.16	1.23	0.46
incl	787.00	40.00	1.71	0.23	0.06	0.83	0.45
OKU-955	335.14	8.86	0.15	0.17	0.30	0.67	3.15
OKU-962					No significant intersections		
OKU-963	329.63	2.00	0.56	0.001	0.07	0.07	0.07
OKU-964					Abandoned		
OKU-965	380.60	7.85	2.50	0.26	0.22	0.69	0.70
OKU-965	394.76	4.24	0.70	0.05	0.17	1.18	0.28
OKU-966					No significant intersections		
OKU-967					Abandoned		
OKU-968	722.90	3.10	0.65	0.16	0.33	1.44	N/A
OKU-969	555.00	6.00	0.26	0.07	0.48	0.08	0.04
	563.00	2.00	0.28	0.16	0.45	0.06	0.14
	635.00	1.00	0.08	0.07	0.51	0.00	0.06
	654.00	6.30	0.00	0.02	0.53	0.00	0.01
OKU-970	359.66	2.76	0.24	0.06	0.51	0.00	0.03
	377.25	11.75	0.08	0.14	0.45	0.17	3.57
	391.00	5.00	0.52	0.11	0.26	0.09	0.36
	418.00	8.00	1.11	0.07	0.35	0.19	0.60
	431.00	3.00	0.84	0.03	0.17	0.22	0.25
	436.85	6.22	2.17	0.36	0.11	0.63	1.25
	446.00	8.96	1.19	0.17	0.27	0.73	0.53
	476.05	2.43	0.43	0.11	0.31	0.04	0.03
OKU-971	418.40	1.10	0.52	0.10	0.37	0.46	0.03

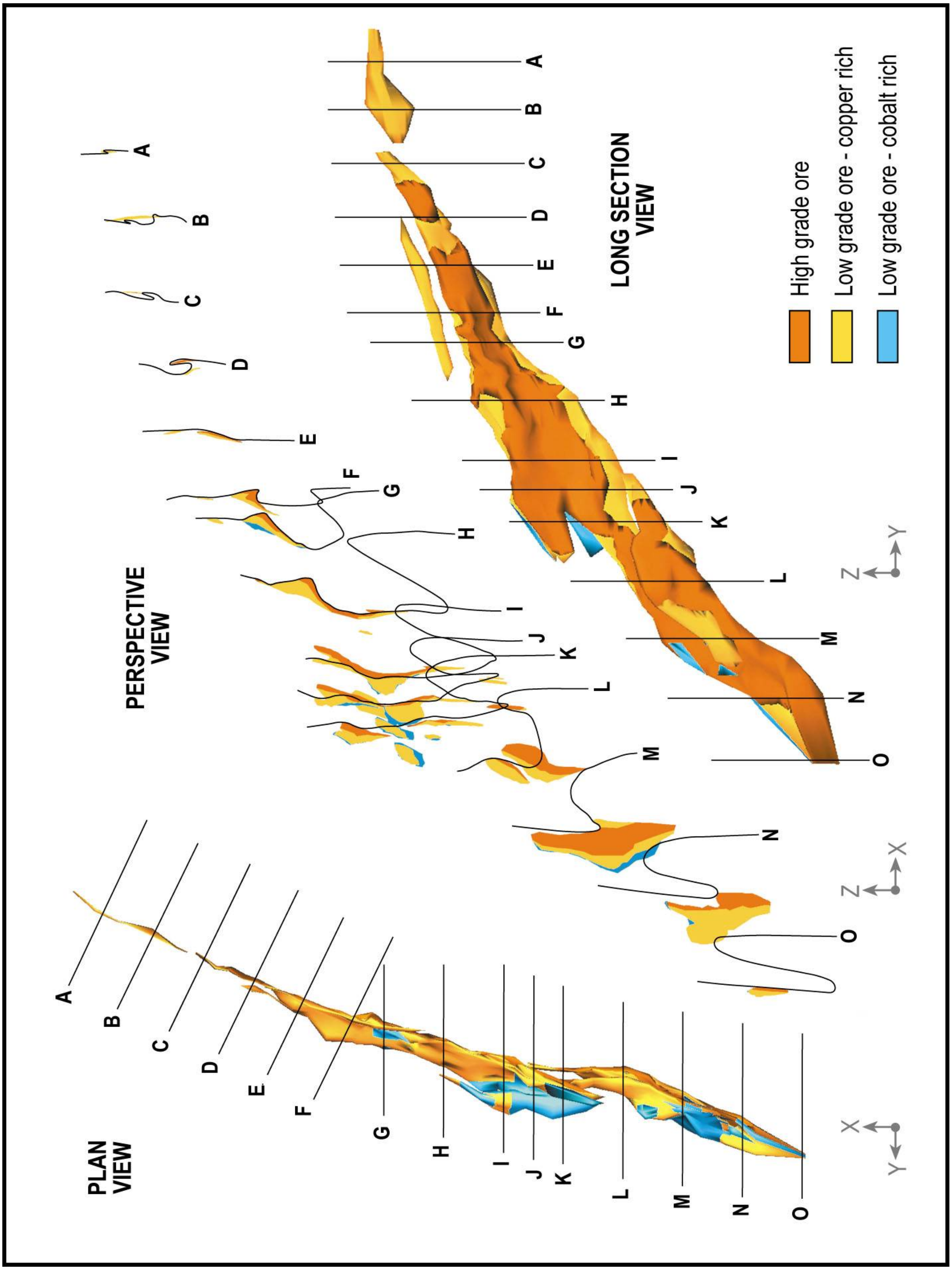


Figure 1. Plan, Perspective and Long Section views of the Kylylahti Deposit

Hole OKU-927J, the last hole of the programme, targeted the down plunge continuation of the high grade zone in the lower Wombat zone. The thick and robust intersection obtained has extended the Resource which remains open towards the south.

Kylylahti Resource Estimate

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 tables 2 and 3 below) has been defined within the global Resource.

Table 2. 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
Total	**4,192,000**	**1.82**	**0.29**	**0.16**	**0.63**	**0.74**

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.

The updated global Resource is:

Table 3. 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
Total	**8,100,000**	**1.18**	**0.24**	**0.22**	**0.47**	**0.66**

Saramäki

The Saramäki deposit is located 15 kilometres to the north-west of Kylylahti. It has a published historic Indicated Resource of 3.4Mt at 0.71% copper (0.5% cut-off), 0.09% cobalt, 0.05% nickel and 0.63% zinc. No significant exploration or development work has been undertaken for almost 30 years and drilling was undertaken to verify the Resource, determine potential for higher grades and provide information for evaluation of the inclusion of Saramäki in the Kylylahti mine plan.

Six holes were drilled on three traverses 100 metres apart to test existing mineralisation and extensions of the shallow mineralisation to the east and north.

The highlights included 11.8 metres at 1.47% copper, 0.11% cobalt and 0.48g/t gold in PVJ/SAR-12 in pyrrhotite-chalcopyrite bearing chlorite-biotite altered brecciated zone. See table below for the results.

Table 4. Significant Assay Results from Saramäki Drilling

Hole	Depth	Interval	Cu (%)	Co (%)	Ni (%)	Zn (%)	Au (g/t)	Ag (g/t)
PVJ/SAR-9	242.00	1.00	0.98	0.05	0.06	0.13	<0.05	6.97
PVJ/SAR-10	99.19	1.81	1.74	0.05	0.11	0.93	<0.05	10.52
PVJ/SAR-11	119.34	1.60	0.51	0.05	0.06	0.71	0.03	3.37
PVJ/SAR-12	65.00	11.82	1.47	0.11	0.08	0.12	0.48	7.87
PVJ/SAR-13	65.50	1.00	0.45	0.03	0.05	0.03	0.27	2.03
PVJ/SAR-13	81.00	6.00	0.84	0.07	0.05	0.05	<0.05	1.85
PVJ/SAR-14	56.30	1.03	0.46	0.04	0.05	0.04	<0.05	1.37
PVJ/SAR-14	58.00	13.00	0.62	0.07	0.07	0.08	<0.05	1.78
Incl.	61.00	2.00	1.12	0.07	0.08	0.20	0.05	2.89

Kuhmo Nickel

The Kuhmo Nickel Project lies some 250km north of Kylylahti and contains 5 shallow nickel-copper-palladium-platinum deposits within a 200km long nickel belt similar to those in Canada and Western Australia.

Existing shallow Resources total some 9.4Mt at 0.4% nickel (37,000 tonnes nickel metal, see table 5) with significant copper, platinum and palladium credits. Previous Resource estimates are being updated following extensive drilling in 2008 and an improvement in grade is expected. Permitting is in progress and metallurgical testwork indicates conventional nickel concentrates are readily available.

Table 5. Mineral Resources at the Kuhmo Nickel Project

Location	Tonnes (Mt)	Ni (%)	Cu (%)	Co (%)	Pt (%)	Pd (g/t)
Vaara[1]	6.10	0.35	0.03	0.01	0.25	0.25
Peura-aho[1]	0.60	0.51	0.22	0.03	0.18	0.40
Hietaharju[1]	1.00	0.53	0.28	0.03	0.19	0.26
Sika-aho[2]	0.18	0.66	0.01	n/a	n/a	n/a
Arola[3]	1.50	0.46	n/a	n/a	n/a	n/a
Total	**9.38**	**0.40**		**Contained nickel**	**37,765 tonnes**	

[1] Indicated and Inferred Resources. For a breakdown see Resource estimate by Snowden & Associates in ASX Release 23 November 2006.

[2] GTK, 1998 Polygonal Resource Estimate, available in Public domain but not reported under JORC Code. Vulcan review classified as Inferred Resource.

[3] Outokumpu, Polygonal Resource Estimate, available in Public domain but not reported under JORC Code. Vulcan review classified as Inferred Resource.

Exploration potential is very high with most deposits open beyond the shallow depths tested and some 60 geophysical anomalies (VTEM) available for drill testing from extensive surveys completed in 2008.

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

Drilling

Exploration and infill drilling programmes at Vaara, Saarikylä and Riihilampi were completed.

Drilling at Vaara was mainly targeted to test extensions of the known mineralisation down to 100 metres vertical depth at the northern parts with only shallow drilling and potential extensions north of known mineralisation. Several geochemical and geophysical targets were also tested on the western and northern sides of the mineralised cumulate body. All holes drilled to infill the area of known mineralisation intersected multiple zones of millerite–pyrite dissemination within serpentinite. Longest interval is 22.7 metres at 0.49% nickel in SK-87 and highest grades are in SK-82, 9.35 metres at 0.91% nickel and exceptionally high copper, 0.14%. Results are presented in the table below.
Exploration drilling surrounding the Vaara deposit did not return any significant results.

Regional drilling at Saarikylä area tested four EM targets generated from MLEM and VTEM surveys. Best result was received in hole SK-98 targeted to a new VTEM anomaly at the northern tip of Rytys cumulate body. Hole intersected a thin zone (0.25 metres) of 0.82% nickel sulphides with a high palladium grade of 7.01 g/t.

One EM target north-east of Kauniinlampi cumulate body was clearly identified as iron sulphide formation whereas remaining two east of Kauniinlampi and south of Hoikkalampi were not explained by the drilling results and therefore further exploration potential remains.

In addition to EM targets, Saarikylä programme included three shallow holes at Kauniinlampi North nickel occurrence. Drilling was planned to infill previous GTK drilling and investigate the nature and extent of sulphide mineralisation previously reported. All three holes intersected wide zones of serpentinite with visible but very weak and fine grained sulphide disseminations, the most significant results are in hole SK-97, 8.0 metres at 0.36% Ni.

Two holes were drilled at Riihilampi where historic work located mineralisation within greenstone belt fragments some 15 kilometres east of the Kuhmo greenstone belt. The drilling confirmed the presence of weakly mineralised komatiite and created further exploration potential to east.

Drilling in the Saarikylä belt targeted several EM anomalies. SK-98 targeted a new VTEM anomaly and intersected a thin zone (0.25 metres) of 0.82% nickel sulphides with a high palladium grade of 7.01 g/t. Initial testing of the Kauniinlampi North mineralisation returned generally poor results. A hole drilled at Kauniinlampi North intersected 8 metres of low grade mineralisation grading 0.36% nickel.

Drilling at Riihilampi returned several thin and low grade intersections in both holes. The longest interval is 5.25 metres at 0.35% nickel in RL-6. Results are presented in the table below.

Table 5. Kuhmo Project Drilling Results in 2007/2008

Hole	From (m)	Interval (m)	Ni (%)	Cu (%)	Co (%)	Pd (g/t)	Pt (g/t)	Pd+Pt (g/t)
Vaara								
SMS/SK-65 to SMS/SK-74				No Significant Result				
SMS/SK-75	30.00	2.10	0.78	0.06	0.02	0.42	0.16	0.58
Incl	31.00	1.10	1.21	0.09	0.03	0.79	0.31	1.10
SMS/SK-75	50.00	8.00	0.41	0.03	0.01	0.13	0.05	0.18
SMS/SK-75	68.65	1.35	0.54	0.02	0.02	0.11	0.05	0.16
SMS/SK-76	103.60	1.50	0.52	0.06	0.02	0.19	0.09	0.27
SMS/SK-77				No Significant Result				

Hole	From (m)	Interval (m)	Ni (%)	Cu (%)	Co (%)	Pd (g/t)	Pt (g/t)	Pd+Pt (g/t)
SMS/SK-78				No Significant Result				
SMS/SK-79				No Significant Result				
SMS/SK-80	3.50	2.85	0.47	0.04	0.01	0.17	0.06	0.24
SMS/SK-80	37.00	8.40	0.55	0.04	0.01	0.33	0.12	0.45
SMS/SK-81	63.10	6.90	0.41	0.03	0.01	0.15	0.07	0.22
SMS/SK-81	77.00	8.70	0.43	0.04	0.01	0.15	0.06	0.20
SMS/SK-81	88.00	7.60	0.41	0.04	0.01	0.14	0.05	0.19
SMS/SK-81	98.00	7.00	0.70	0.07	0.02	0.43	0.17	0.61
SMS/SK-81	138.00	2.00	0.45	0.03	0.02	0.17	0.06	0.23
SMS/SK-82	80.55	2.45	0.40	0.02	0.01	0.11	0.05	0.15
SMS/SK-82	87.00	2.65	0.47	0.03	0.02	0.24	0.10	0.34
SMS/SK-82	96.00	9.35	0.91	0.14	0.02	0.56	0.24	0.79
SMS/SK-82	140.20	0.90	0.54	0.02	0.02	0.18	0.07	0.25
SMS/SK-83	94.80	2.70	0.42	0.04	0.01	0.21	0.08	0.29
SMS/SK-83	135.00	7.20	0.59	0.04	0.02	0.34	0.14	0.47
SMS/SK-84	87.30	7.00	0.42	0.03	0.01	0.21	0.08	0.30
SMS/SK-84	117.00	0.90	0.62	0.04	0.02	0.34	0.13	0.46
SMS/SK-85	78.30	7.70	0.39	0.03	0.01	0.23	0.10	0.32
SMS/SK-85	89.70	2.40	0.32	0.02	0.01	0.09	0.04	0.13
SMS/SK-85	114.95	1.95	0.41	0.03	0.01	0.10	0.04	0.14
SMS/SK-85	122.00	2.00	0.60	0.05	0.01	0.20	0.07	0.28
SMS/SK-86	92.00	2.80	0.38	0.02	0.01	0.07	0.03	0.10
SMS/SK-86	106.00	3.50	0.48	0.02	0.01	0.27	0.10	0.37
SMS/SK-87	67.10	3.90	0.40	0.03	0.01	0.13	0.06	0.18
SMS/SK-87	89.00	22.70	0.49	0.05	0.01	0.26	0.10	0.36
incl	101.20	10.50	0.62	0.07	0.01	0.42	0.17	0.58
SMS/SK-87	125.40	1.05	0.52	0.03	0.01	0.46	0.18	0.64
Saarikylä								
SMS/SK-88								
- SMS/SK-96				No significant assays				
SMS/SK-97	4.00	8.00	0.36	0.00	0.01	0.07	0.04	0.11
SMS/SK-98	80.40	0.25	0.82	0.01	0.03	7.01	0.04	7.05
SMS/SK-99				No significant assays				
SMS/SK-100				No significant assays				
Riihilampi								
KUH/RL-6	38.75	0.45	0.33	0.00	0.02	N/A	N/A	N/A
KUH/RL-6	59.25	5.25	0.35	0.01	0.01	N/A	N/A	N/A
KUH/RL-6	115.00	1.00	0.32	0.01	0.01	N/A	N/A	N/A
KUH/RL-6	118.00	0.60	0.35	0.03	0.01	N/A	N/A	N/A
KUH/RL-7	7.50	4.40	0.38	0.00	0.02	N/A	N/A	N/A
KUH/RL-7	26.20	1.00	0.33	0.02	0.02	N/A	N/A	N/A
KUH/RL-7	94.60	1.05	0.37	0.01	0.01	N/A	N/A	N/A

Geophysics

AVTEM airborne survey was completed during the year by Geotech Airborne Ltd.

Interpretation of the data for all four survey areas was completed by Astrock Oy. Approximately 60 EM anomalies were generated which will be analysed in detail in the context of the interpreted geology and will result in prioritised targets for further exploration.

The data quality has been self monitored by Geotech and independently by Astrock Oy and all preliminary data was available in August. Raw data received has been of such good quality that initial evaluation has commenced and several areas of interest have already been identified.

Metallurgy

Metallurgical testwork on the Hietaharju and Peura-aho ore types was received and acceptable concentrates were able to be produced.

Testwork on Vaara was carried out to improve the low Fe/MgO ratio of nickel concentrate. Regrinding of rougher concentrate has produced a 37.5% nickel concentrate with 67% recovery. Fe/MgO ratio is 3.3 which is close to a target ratio of 5 or more, and it is apparent that the target can be achieved.

Environment and Community

The Suomussalmi Environmental Impact Assessment (EIA) report comprising assessments of the Hietaharju, Peura-aho and Vaara deposits has been subject to a public consultation. Local authorities and the public returned a total of 14 statements and opinions on the Suomussalmi Environmental Impact Assessment ("EIA") programme to Kainuu Regional Environment Centre ("KREC"), which provided the final statement on the proposed programme. A steering group comprising local authorities and stakeholders was also established. Kainuu Regional Environment Centre approved the report in May. The EIA is a key part of the process of securing Mining Licences over the known nickel deposits.

Your directors present their report on Vulcan Resources Limited (the 'Company' or the 'Parent') and of the Group, being the Company and its controlled entities for the year to 30 June 2009.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows (directors were in office for this entire period unless otherwise stated):

Names, qualifications, experience and special responsibilities

Mr Michael Blakiston *(appointed Non-Executive Director 28/3/02, appointed Chairman 19/11/08)*
BJuris LLB

Mr Blakiston is a practicing solicitor with legal experience in the resources sector. Mr Blakiston holds the degrees of Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia and is a partner of the corporate and resource law firm, Blakiston & Crabb. Mr Blakiston has been practicing law for over 27 years.

Mr Blakiston has extensive commercial experience both in advisory and directorial capacities having been involved in project assessment, structuring and financing, joint ventures and strategic alliances in the resource industry. In addition, Mr Blakiston has experience in initial public offerings, takeovers and mergers, corporate and project fundraisings (either with debt or equity), construction, offtake and sales contracts.

During the past three years Mr Blakiston has also served as a director of the following other listed companies:

- Platinum Australia Limited (appointed 21 June 2000)
- Axiom Properties Limited (appointed 24 June 2006)
- Rox Resources Limited (appointed 27 November 2003)
- Aurora Oil & Gas Limited (appointed 7 November 2003)

Mr Barry Eldridge *(appointed Non-Executive Chairman 05/11/05, resigned 18/11/08)*
BSc (Geology), BE (Mining)

Mr Eldridge has over 38 years experience as a geologist and mining engineer in the resource industry both in Australia and overseas.

Following a 20 year career in the coal industry in Queensland and New South Wales, Mr Eldridge moved to Western Australia in 1988 where he has been involved in a number of management roles in the mining industry. Most notable of these have been Project Manager for the Super Pit in Kalgoorlie, Project Manager for the development of Kanowna Belle gold mine, Managing Director of Forrestania Gold NL, Project Director for the West Angelas iron ore development, Director - Major Projects for North Ltd, Managing Director of Griffin Coal Pty Ltd, Managing Director and CEO of Portman Ltd and, most recently, Chairman of SNC-Lavalin Australia Pty Ltd.

Dr Alistair Cowden *(appointed Executive Managing Director 05/07/06)*
BSc (Hons), PhD, MAusIMM, MAIG

Dr Cowden has degrees in Geology from the Universities of London and Edinburgh and has spent 28 years in the Australian mining industry, initially with majors and in the last 14 years with junior companies. Dr Cowden spent 6 years with WMC at Kambalda in both nickel and gold.

Dr Cowden was part of the discovery and development teams for several large gold mines in Australia and platinum mines in Zimbabwe whilst with Delta Gold and was subsequently instrumental in the listing of a number of junior companies which made discoveries in Asia and Australia.

During the past three years Dr Cowden has also served as a director of the following other listed companies:

- Rox Resources Limited (appointed 27 November 2003, resigned 30 September 2006)
- Australis Aquaculture Limited (appointed 6 March 2004, resigned 6 July 2006)

Ms Fiona Harris *(appointed Non-Executive Director 20/07/07)*
BCom, FCA, FAICD

Ms Harris has been a professional non-executive director for the past 14 years. She began her career with chartered accountants KPMG and was a partner in their Sydney office when she left that organisation in December 1994. During her 14 years with KPMG, Ms Harris worked in Perth, San Francisco and Sydney specialising in financial services and superannuation. Ms Harris was also involved in capital raisings, due diligence, initial public offerings, capital structuring of transactions and litigation support.

Ms Harris is a member of the national board of the Australian Institute of Company Directors and was previously Western Australian State President. She is non-executive Chairman of Barrington Consulting Group Pty Ltd, a company providing consulting services in the areas of strategic and business planning. Ms Harris is also currently a Board Member of GESB Mutual Ltd, Perron Group Limited (& PG Holdings Ltd) and WASO Holdings Ltd.

During the past three years Ms Harris has also served as a director of the following other listed companies:

- Territory Resources Limited (appointed 4 August 2008) *
- Alinta Infrastructure Limited (appointed 12 August 2005, resigned 28 February 2007)
- Alinta Funds Management Limited (appointed 26 August 2005, resigned 28 February 2007)
- Alinta Limited (appointed January 2000, resigned 31 August 2007)

***** denotes current directorships

Mr Heikki Solin *(appointed Non-Executive Director 05/07/06)*
LLM

Mr Solin has over 40 years experience in the international mining industry which he has served in various capacities, mainly for Finland's mining major Outokumpu, but also as an independent business consultant.

Although widely travelled and except for a period of 14 years in United Kingdom Mr Solin has been based in the Helsinki area, in Finland, his native country where in addition to his mining related activities he spearheaded national initiatives in areas of cross-border licensing, international contract practices and Finnish-Latin American trade relations.

He is Honorary Chairman of Finnish-Latin American Chamber of Commerce, Past President and Honorary Member of Industrial Lawyers Association in Finland and the first President of Licensing Executives Society, Scandinavia Region. Heikki is also a member of The Finnish Institute of Mining and Metallurgy.

Interest in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Vulcan Resources Limited were:

	Ordinary Shares	Options
A Cowden	5,125,700	3,000,000
M Blakiston	2,251,700	-
F Harris	200,000	-
H Solin	1,500,000	-

Company Secretary

Mr Eric Hughes (*appointed Chief Financial Officer and Joint Company Secretary 17/3/2008)*
CPA, BBus

Mr Hughes has more than 10 years experience as a company secretary of listed companies and is a qualified accountant with over 20 years experience in the financial management of listed resource companies.

Mr Anthony Begovich *(appointed Joint Company Secretary 31/08/06, resigned 31/12/08)*
BBus, CA

Dividends

No amounts have been paid or declared by way of dividend by the Company since the end of the previous financial period and up until the date of this report. The directors do not recommend the payment of any dividend for the financial year ended 30 June 2009.

Principal activities

The principal activity of the Group during the year was development, evaluation and exploration of its base metal mining projects in Finland.

Operating and financial review

Group Overview

Vulcan Resources Limited was incorporated on 28 March 2002 and listed on the Australian Stock Exchange on 10 September later the same year. Since incorporation the Company has aggressively sought exploration opportunities contained within provinces with proven mineral Resources with the objective of monetising discoveries. As a direct result of this strategy, Vulcan acquired a suite of base metal projects in Finland in December 2004.

Of the suite of assets acquired, Vulcan has advanced the poly-metallic Kylylahti Copper Cobalt Project, completing a number of studies and optimisation reviews cumulating in the completion of an Independent Technical Report ("ITR") in the first quarter of the 2009 financial year. The function of the ITR being to enable financial institutions to assess the project for debt funding. Immediately subsequent to the completion of the ITR, credit markets deteriorated, base metal prices retreated and debt funding negotiations ceased. At this point, the Board of Vulcan took the decision to preserve cash and ceased further development expenditure on this project pending clarification of the ability of nickel cobalt concentrate buyers to take the Kylylahti concentrate, and the stabilisation of the world economic climate.

In addition to taking the above action, the Board of Vulcan also terminated its exploration programme in the Outokumpu and Kuhmo regions, reduced staffing levels and administration costs.

Since September 2008 Vulcan has embarked on a programme of assessing resource projects to identify opportunities where cash resources held by Vulcan will add significant value, with a bias towards near term production projects. To this end, a Term Sheet was signed with Universal Resources Limited (“Universal”) on 2 September 2009.

Universal is an Australian public company, listed on the Australian Stock Exchange. Universal currently operates solely within Australia and is focussed on exploration for and exploitation of base metals and precious metals, primarily copper and gold. Its major asset is the Roseby Copper Project located in the Mt Isa Mineral Provence, North West Queensland in Australia.

The Term Sheet envisages the merger of Vulcan and Universal whereby Vulcan shareholders will receive 6.85 Universal shares for every 1 Vulcan share held. The proposed merger between the two companies is subject to a number of hurdles being achieved such as completion of mutual due diligence, preparation of shareholder memorandums, court approvals for the merger together with shareholder approvals.

Operating results for the year

The Group’s loss for the year was $5,248,000 (2008: $12,417,000).

The primary driver for the improved result was the decrease in the Company’s mine exploration, evaluation and development activities.

Shareholder returns

Future shareholder returns are dependent upon the development of the Group’s projects and exploration success.

Shareholder returns between 30 June 2005 and 30 June 2009 are as follows:

	2009	**2008**	**2007**	**2006**	**2005**
Net loss ($000)	5,248	12,417	13,375	5,788	5,856
Basic EPS (cents)	(2.3)	(5.8)	(14.1)	(10.3)	(15.8)
Return on assets (%)	(16.9)	(29.7)	(211.8)	(77.3)	(309.9)
Return on equity (%)	(17.1)	(35.0)	544.3	(103.5)	2747.9
Net debt/equity ratio (%)	(92.7)	(100.0)	35.7	(108.7)	747.8

Review of financial condition

Liquidity and capital resources

The Group’s principal source of liquidity as at 30 June 2009 is cash of $28,441,000 (2008: $40,483,000) of which $27,083,000 (2008: $26,900,000) has been placed on short term deposit.

The principal sources of cash during the year have been interest received on short term deposits. In prior years cash was derived from capital raising and exercise of options.

Shares issued during the year

During the year there were no new shares issued.

Risk management

The Board reviews and approves the Group Risk Management policy.

In accordance with the Group Risk Management policy:

- Management is responsible for efficient and effective risk management across the activities of the Group.
- The Managing Director is responsible for ensuring the process for managing risk is integrated within divisional business planning and management activities.
- Reports on risk management are to be provided to the Audit & Risk Management Committee which is responsible for monitoring the risk management process within the Group.

Significant changes in state of affairs

There was no significant change in the state of affairs of the Group that occurred during the financial year under review that is not mentioned elsewhere in this report or listed below.

Significant events after the balance date

No matter or circumstance has arisen which significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group in subsequent financial periods.

Likely developments and expected results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

Environmental regulations

The Group carries out exploration, evaluation, development and construction activities at its operations in Finland which are subject to environmental regulations. During the financial year there has been no significant breach of these regulations.

Share options

Unissued shares

At the date of this report there were 8,290,000 unissued shares under option.

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Shares issued as a result of the exercise of options

During the year there were no shares issued as no options have been exercised.

Indemnification and insurance of directors and officers

The Company has made an agreement indemnifying all the directors and officers against all losses or liabilities incurred by each director and officer in their capacity as directors and officers of the Company to the extent permitted under the Corporations Act 2001.

During the year the Company paid insurance premiums to insure the directors and specified executives against certain liabilities arising out of their conduct while acting as an officer of the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director is as follows:

	Board of Directors	Audit & Risk Management Committee	Remuneration Committee	Nomination Committee
Number of meetings held:	6	3	2	1
Number of meetings attended:				
B Eldridge	4	-	2	1
A Cowden	6	-	-	-
M Blakiston	6	3	2	1
F Harris	6	3	1	1
H Solin	6	3	1	1

Committee membership

As at the date of this report the Company had an Audit and Risk Management Committee, a Remuneration Committee and a Nomination Committee.

Members of the committees of the Board during the year were:

Audit & Risk Management	Remuneration	Nomination
F Harris (c)	M Blakiston (c)	B Eldridge (c)*
M Blakiston	B Eldridge*	M Blakiston (c)
H Solin	F Harris	F Harris
	H Solin	H Solin

(c) Designates the Chairman of the Committee.

** Barry Eldridge resigned on 18 November 2008.*

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC CO 98/0100. The company is an entity to which the Class Order applies.

Auditor Independence and non-audit services

The directors received the section 307c Independence Declaration from the auditor of Vulcan Resources Limited which is set out below.

ERNST & YOUNG

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843
Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

Auditor's Independence Declaration to the Directors of Vulcan Resources Limited

In relation to our audit of the financial report of Vulcan Resources Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

P McIver
Partner
Perth
22 September 2009

Non-audit services

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit services provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	2009 $
Tax compliance services	23,159
Corporate advice	165,588
	188,747

Remuneration report (Audited)

This report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives, general managers and secretaries of the Parent and the Group.

Key management personnel is defined as the non-executive directors of the Company and the five highest paid executives of the Group (including the Managing Director).

Details of key management personnel

Directors

M Blakiston	Chairman (Non-executive) – appointed to Chair of Board 18 November 2008
A Cowden	Managing Director
F Harris	Director (Non-executive)
H Solin	Director (Non-executive)
B Eldridge	Chairman (Non-executive) – resigned 18 November 2008

Executives

Employed at 30 June 2009:

E Hughes	Chief Financial Officer and Company Secretary
J Vesanto	General Manager (Finland)

Ceased employment during year ended 30 June 2009:

C Baird	General Manager (Operations) – ceased employment 21 November 2008
A Begovich	Group Financial Controller and Company Secretary– ceased employment 31 December 2008
J Brodziak	Project Manager (Kylylahti) – ceased employment 31 October 2008
N Walker	Chief Geologist – resigned 31 October 2008

Remuneration committee

The Remuneration Committee, on behalf of the Board of Directors, is responsible for determining and reviewing remuneration arrangements for key management personnel.

The Committee assesses the appropriateness of the nature and amount of remuneration of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring that the directors and executive team is of a suitable quality to enable the achievement of the strategic objectives of the Group.

Remuneration philosophy

The performance of the Group depends upon the quality of its key management personnel. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre personnel;
- link rewards to shareholder value and company performance;
- have a significant portion of executive remuneration ‘at risk’; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration structure

In accordance with good practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

<u>Non-executive director remuneration</u>

Objective
The Company seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain high calibre directors, whilst incurring a cost which is acceptable to shareholders.

Structure
The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors based on their role and responsibilities. The latest determination was in 2007 when shareholders approved an aggregate cash remuneration of $400,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executive directors are remunerated by way of fees and statutory superannuation. Non-executive directors do not receive retirement benefits.

Non-executive directors are encouraged by the Board to hold shares in the Company. It is considered good governance for directors to have a stake in the Company on whose board he or she sits. In addition long term incentives in the form of options may be awarded to non-executive directors, subject to shareholder approval, in a manner which aligns this element of remuneration with the creation of shareholder wealth.

The Company has taken into account the guidelines for non executive director remuneration as set out in Box 8.2 of the ASX Corporate Governance *Council's Corporate Governance Principles and Recommendations (2nd Edition)* ("**Principles**"). Paragraph 2 of those guidelines provides non executive directors should not receive options or bonus payments. The Company considers the issue of options to non executive directors is appropriate as the quantum of cash fees that the Company believes it is prudent to pay in the current circumstances does not represent an adequate reward and does not provide an adequate incentive to enable the Company to attract and keep Non Executive Directors of the requisite level of experience and qualifications to assist with the development of the Company. In accordance with the Principles, non-executive director’s remuneration is not linked to individual performance targets nor do non-executive directors receive bonus payments.

The remuneration of non-executive directors for the reporting period is set out in a table later in this report.

Executive remuneration

Objective
The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group.

Structure
In determining the level and make up of executive remuneration, the Remuneration Committee engages external consultants as needed to provide independent advice.

The Remuneration Committee has entered into a detailed contract with the managing director and standard contracts with other executives. Details of these contracts are provided below.

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration
  - short term incentive; and
  - long term incentive

The proportion of fixed and variable remuneration paid to key management personnel is set out in a table later in this report.

Fixed Remuneration

Objective
The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed at least annually by the Remuneration Committee and the process consists of a review of individual performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices.

Structure
Executive personnel are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component paid to key management personnel is set out in a table later in this report.

Variable remuneration – Short term incentive ('STI')

Objective
The objective of STI's is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets.

Structure

Actual STI payments granted to executives depend on the Committee's assessments of the individual's performance and the performance of their business unit. The aggregate of annual STI payments available for executives across the group is subject to the approval of the Board as recommended by the Remuneration Committee.

For the year ended 30 June 2009 a discretionary cash bonus of $14,677 (2008: $49,174) was granted and paid on 8 October 2008 to Mr Jarmo Vesanto, General Manager of Finland. All other executives agreed to forgo a bonus for the 2009 financial year due to world financial market turmoil.

Details regarding any STI's paid to key management personnel are set out in the table below.

Variable remuneration – Long Term Incentive ("LTI")

Objective

The objective of LTI's is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance.

Structure

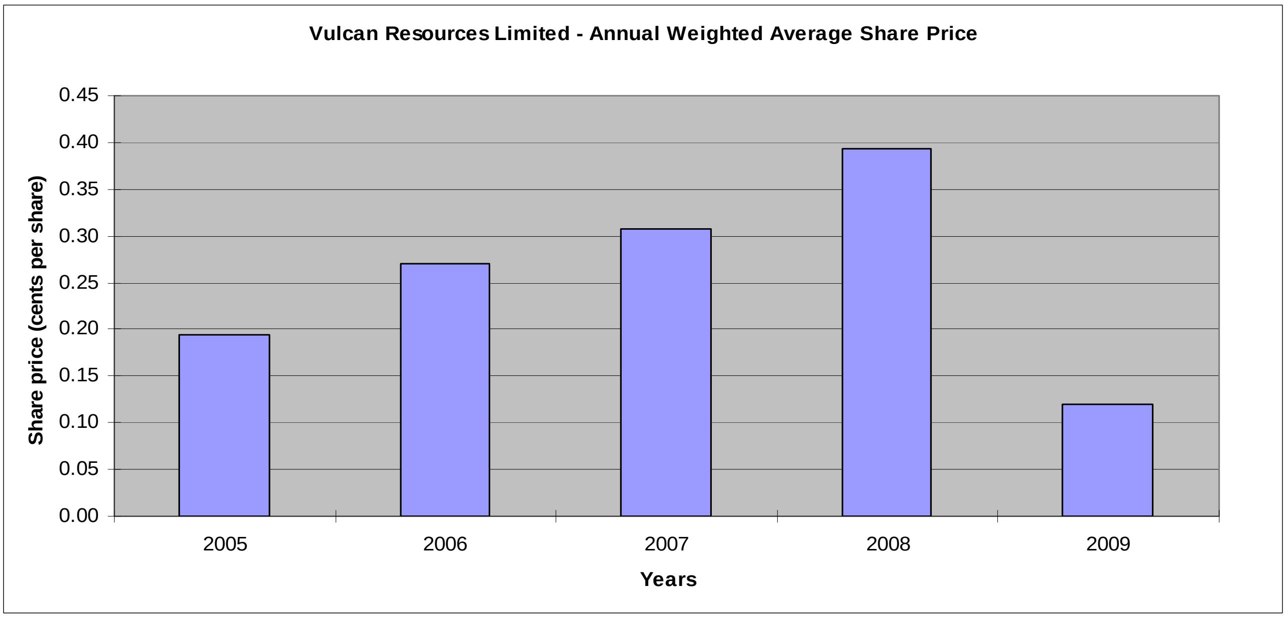
In November 2008 the shareholders approved a Plan which would allow the Company to issue Performance Rights to executives as part of the LTI arrangements, however no such incentives have been issued in the year to 30 June 2009. LTI grants in prior years have been delivered in the form of share options.

Upon issue the options were exercisable over a period of up to 3 years for a price exceeding the then current market price of the Company's shares.

Performance hurdle

In prior years the Company used the share price as the performance hurdle for the LTI plan. Historically, the Company was selecting escalations in the share price in the order of 30% at the time the options were granted which were required to be achieved before the options vested. This performance hurdle was chosen as it provided for a direct correlation between an increase in shareholder wealth and rewards to option holders.

The chart below depicts the weighted average share price of the Company for the last five financial years and the Group result for the last five financial years is shown in the following table.



	2005 $000	2006 $000	2007 $000	2008 $000	2009 $000
Net loss	5,856	5,788	13,375	12,417	5,248

The LTI component paid to key management personnel is set out in a table later in this report.

Employment contracts

Managing Director

The Managing Director, Dr Cowden is employed under a contract. The current employment contract commenced on 1 July 2006 and terminates on 31 December 2009. By letter of variation dated 18 September 2009 Dr Cowden's contract has been extended to 30 June 2010. As at 30 June 2009 the terms of the contract are as follows:

- For the period to 31 December 2009 Dr Cowden receives a base salary of $430,000 including statutory superannuation. From 1 January 2010 Dr Cowden will receive a base salary comprising $380,000 inclusive of statutory superannuation;
- Dr Cowden may resign from his position and thus terminate this contract by giving 3 months written notice;
- The Company may terminate this employment agreement by providing 6 months' written notice. On termination on notice by the Company, the Company will pay Dr Cowden an amount equal to the fixed component of his remuneration for the remainder of the term of the contract;
- The Company will review Dr Cowden's employment contract at 30 June 2010;
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs Dr Cowden is only entitled to that portion of remuneration which is fixed, and only up to the date of termination; and
- If Dr Cowden's appointment with the Company ceases or is terminated for any reason, other than redundancy, any vested options may be exercised within 30 days.

Other executives

Remuneration and other terms of employment for key management personnel are normally formalised in contracts for services. All contracts with key management personnel may be terminated by either party providing three to six months written notice or providing payments in lieu of the notice period (based on fixed component of remuneration). On termination notice by the Company, any options that have vested, or that will vest during the notice period will be released. Options that have not vested will be forfeited.

Remuneration of key management personnel of the Company and the Group

Summary of actual cash benefits to key personnel employed at 30 June 2009.

Directors	Officer	Gross Cash Benefit (inclusive of PAYG tax)	Superannuation contributions including compulsory superannuation guarantee scheme	Total ($)
Directors				
M Blakiston	Non Executive Chair of Board	55,046	4,954	60,000
A Cowden	Managing Director	330,000	100,000	430,000
F Harris	Non Executive Director	55,046	4,954	60,000
H Solin	Non Executive Director	70,000	-	70,000
Executives				
E Hughes	Company Secretary / Chief Financial Officer	200,000	50,000	250,000
J Vesanto	General Manager, Finland	190,804	33,009	223,813

Compliance disclosure of remuneration

Please note that no share based payments were made or options issued during the year. The amounts disclosed represent a value attributable to the options when issued based on the Black-Scholes valuation method. This value is then amortised over the vesting period of the options in accordance with applicable reporting requirements.

	Short-term		Post employment	Share-based payment	Termination payment	Total	Percentage performance related[3]
2009	**Salary & fees**	**Other cash benefits[1]**	**Superannuation**	**Options[2]**			
	$	**$**	**$**	**$**	**$**	**$**	**%**
Directors							
B Eldridge[4]	29,879	-	2,689	-	-	32,568	-
A Cowden	330,000	-	100,000	16,591	-	446,591	4
M Blakiston	55,046	-	4,954	-	-	60,000	-
F Harris	55,046	-	4,954	-	-	60,000	-
H Solin	70,000	-	-	-	-	70,000	-
Executives							
E Hughes	200,000	-	50,000	39,574	-	289,574	14
J Vesanto	176,127	14,677	33,009	19,646	-	243,460	14
Ceased employment during year ended 30 June 2009							
C Baird[5]	*92,042*	-	*8,284*	*(32,448)*	*73,974*	*141,852*	-
A Begovich[6]	*97,501*	-	*8,775*	*8,283*	*19,512*	*134,071*	*6*
J Brodziak[7]	*97,467*	-	*33,333*	*11,280*	*77,848*	*219,928*	*5*
N Walker[8]	*83,049*	-	*5,520*	*(21,632)*	-	*66,937*	-
Total	**1,286,157**	**14,677**	**251,518**	**41,294**	**171,334**	**1,764,980**	**6**

2008							
Directors							
B Eldridge	77,982	-	7,018	-	-	85,000	-
A Cowden	331,500	50,000	50,000	83,060	-	514,560	26
M Blakiston	55,046	-	4,954	-	-	60,000	-
F Harris	52,204	-	4,698	-	-	56,902	-
H Solin	70,000	-	-	-	-	70,000	-
Executives							
C Baird	207,500	15,000	18,675	32,448	-	273,623	17
A Begovich	187,500	7,500	16,875	12,155	-	224,030	9
J Brodziak	292,400	30,000	100,000	22,443	-	444,843	12
M Campbell[9]	75,411	5,000	54,397	48,476	-	183,284	29
E Hughes[10]	64,597	-	8,480	11,942	-	85,019	14
J Vesanto	145,456	49,174	33,360	21,199	-	249,189	28
N Walker	169,500	10,000	15,255	21,632	-	216,387	15
Total	**1,729,096**	**166,674**	**313,712**	**253,355**	**-**	**2,462,837**	**17**

1 *Other cash benefits refers to short term performance cash bonuses paid to staff*

2 *Share based payment – Options refers to the amortised value of options granted. The amortised value represents the pro-rated cost for reporting and compliance purposes of the option based on the vesting criteria. All staff and executive options are out of the money both in current and prior year.*

3 *Percentage of total remuneration that is performance related.*

4 *Mr Eldridge resigned as a director on 18 November 2008.*

5 *Mr Baird ceased employment on 21 November 2008.*

6 *Mr Begovich ceased employment on 31 December 2008.*

7 *Mr Brodziak ceased employment on 31 October 2008.*

8 *Mr Walker resigned on 31 October 2008.*

9 *Mr Campbell resigned on 17 March 2008.*

10 *Mr Hughes was appointed as Chief Financial Officer and Joint Company Secretary on 17 March 2008.*

Compensation options: Granted and vested during the year (Consolidated)

No options were granted during the year. During the year a number of options previously granted were cancelled or expired as they were significantly 'out of the money'. All options that have not expired at the date of this report are significantly 'out of the money'.

2009	**Granted**		**Terms and conditions for each grant**					**Vested**
	Number	**Date**	**Fair value ($)**	**Exercise price ($)**	**Expiry date**	**First exercise date**	**Last exercise date**	**Number**
Executives								
Employed at 30 June 2009								
E Hughes	-	-	-	-	-	-	-	333,334
J Vesanto	-	-	-	-	-	-	-	490,000
Ceased employment during year ended 30 June 2009								
A Begovich	-	-	-	-	-	-	-	200,000
J Brodziak	-	-	-	-	-	-	-	250,000
Total	-							1,273,334

2008	Granted		Terms and conditions for each grant					Vested
	Number	Date	Fair value ($)	Exercise price ($)	Expiry date	First exercise date	Last exercise date	Number
Directors								
A Cowden	-	-	-	-	-	-	-	1,000,000
Executives								
C Baird	750,000	04/01/08	0.11	0.55	31/12/11	31/12/08	31/12/11	-
A Begovich	200,000	04/01/08	0.11	0.55	31/12/11	31/12/08	31/12/11	200,000
J Brodziak	250,000	04/01/08	0.11	0.55	31/12/11	31/12/08	31/12/11	333,333
M Campbell*	1,000,000	17/09/07	0.13	0.55	31/12/10	31/12/07	31/12/10	333,333
E Hughes*	1,000,000	09/04/08	0.09	0.40	01/07/11	31/12/08	01/07/11	-
J Vesanto	490,000	04/01/08	0.11	0.55	31/12/11	31/12/08	31/12/11	-
N Walker	500,000	04/01/08	0.11	0.55	31/12/11	31/12/08	31/12/11	-
Total	4,190,000							1,866,666

* *These options have been split into three equal tranches with each tranche having different first exercise dates. The first exercise date of the first tranche is stated in the table above whilst the first exercise date of the second and third tranches is 1 and 2 years thereafter respectively.*

There were no other options that have vested to key management personnel other than ones described above.

Options granted as part of remuneration

2009	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed/forfeited during the year+	Remuneration consisting of options for the year
	$	$	$	%
Directors				
B Eldridge	-	-	-	-
A Cowden	-	-	-	4
M Blakiston	-	-	-	-
F Harris	-	-	-	-
H Solin	-	-	-	-
Executives				
Employed at 30 June 2009				
E Hughes	-	-	-	14
J Vesanto	-	-	-	14
Ceased employment during year ended 30 June 2009				
C Baird	-	-	126,538	-
A Begovich	-	-	-	6
J Brodziak	-	-	-	5
N Walker	-	-	68,355	-

\+ *The value of options lapsed/cancelled is the intrinsic value.*

Shares issued on exercise of Compensation Options (Consolidated)

No shares have been issued on the exercise of Compensation options for the year ended 30 June 2009 and 2008.

Signed in accordance with a resolution of the directors

MICHAEL BLAKISTON
Chairman

Perth, 22 September 2009

Statement

Vulcan Resources Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles & Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4[3]	n/a	n/a
Recommendation 1.3[3]	n/a	n/a	Recommendation 5.1	✓	
Recommendation 2.1	✓		Recommendation 5.2[3]	n/a	n/a
Recommendation 2.2	✓		Recommendation 6.1	✓	
Recommendation 2.3	✓		Recommendation 6.2[3]	n/a	n/a
Recommendation 2.4	✓		Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6[3]	n/a	n/a	Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4[3]	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1	✓	
Recommendation 3.3[3]	n/a	n/a	Recommendation 8.2	✓	
Recommendation 4.1	✓		Recommendation 8.3[3]	n/a	n/a
Recommendation 4.2	✓				

[1] *Indicates where the Company has followed the Principles & Recommendations.*

[2] *Indicates where the Company has provided "if not, why not" disclosure.*

[3] *Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.*

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.vulcanresources.com.au, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters	Recommendation(s)
Board	1.3
Audit and Risk Management Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3

Policies and Procedures	
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Policy for Trading in Company Securities (summary)	3.2, 3.3
Code of Conduct (summary)	3.1, 3.3
Policy on ASX Listing Rule Compliance (summary) and Compliance Procedures (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2008/2009 financial year ("**Reporting Period**").

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Managing Director and to assist the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Managing Director is responsible for evaluating the senior executives. The performance evaluation of senior executives are undertaken by way of interviews between the individual senior executive and the Managing Director.

Recommendation 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1.

Disclosure:

During the Reporting Period a performance evaluation of senior executives did occur. The evaluations were performed in accordance with the process disclosed above at Recommendation 1.2.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Board has a majority of directors who are independent.

The independent directors of the Board are Michael Blakiston, Fiona Harris and Heikki Solin. Barry Eldridge (who resigned from the Company during the Reporting Period), was also an independent director of the Board. The non-independent director of the Board is Alistair Cowden.

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

The independent Chair of the Board is Michael Blakiston.

Recommendation 2.3:

The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Disclosure:

The Managing Director is Alistair Cowden who is not Chair of the Board.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

The Board has established a Nomination Committee.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Nomination Committee is responsible for evaluating the Managing Director.

Performance evaluations of the Board and Board committees are undertaken by way of confidential customised questionnaires to self-assess performance. Performance evaluations of the Managing Director are by way of formal interviews utilising KPI's approved by the Board.

Recommendation 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2.

Disclosure:

Skills, Experience, Expertise and Term of Office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent directors of the Company are Michael Blakiston, Fiona Harris and Heikki Solin. Barry Eldridge (who resigned from the Company during the Reporting Period), was also an independent director of the Board. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Company's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.

- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The Nomination Committee held one meeting during the Reporting Period. The following table identifies those directors who are members of the Nomination Committee and shows their attendance at Committee meetings.

Name	No. of meetings attended
Barry Eldridge[1]	1
Fiona Harris[4]	1
Heikki Solin[2]	1
Michael Blakiston[3]	1

[1] Barry Eldridge resigned from the Committee on 18 November 2008.

[2] Heikki Solin was a Committee member for the entire Reporting Period.

[3] Michael Blakiston was appointed to the Committee on 29 July 2008.

[4] Fiona Harris was appointed to the Committee on 29 July 2008.

Performance Evaluation

During the Reporting Period the performance evaluations of the Board, Committees and individual directors did occur in accordance with the Company's disclosed process in Recommendation 2.5, other than in relation to the Managing Director, who was evaluated with respect to his executive role by the Chair, utilising the KPI's approved by the Board through a formal interview process.

Selection and (Re)Appointment of Directors

In determining candidates for the Board, the Nomination Committee follows a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Pursuant to the Company's Constitution, at every annual general meeting one third of the directors (other than the Managing Director and any alternate directors) must retire from office and offer themselves up for re-election at the annual general meeting. In any event, no director (other than the Managing Director and any alternate directors) can hold office for more than 3 years without retiring and offering themselves up for re-election at an annual general meeting. Re-appointment of directors is not automatic.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees.

Recommendation 3.3:

Companies should provide the information indicated in the Guide to reporting on Principle 3.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1:

The Board should establish an Audit Committee.

Disclosure:

The Company has established an Audit and Risk Management Committee.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

Disclosure:

The Audit and Risk Management Committee comprises three directors: Heikki Solin, Michael Blakiston and Fiona Harris.

Each of the Audit and Risk Management Committee members are independent.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit and Risk Management Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4.

Disclosure:

The Audit and Risk Management Committee held three meetings during the Reporting Period. The following table identifies those directors who are members of the Audit and Risk Management Committee and shows their attendance at Committee meetings:

Name	No. of meetings attended
Fiona Harris	3
Heikki Solin	3
Michael Blakiston	3

Heikki Solin, Michael Blakiston and Fiona Harris were Committee members for the entire Reporting Period.

Details of each Audit and Risk Management Committee member's qualifications are set out in the Director's Report. All members of the Audit and Risk Management Committee consider themselves to be financially literate and have industry knowledge.

Ms Fiona Harris has relevant qualifications and accounting experience. Ms Harris holds a BCom and is a member of the Institute of Chartered Accountants. During her 14 years as a practicing accountant she specialised in financial services and superannuation. She also had involvement in capital raisings, due diligence, initial public offerings, capital structuring of transactions and litigation support. Ms Harris has been an independent director of a number of other listed companies, including those in the resource sector, satisfying Recommendation 4.4.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit and Risk Management Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit and Risk Management Committee (or its equivalent) and any recommendations are made to the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the Guide to reporting on Principle 5.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the Guide to reporting on Principle 6.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the Policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the Policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.
In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit and Risk Management Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices

On 29 July 2008, the Company implemented a risk management system, including a risk register, which identifies the Company's material business risks. The risk register identifies the risk owner, the risk value and provides a risk analysis.

Any risk items that reach their materiality threshold are immediately reported to the Board. All other items are discussed informally at each Board meeting. Risk management is an agenda item at each Board meeting.

The risk register is reviewed and updated twice a year by the Audit and Risk Management Committee, in conjunction with management. The Audit and Risk Management Committee, together with management, reports to the Board on the results of the review and any updates to the risk register.

To assist in the identification, assessment and review of individual risks, each risk is categorised as either:

- Safety
- Reputation
- Legal
- Business Continuity

Each risk is then assessed against predetermined benchmarks and criteria, to provide consistency as to the manner of assessment.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's materials business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Chief Executive Officer (or equivalent) and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the Guide to reporting on Principle 7.

Disclosure:

The Board has received the report from management under Recommendation 7.2.

The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer under Recommendation 7.3.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

The Company has established a Remuneration Committee.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Remuneration Committee and subject to obtaining the relevant approvals.

Recommendation 8.3:

Companies should provide the information indicated in the Guide to reporting on Principle 8.

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The Remuneration Committee held two meetings during the Reporting Period. The following table identifies those directors who are members of the Remuneration Committee and shows their attendance at Committee meetings:

Name	No. of meetings attended
Barry Eldridge[1]	2
Michael Blakiston[2]	2
Heikki Solin[3]	1
Fiona Harris4	1

[1] Barry Eldridge resigned from the Committee on 18 November 2008.

[2] Michael Blakiston was a Committee member for the entire Reporting Period

[3] Heikki Solin was appointed to the Committee on 29 July 2008.

[4] Fiona Harris was appointed to the Committee on 29 July 2008.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Policy includes a prohibition on transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

Income Statement for the year ended 30 June 2009

	Notes	CONSOLIDATED		PARENT	
		2009	2008	2009	2008
		$000	$000	$000	$000
Rendering of services		-	-	1,118	2,862
Other revenue		2,375	3,036	1,725	3,032
Revenue	4 (a)	**2,375**	**3,036**	**2,843**	**5,894**
Other income	4 (b)	431	25	412	26
Employee benefits expense	4 (c)	(1,712)	(1,684)	(1,435)	(1,675)
Exploration and evaluation expenses		(3,843)	(10,134)	-	-
Depreciation expense		(105)	(75)	(62)	(60)
Impairment of intercompany receivables	8	-	-	(33,607)	(3,223)
Other expenses	4 (d)	(2,374)	(2,364)	(1,598)	(1,893)
Finance costs	4 (e)	(20)	(1,221)	(17)	(1,219)
Loss before income tax		**(5,248)**	**(12,417)**	**(33,464)**	**(2,150)**
Income tax expense	5	-	-		-
Net loss attributable to members of the Parent		**(5,248)**	**(12,417)**	**(33,464)**	**(2,150)**
Earnings per share:					
Basic loss per share (cents)	6	(2.3)	(5.8)		
Diluted loss per share (cents)	6	(2.3)	(5.8)		

The above Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet as at 30 June 2009

	Notes	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
ASSETS					
Current assets					
Cash and cash equivalents	7	28,441	40,483	27,135	39,896
Trade and other receivables	8	178	341	177	100
Other assets	9	18	379	15	378
Total Current assets		28,637	41,203	27,327	40,374
Non-current assets					
Trade and other receivables	8	-	-	3,280	28,822
Other assets	9	74	75	74	74
Investments in subsidiaries	10	-	-	119	119
Property, plant and equipment	11	2,429	516	125	185
Total Non-current assets		2,503	591	3,598	29,200
TOTAL ASSETS		31,140	41,794	30,925	69,574
LIABILITIES					
Current liabilities					
Trade and other payables	13	268	1,087	98	386
Provisions	15	138	227	93	124
Convertible note	14	-	5,000	-	5,000
Total Current liabilities		406	6,314	191	5,510
NON-CURRENT LIABILITIES					
Provisions		38	-	38	-
Total Non-Current Liabilities		38	-	38	-
TOTAL LIABILITIES		444	6,314	229	5,510
NET ASSETS		30,696	35,480	30,696	64,064
EQUITY					
Equity attributable to equity holders of the Parent					
Contributed equity	16	71,978	71,978	71,978	71,978
Reserves	16	4,141	3,677	3,476	3,380
Accumulated losses	16	(45,423)	(40,175)	(44,758)	(11,294)
TOTAL EQUITY		30,696	35,480	30,696	64,064

The above Balance Sheet should be read in conjunction with the accompanying notes.

	Notes	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Cash flows from operating activities					
Receipts from customers		796	-	4	-
Payments to suppliers and employees		(3,781)	(3,552)	(2,630)	(3,200)
Interest received		1,625	2,971	1,625	2,968
Interest paid		(9)	(557)	(6)	(554)
Net cash flows used in operating activities	7	(1,369)	(1,138)	(1,007)	(786)
Cash flows from investing activities					
Exploration and evaluation expenditure		(4,368)	(11,789)	-	-
Payments for property, plant and equipment		(2,178)	(440)	(1)	(160)
Loans to controlled entities		-	-	(7,171)	(12,440)
Proceeds from sale of plant and equipment		18	2	-	2
Net cash flows used in investing activities		(6,528)	(12,227)	(7,172)	(12,598)
Cash flows from financing activities					
Proceeds from issue of ordinary shares		-	52,523	-	52,523
Share issue costs		-	(2,349)	-	(2,349)
Repayment of loans and borrowings		(5,000)	(2,500)	(5,000)	(2,500)
Net cash flows used in financing activities		(5,000)	47,674	(5,000)	47,674
Net increase/(decrease) in cash and cash equivalents		(12,897)	34,309	(13,179)	34,290
Cash and cash equivalents at the beginning of period		40,483	5,922	39,896	5,523
Net foreign exchange differences		855	252	418	83
Cash and cash equivalents at end of period	7	28,441	40,483	27,135	39,896

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2009

CONSOLIDATED	Issued Share Capital $000	Share Option Reserve $000	Other Reserve $000	Foreign Currency Translation Reserve $000	Accumulated Losses $000	Total $000
At 1 July 2008	71,978	3,370	10	297	(40,175)	35,480
Foreign currency	-	-	-	368	-	368
Total income and expense for the period recognised directly in equity	-	-	-	368	-	368
Loss for the period	-	-	-	-	(5,248)	(5,248)
Total income and expense recognised for the period	-	-	-	368	(5,248)	(4,880)
Equity transactions:						
Shares issued during the period	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Employee options	-	96	-	-	-	96
At 30 June 2009	71,978	3,466	10	665	(45,423)	30,696
At 1 July 2007	21,442	3,067	10	21	(9,165)	15,375
Effect of changes in the accounting policy for exploration and evaluation				761	(18,593)	(17,832)
As restated	**21,442**	**3,067**	**10**	**782**	**(27,758)**	**(2,457)**
Foreign currency	-	-	-	(485)	-	(485)
Total income and expense for the period recognised directly in equity	-	-	-	(485)	-	(485)
Loss for the period	-	-	-	-	(12,417)	(12,417)
Total income and expense recognised for the period	-	-	-	(485)	(12,417)	(12,902)
Equity transactions:						
Shares issued during the period	52,523	-	-	-	-	52,523
Share issue costs	(1,987)	-	-	-	-	(1,987)
Employee options	-	303	-	-	-	303
At 30 June 2008	71,978	3,370	10	297	(40,175)	35,480

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PARENT	Issued Share Capital $000	Share Option Reserve $000	Other Reserve $000	Accumulated Losses $000	Total $000
At 1 July 2008	71,978	3,370	10	(11,294)	64,064
Total income and expense for the period recognised directly to equity	-	-	-	-	-
Loss for the period	-	-	-	(33,464)	(33,464)
Total income and expense recognised for the period	-	-	-	(33,464)	(33,464)
Equity transactions:					
Shares issued during the period	-	-	-	-	-
Share issue costs	-	-	-	-	-
Employee options	-	96	-	-	96
At 30 June 2009	71,978	3,466	10	(44,758)	30,696
At 1 July 2007	21,442	3,067	10	(9,144)	15,375
Total income and expense for the period recognised directly to equity	-	-	-	-	-
Loss for the period	-	-	-	(2,150)	(2,150)
Total income and expense recognised for the period	-	-	-	(2,150)	(2,150)
Equity transactions:					
Shares issued during the period	52,523	-	-	-	52,523
Share issue costs	(1,987)	-	-	-	(1,987)
Employee options	-	303	-	-	303
At 30 June 2008	71,978	3,370	10	(11,294)	64,064

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Note 1: Corporate information

The financial report of Vulcan Resources Limited (the 'Company' or the 'Parent') for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 23rd September 2009.

Vulcan Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange, Norwegian OTC market and Frankfurt Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

Note 2: Summary of significant accounting policies

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Changes in Accounting Policy – Exploration and Evaluation Expenditure

In the current year the Group has made a voluntary change to its Accounting Policy for reporting and disclosing Exploration and Evaluation expenditure.

All Exploration and Evaluation expenditure is now charged to the Income Statement as incurred.

The previous accounting policy was to carry forward Exploration and Evaluation expenditure as an asset subject to ongoing review of the potential for economic recoverability and that rights to tenure were current.

The directors are of the opinion that the change in accounting policy provides the users with reliable and more relevant information as it is consistent with the Australian Accounting Standards Board ("AASB") Framework for the Preparation and Presentation of Financial Statements, and it is more transparent and less subjective. The change in policy is irrespective of whether or not the Board believe expenditure could be recouped from either a successful development and commercial exploitation or sale of the respective assets.

Effects of Change in Accounting Policy for Exploration and Evaluation Expenditure:

The financial report has been prepared on the basis of a retrospective application of the new accounting policy relating to exploration and evaluation expenditure. The following table demonstrates the effect of this change.

	Previously Reported 30/06/08 $000	Effect of the change in the accounting policy for exploration and evaluation $000	Restated 30/06/08 $000
Balance Sheet			
Property, plant and equipment	22,505	(21,989)	516
Exploration and Evaluation expenditure	6,595	(6,595)	-
Reserves	3,534	143	3,677
Accumulated losses	(11,448)	(28,727)	(40,175)
Income Statement			
Exploration and Evaluation expenditure	-	(10,134)	(10,134)
Net loss attributable to members	(2,283)	(10,134)	(12,417)
Basic loss per share (cents)	(1.1)	(4.7)	(5.8)
Diluted loss per share (cents)	(1.1)	(4.7)	(5.8)

(c) New accounting standards and interpretations

From 1 July 2008 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2008. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

- AASB 2008-10 Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2009. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB Int. 15	Agreements for the Construction of Real Estate	This Interpretation requires that when the real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit.	1 January 2009	The Group does not enter into agreements to provide construction services to the buyer's specifications and as such this interpretation is not expected to have any impact on the Group's financial report.	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB Int. 16	Hedges of a Net Investment in a Foreign Operation	This Interpretation requires that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 October 2008	The Group has not yet determined the extent of the impact of the interpretation, if any.	1 July 2009
AASB Int. 17 and AASB 2008-13	Distributions of Non-cash Assets to Owners and consequential amendments to Australian Accounting Standards AASB 5 and AASB 110	The Interpretation outlines how an entity should measure distributions of assets, other than cash, as a dividend to its owners acting in their capacity as owners. This applies to transactions commonly referred to as spin-offs, split offs or demergers and in-specie distributions.	1 July 2009	The Group has not yet determined the extent of the impact of the interpretation, if any.	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB Int. 18	Transfers of Assets from Customers	This Interpretation provides guidance on the transfer of assets such as items of property, plant and equipment or transfers of cash received from customers. The Interpretation provides guidance on when and how an entity should recognise such assets and discusses the timing of revenue recognition for such arrangements and requires that once the asset meets the condition to be recognised at fair value, it is accounted for as an 'exchange transaction'. Once an exchange transaction occurs the entity is considered to have delivered a service in exchange for receiving the asset. Entities must identify each identifiable service within the agreement and recognise revenue as each service is delivered.	Applies prospectively to transfer of assets from customers received on or after 1 July 2009	The Group has not yet determined the extent of the impact of the interpretation, if any.	1 July 2009
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New Standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so it will have not directly impact on the amounts included in the Group's financial statements.	1 July 2009
AASB 1039 (revised)	Concise Reporting	AASB 1039 was revised in August 2008 to achieve consistency with AASB 8 Operating Segments. The revisions include changes to terminology and descriptions to ensure consistency with the revised AASB 101 Presentation of Financial Statements.	1 January 2009	The Group does not produce any concise report and as such the amendments are not expected to have any impact on the Group's financial report	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of "vesting conditions", introducing the term "non-vesting conditions" for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments.	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 3 (Revised)	Business Combinations	The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Group may enter into some business combinations during the next financial year. The Group has not yet decided which accounting policy to adopt and has not assessed the impact of the adoption.	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	There are a number of changes arising from the revision to AASB 127 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control) – such a transaction will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will not give rise to a gain or a loss in the Group's income statement.	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending Standard issued as a consequence of revisions to AASB 3 and AASB 127. Refer above.	1 July 2009	Refer to AASB 3 (revised) and AASB 127 (revised) above.	1 July 2009
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact. This was the first omnibus of amendments issued by the IASB arising from the Annual Improvements Project and it is expected that going forward, such improvements will be issued annually to remove inconsistencies and clarify wording in the standards. The AASB issued these amendments in two separate amending standards; one dealing with the accounting changes effective from 1 January 2009 and the other dealing with amendments to AASB 5, which will be applicable from 1 July 2009 [refer below AASB 2008-6].	1 January 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	This was the second omnibus of amendments issued by the IASB arising from the Annual Improvements Project. Refer to AASB 2008-5 above for more details.	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to AASB 127 deleting the “cost method” and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments. In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a ‘carry-over basis’ rather than at fair value. The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	The amendment to AASB 139 clarifies how the principles underlying hedge accounting should be applied when (i) a one-sided risk in a hedged item is being hedged and (ii) inflation in a financial hedged item existed or was likely to exist.	1 July 2009	These amendments are not expected to have any impact on the Group’s financial report as the Group does not have any hedging as defined by the amendments.	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy: ▪ quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); ▪ inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and ▪ inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). These amendments arise from the issuance of Improving Disclosures about Financial Instruments (Amendments to IFRS 7) by the IASB in March 2009. The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting from the amendments to AASB 7.	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment. These amendments arise from the issuance of the IASB's Improvements to IFRSs. The amendments pertaining to IFRS 5, 8, IAS 1,7, 17, 36 and 39 have been issued in Australia as AASB 2009-5 (refer below).	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined. These amendments arise from the issuance of the IASB's Improvements to IFRSs. The AASB has issued the amendments to IFRS 2, IAS 38, IFRIC 9 as AASB 2009-4 (refer above).	1 January 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2010
AASB 2009-Y	Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]	These comprise editorial amendments and are expected to have no major impact on the requirements of the amended pronouncements.	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
Amendments to International Financial Reporting Standards	Amendments to IFRS 2	The amendments clarify the accounting for group cash-settled share-based payment transactions, in particular: ▪ the scope of AASB 2; and ▪ the interaction between IFRS 2 and other standards. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. A "group" has the same meaning as in IAS 27 Consolidated and Separate Financial Statements, that is, it includes only a parent and its subsidiaries. The amendments also incorporate guidance previously included in IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2—Group and Treasury Share Transactions. As a result, IFRIC 8 and IFRIC 11 have been withdrawn.	1 January 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2010

* *designates the beginning of the applicable annual reporting period unless otherwise stated*

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Vulcan Resources Limited and its subsidiaries as at 30 June each year ("the Group").

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from inter-group transactions, have been eliminated in full.

(e) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

In the process of applying the Group's accounting policies management has the following significant accounting judgements apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Determination of mineral resources and ore reserves

The Group reports its mineral resources and ore reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition ('the JORC code') as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves or resources being restated.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model and the assumptions disclosed in the Directors' Report. The carrying amount at the reporting date is disclosed in note 12 under share based payment reserves.

Impairment of Property, plant and equipment

The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes that could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

(f) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the equity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(g) Foreign currency translation

(i) Functional and presentation currency

Each entity in the Group determines its own functional currency based on the primary economic environment and items included in the financial statements of each entity are measured using functional currency.

The consolidated financial statements are presented in Australian dollars, which is Vulcan Resources Limited's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at a rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit and loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit and loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Group companies

The functional currency of the subsidiaries within the Group are, Euros for Kylylahti Copper Oy and Kuhmo Nickel Oy, British pounds for Kuhmo Nickel Limited and United States dollars for Vulcan Finland (BVI) Limited.

The functional currency of these subsidiaries has been translated into Australian dollars for presentation purposes. The assets and liabilities of these subsidiaries are translated using the exchange rates prevailing at the balance sheet date; revenues and expenses are translated using average exchange rates for the year; and equity transactions are translated at exchange rates prevailing at the dates of transactions. The resulting difference from translation is recognised in a foreign currency translation reserve.

(h) Revenue recognition

Revenue is recognised as income and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rental Income

Revenue from rental income is recognised in the period in which it is earned.

Interest Income

Revenue is recognised as the interest accrues using the effective interest method. This is the method of calculating the amortised costs of the financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rendering of services

A charge is levied where the Company provides services of commercial value to another entity within the group. The charge includes the direct costs of providing the services, such as assistance with mining projects. The charge also includes a reasonable apportionment of the indirect costs of providing these services, such as non-corporate costs and non-technical staff costs incurred by the head office based in Western Australia that are devoted to the mining projects. A profit mark-up of 7.5% - 10% is added to the fully absorbed cost of providing the services. No charge is made for any costs incurred in managing the shareholder activities of the Company.

(i) Share-based payment transactions

The Group provides benefits to directors, employees and consultants in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’).

The cost of these equity-settled transactions with directors, employees and consultants (for awards granted after 7 November 2002 that were unvested at 1 January 2005) is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model, further details of which are given in note 12.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Vulcan Resources Limited (‘market conditions’).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(j) Leases

Leases are classified at the inception as either operating or finance leases, based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(i) *Group as a lessee*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(ii) *Group as a lessor*

Leases in which the group retains substantially all the risks and benefits and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

(k) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.
Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities related to the same taxable entity and the same taxation authority.

(l) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(n) Investments

Investments in controlled entities are carried at cost less an allowance for impairment.

(o) Property plant and equipment

All Property plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Property plant and equipment include both the costs associated with construction of equipment associated with establishment of an operating mine and the costs of dismantling and removing the asset and restoring the site on which it is located.

Property plant and equipment also includes 'Mine properties in development' expenditure which represents the costs incurred in preparing mines for production, and includes stripping and waste removal costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these costs will be reclassified under the heading 'Mine properties in production' and will be amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Computer equipment	3 years
Exploration equipment	10 years
Office furniture and equipment	15 years
Mine plant and equipment	lesser of life of mine and life of asset

Impairment

The carrying values of Property plant and equipment are assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

Derecognition and disposal

An item of Property plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the item is derecognised.

(p) Exploration and Evaluation Expenditure

All Exploration and Evaluation expenditure is charged to the Income Statement as incurred. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any subsequent Exploration and Evaluation expenditure within the area of interest is capitalised as “Mine properties in development”.

Exploration and Evaluation activity involves the search for minerals and the determination of technical feasibility and the assessment of commercial viability of an identified resource. It includes:

- researching and analysing historical exploration data
- gathering exploration data through topographical, geochemical and geophysical studies
- exploratory drilling, trenching and sampling
- determining and examining the volume and grade of the resource
- surveying transportation and infrastructure requirements
- conducting studies such Scoping, Pre-feasibility, Feasibility and Definitive Feasibility Studies

Exploration and Evaluation expenditure is allocated separately to specific area of interest. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest.

After the decision to proceed to development is made, all costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised as “Asset Under Construction” and carried at cost. These costs include expenditure incurred to develop new ore bodies within the area of interest, to expand capacity of a mine and to maintain production.

Cash flows associated with Exploration and Evaluation expenditure (comprising both amounts expensed and amounts capitalised) are classified as investing activities in the cash flow statement.

(q) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(s) Employee benefits

(i) Wages salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(t) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

(u) Convertible note

The component of any convertible note that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs.

On issuance of a convertible note, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Interest on the liability component of the instrument is recognised as an expense in profit and loss.

Transaction costs are apportioned between the liability and equity components of the convertible note based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

(v) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Note 3: Segment information

The Group's primary segment information is reported geographically as the Group's risks and rates of return are affected predominantly by differences in the particular economic environments in which it operates. The Group does not separately disclose any financial information for business segments (secondary reporting) as it only operates in the resource industry.

Geographical segments – primary reporting

The Group operates in Finland and Western Australia. The principal activity in these locations is the exploration, evaluation and development of base metal projects.

The Group's geographical segments are determined based on the location of the Group's assets.

Transfer prices between business segments are set at an arms length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between geographical segments. Those transfers are eliminated on consolidation.

The following tables present revenue, profit/(loss) information and certain asset and liability information regarding geographical segments for the years ending 30 June 2009 and 30 June 2008.

	Australia $000	Finland $000	Eliminations $000	Consolidated $000
2009				
Revenue				
Interest received	1,721	1	-	1,722
Inter-segment sales	1,118	-	(1,118)	-
Other revenue	4	649	-	653
Segment revenue	2,843	650	(1,118)	2,375
Segment result	(33,464)	(5,721)	33,937	(5,248)
Assets and liabilities				
Segment assets	30,925	3,598	(3,383)	31,140
Segment liabilities	(229)	(45,703)	45,488	(444)
Other segment information				
Property plant & equipment acquisitions	2	2,016	-	2,018
Non cash expenses:				
Depreciation	(62)	(43)	-	(105)
Share based payments	(96)	-	-	(96)
Impairment of intercompany receivables	(33,607)	-	33,607	-
2008				
Revenue				
Interest received	3,032	4	-	3,036
Inter-segment sales	2,862	-	(2,862)	-
Segment revenue	5,894	4	(2,862)	3,036
Segment result	(2,150)	(13,410)	3,143	(12,417)
Assets and liabilities				
Segment assets	69,574	3,558	(31,338)	41,794
Segment liabilities	(5,510)	(38,291)	37,487	(6,314)
Other segment information				
Property plant & equipment acquisitions	161	324	-	485
Non cash expenses:				
Depreciation	(60)	(15)	-	(75)
Share based payments	(303)	-	-	(303)
Bank loan options	(526)	-	-	(526)
Impairment of intercompany receivables	(3,223)	-	3,223	-

	Australia		Finland		Consolidated	
	2009	2008	2009	2008	2009	2008
	$000	$000	$000	$000	$000	$000
Cash flow information						
Net cash flow from operating activities	(1,007)	(786)	(362)	(352)	(1,369)	(1,138)
Net cash flow from investing activities	(7,172)	(12,598)	644	371	(6,528)	(12,227)
Net cash flow from financing activities	(5,000)	47,674	-	-	(5,000)	47,674

Note 4: Revenues and expenses

		CONSOLIDATED		PARENT	
		2009	2008	2009	2008
		$000	$000	$000	$000
Revenue and expenses					
(a)	**Revenue**				
	Revenues from non-operating activities				
	Interest received	1,722	3,036	1,721	3,032
	Other income	653	-	4	-
	Services fees	-	-	1,118	2,862
		2,375	3,036	2,843	5,894
(b)	**Other income**				
	Profit on sale of Property plant & equipment	-	2	-	2
	Net gain on foreign exchange	431	23	412	24
		431	25	412	26
(c)	**Employee benefits expense**				
	Salaries and wages	(1,297)	(1,127)	(1,069)	(1,127)
	Superannuation	(219)	(214)	(189)	(214)
	Other employee benefits	(100)	(40)	(81)	(31)
	Share based payments (note 12)	(96)	(303)	(96)	(303)
		(1,712)	(1,684)	(1,435)	(1,675)
(d)	**Other expenses**				
	Corporate expenses	(1,976)	(1,948)	(1,277)	(1,521)
	Occupancy and related expenses	(392)	(416)	(321)	(372)
	Loss on sale of Property plant & equipment	(6)	-	-	-
	Total other expenses from ordinary activities	(2,374)	(2,364)	(1,598)	(1,893)
(e)	**Finance costs:**				
	Bank loan - options	-	(526)	-	(526)
	Bank loan - interest	-	(23)	-	(23)
	Bank fees	(20)	(7)	(17)	(5)
	Convertible note - fees (note 14)	-	(165)	-	(165)
	Convertible note - interest	-	(500)	-	(500)
		(20)	(1,221)	(17)	(1,219)

Note 5: Income tax

		CONSOLIDATED		PARENT	
		2009	2008	2009	2008
		$000	$000	$000	$000
(a)	**The major components of income tax expenses are:**				
	Income Statement				
	Current income tax				
	Current income tax charge	-	-	-	442
	Deferred income tax				
	Relating to origination and reversal of temporary differences	-	-	-	-
	Benefit from previously unrecognised tax assets	-	-	-	(442)
	Income tax expense reported in the income statement	-	-	-	-
(b)	**A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:**				
	Accounting loss before tax	(5,248)	(12,417)	(33,464)	(2,150)
	At the Group's statutory income tax rate of 30% (2007: 30%)	(1,574)	(3,725)	(10,039)	(645)
	Share based payments	29	91	29	91
	Other assessable income for income tax purposes	729	-	-	-
	Other non deductible expenditure for income tax purposes	(98)	215	9,984	1,182
	Unrecognised tax losses/(benefit from previously unrecognised tax assets)	914	3,419	26	(628)
	Income tax expense reported in the Income statement	-	-	-	-

		BALANCE SHEET		INCOME STATEMENT	
		2009	2008	2009	2008
		$000	$000	$000	$000
(c)	**Deferred income tax**				
	CONSOLIDATED				
	Deferred tax liabilities				
	Accrued income	(53)	(23)	29	19
	Prepayments	(1)	(3)	(1)	1
	Net effect of depreciation for tax purposes	1	-	(1)	(1)
		(53)	(26)		

	BALANCE SHEET		INCOME STATEMENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Deferred tax assets				
Accrued expenses	12	7	(4)	8
Employee leave provisions	53	71	18	(21)
Share issue costs	420	585	164	161
Borrowing costs	-	-	-	10
Exploration and evaluation costs	1,827	4,015	2,594	(172)
Carried forward losses	10,879	7,147	(3,715)	(3,424)
Gross deferred income tax assets	13,191	11,825		
Unrecognised tax losses			914	3,419
Deferred tax (income)/expense			-	-

PARENT

Deferred tax liabilities				
Accrued income	(53)	(23)	29	19
Prepayments	(1)	(3)	(1)	1
Net effect of depreciation for tax purposes	1	-	(1)	(1)
	(53)	(26)		
Deferred tax assets				
Accrued expenses	12	7	(4)	8
Employee leave provisions	39	40	1	(12)
Share issue costs	420	585	164	161
Borrowing costs	-	-	-	10
Carried forward losses	701	470	(214)	442
Gross deferred income tax assets	1,172	1,102		
Unrecognised tax losses/(benefit from previously unrecognised tax losses)			26	(628)
Deferred tax (income)/expense			-	-

The Group has tax losses arising in Australia of $2,336,000 (2008: $1,566,000).

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 30 June 2009 because directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
(ii) the Group continues to comply with the conditions of the deductibility imposed by law; and
(iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deduction of the loss.

Note 6: Loss per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Diluted earnings per share is the same as basic earnings per share in 2009 and 2008 as the Group is in a loss making position and the options on issue are ‘out of the money’ at the relevant balance date.

The following reflects the income and share data used in the calculation of basic and diluted loss per share:

	CONSOLIDATED	
	2009	**2008**
	$000	**$000**
Earnings used in calculating basic and diluted earnings per share	(5,248)	(12,417)

	2009	**2008**
	(Thousands)	**(Thousands)**
Weighted average number of ordinary shares used in calculating basic earnings per share	227,045	213,770

The Company has, as at balance date, 8,290,000 options over ordinary shares on issue which are potential ordinary shares. They have not been included in the calculation of diluted earnings per share as their exercise would have the impact of decreasing loss per share and therefore they are not dilutive.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Note 7: Cash and cash equivalents

	CONSOLIDATED		**PARENT**	
	2009	**2008**	**2009**	**2008**
	$000	**$000**	**$000**	**$000**
Current assets				
Cash at bank and in hand	1,358	13,593	576	13,006
Short term deposits	27,083	26,890	26,559	26,890
	28,441	40,483	27,135	39,896

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made for varying periods of between one day and 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Reconciliation of net loss after tax to net cash flows from operations				
Net loss	(5,248)	(12,417)	(33,464)	(2,150)
Adjustments for				
- Depreciation	105	75	62	60
- Employee options	96	303	96	303
- Exploration and evaluation expenses	3,843	10,134	-	-
- Bank loan options	-	526	-	526
- Loss/(gain) on disposal of assets	6	(2)	(1)	(2)
- Impairment & write-down of non current assets	-	-	33,607	3,223
- Net loss/(gain) on foreign exchange	(418)	(83)	(418)	(83)
Changes in assets and liabilities				
- (Increase)/decrease in trade and other receivables	65	(15)	(1,195)	(2,872)
- (Increase)/decrease in prepayments	362	5	364	(1)
- (Decrease)/increase in trade and other payables	(289)	295	(167)	169
- (Decrease)/increase in provisions	109	41	109	41
Net cash used in operating activities	(1,369)	(1,138)	(1,007)	(786)

Note 8: Trade and other receivables

Current assets				
Trade receivables [(a)]	178	341	177	100
Non-current assets				
Wholly-owned controlled entity receivables [(b)]	-	-	43,192	35,127
Provision for Impairment loss [(c)]	-	-	(39,912)	(6,305)
	-	-	3,280	28,822

(a) *Trade receivables include indirect tax refunds and interest owed from banks from cash held at call and on deposit. Indirect tax refunds are normally non interest bearing and generally on 30 day terms and interest is received according to the terms of the various deposits which vary from one to six months. As at 30 June 2009 (2008: Nil) there were no trade receivables that were past due or impaired.*

(b) *Wholly-owned controlled entity receivables are repayable on demand however, the Company for the foreseeable future, continues to provide financial support and has no intention of demanding repayment until the subsidiaries have the capacity to do so.*

(c) *Provision for impairment loss*

An impairment loss of $33,607,000 (2008: 3,223,000) has been recognised by the Parent in the current year and recorded separately as an expense on the face of the Income statement.

Movements in the provision for impairment loss were as follows:

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
At the beginning of the year	-	-	6,305	3,082
Charge for the year	-	-	33,607	3,223
At the end of the year	-	-	39,912	6,305

For further details regarding wholly-owned controlled entities refer to note 19 'Related party disclosure'.

Note 9: Other assets

Current assets				
Prepayments	18	379	15	378
Non-current assets				
Security Deposit	74	75	74	74

The Australian based security deposit is interest bearing with interest maturing every 30 days. The deposit is applied as a security for the lease of the office premises located at 1 Altona Street, West Perth and will remain in place until the lease is terminated on 31 March 2010.

Note 10: Investments in subsidiaries

Non-current assets				
Investments in wholly owned subsidiary companies	-	-	119	119

Interests in Subsidiaries

Name	Country of incorporation	Percentage of interest held		Cost of investment	
		2009	2008	2009	2008
		%	%	$000	$000
Vulcan Finland (BVI) Limited	British Virgin Islands	100	100	1	1
Kuhmo Nickel Limited	United Kingdom	100	100	118	118
Kylylahti Copper Oy+	Finland	100	100	14	14
Kuhmo Metals Oy*	Finland	100	100	14	14
				147	147

\+ *Kylylahti Copper Oy is a wholly owned subsidiary of Vulcan Finland (BVI) Limited and the investment is held by Vulcan Finland (BVI) Limited*

* *Kuhmo Metals Oy is a wholly owned subsidiary of Kuhmo Nickel Limited and the investment is held by Kuhmo Nickel Limited*

Note 11: Property, plant and equipment

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Non-current assets				
Plant and equipment - at cost	517	413	324	323
Accumulated depreciation	(261)	(157)	(199)	(138)
Net carrying amount	256	256	125	185
Assets under construction - at cost	2,173	260	-	-
Accumulated depreciation	-	-	-	-
Net carrying amount	2,173	260	-	-
Total net carrying amount	2,429	516	125	185

Reconciliations

Reconciliations of the carrying amounts of each class of Property, plant and equipment at the beginning and end of the year are set out below:

	Plant and equipment $000	Assets under construction $000	Total $000
Consolidated entity - 2009			
At 1 July 2008	256	260	516
Additions	121	1,897	2,018
Disposal	(22)	-	(22)
Depreciation	(105)	-	(105)
Foreign currency translation movements	6	16	22
At 30 June 2009	256	2,173	2,429
Parent entity - 2009			
At 1 July 2008	185	-	185
Additions	2	-	2
Disposal	-	-	-
Depreciation	(62)	-	(62)
At 30 June 2009	125	-	125
Consolidated entity - 2008			
At 1 July 2007	105	-	105
Additions	225	260	485
Disposal	-	-	-
Depreciation	(75)	-	(75)
Foreign currency translation movements	1	-	1
At 30 June 2008	256	260	516
Parent entity - 2008			
At 1 July 2007	84	-	84
Additions	161	-	161
Disposal	-	-	-
Depreciation	(60)	-	(60)
At 30 June 2008	185	-	185

Note 12: Share based payments

(a) *Recognised share based payment expenses*

The expense recognised in the income statement in relation to share-based payments is disclosed in note 4 (c).

(b) *Types of share-based payments*

The Company has a formal share based payment plan for directors and employees. The exercise price of options granted must be equal to or greater than the market price of the share on the date of grant.

(c) *Share option details*

The following table summarises the number, weighted average exercise prices **('WAEP')** and movements in share options on issue during the year.

	2009 No	2009 WAEP	2008 No	2008 WAEP
Outstanding at the beginning of the year	24,410,000	0.31	22,570,000	0.26
Granted during the year	-	-	5,340,000	0.52
Exercised during the year	-	-	(2,500,000)	0.20[1]
Forfeited during the year	(1,900,000)	0.47	(1,000,000)	0.55
Expired during the year	(14,220,000)	0.24	-	-
Outstanding at the end of the year	8,290,000	0.38	24,410,000	0.31
Exercisable at end of the year	6,090,001	0.40	18,536,667	0.26

The outstanding balances as at 30 June 2009 are represented by:

Date options granted	Exercise date	Expiry date	Exercise price of options	Number of options
6 November 2006	31 December 2006	1 July 2010	$0.30	1,000,000
6 November 2006	31 December 2007	1 July 2010	$0.30	1,000,000
6 November 2006	31 December 2008	1 July 2010	$0.30	1,000,000
31 December 2006	31 December 2006	1 July 2010	$0.30	200,000
31 December 2006	31 December 2007	1 July 2010	$0.30	200,000
31 December 2006	31 December 2008	1 July 2010	$0.30	200,000
22 January 2007	30 June 2007	1 July 2010	$0.35	333,334
22 January 2007	30 June 2008	1 July 2010	$0.35	333,333
22 January 2007	30 June 2009	1 July 2010	$0.35	333,333
22 January 2007	30 June 2007	31 December 2010	$0.35	600,000
4 January 2008	31 December 2008	31 December 2011	$0.55	2,090,000
9 April 2008	31 December 2008	1 July 2011	$0.40	333,334
9 April 2008	31 December 2009	1 July 2011	$0.40	333,333
9 April 2008	31 December 2010	1 July 2011	$0.40	333,333
Total				**8,290,000**

[1] The weighted average share price at the date of exercise was $0.33

(d) Weighted average remaining contractual life

The remaining contractual life for the share options outstanding as at 30 June 2009 is between 1 and 1.5 years (2008: 1 and 2 years) with a weighted average life of 1.5 years (2008: 1.5 years).

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $0.30 - $0.55 (2008: $0.20 - $0.55).

(f) Weighted average fair value

There were no options granted during the year so the weighted average fair value of options granted during the year was nil (2008: $0.11).

(g) Option pricing model – Equity settled transactions

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model taking into account the conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2008 and 30 June 2009.

	2009	**2008**
Expected volatility (%)	-	68.19
Risk-free interest rate (%)	-	6.42
Expected life of options (years)	-	2.61
Option exercise price ($)	-	0.52
Weighted average share price at grant date ($)	-	0.35

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

Note 13: Trade and other payables

	CONSOLIDATED		**PARENT**	
	2009	**2008**	**2009**	**2008**
	$000	**$000**	**$000**	**$000**
Current liabilities				
Trade creditors	263	1,077	93	376
Related party payables				
Director related entities (refer note 19)	5	10	5	10
	268	1,087	98	386

Trade creditors, including related party payables, are non-interest bearing and generally on 30 day terms.

Note 14: Convertible note

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Current liabilities				
Convertible note	-	5,000	-	5,000

On 21 January 2007 the Company issued a $5,000,000 convertible note with an underlying coupon rate of 10% maturing on 30 June 2008 and a conversion price of $0.30 per share.

The Convertible note which was paid back in full on 1 July 2008 contained both a liability being the underlying note and an equity instrument representing the conversion rights into shares. Based on this allocation of the $5,000,000 Convertible note, $4,989,000 was initially allocated to non current liabilities (underlying effective interest rate of 10.56%) and $11,000 to equity. Associated costs of $212,350 were initially apportioned between the non current liability and equity reserve. The liability portion has been fully amortised over the life of the convertible note.

Note 15: Provisions

Current liabilities				
Employee benefits	138	227	93	124
Non-Current liabilities				
Employee benefits	38	-	38	-
Movement Reconciliation				
Balance at the beginning of the year	227	169	124	93
Arising during the year	231	221	150	139
Utilised	(282)	(163)	(143)	(108)
Balance at the end of the year	176	227	131	124

Note 16: Contributed equity and reserves

(i) Contributed equity

(a) Share capital				
Ordinary shares fully paid	71,978	71,978	71,978	71,978
(b) Movements in ordinary shares on issue				
Balance at beginning of year (227,044,751 ordinary shares)	71,978	21,442	71,978	21,442
Issue of 115,605,709 shares at 45 cents per share	-	50,041	-	50,041
Conversion of 2,500,000 options at 20 cents	-	495	-	495
Balance at end of year (227,044,751 ordinary shares)	71,978	71,978	71,978	71,978

Capital management

Capital is defined as equity and net debt at balance date.

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

As the equity market is constantly changing management may issue new shares to provide for future exploration and development activity.

The Group is not subject to any externally imposed capital requirements.

	CONSOLIDATED		PARENT	
	2009	**2008**	**2009**	**2008**
	$000	**$000**	**$000**	**$000**
(ii) Reserves				
Reserves	4,141	3,677	3,476	3,380
(a) Share based payments reserve				
Movements				
Balance at beginning of year	3,370	3,067	3,370	3,067
Employee options	96	303	96	303
Balance at end of year	3,466	3,370	3,466	3,370
(b) Foreign currency translation reserve				
Movements				
Balance at beginning of year	297	782	-	-
Foreign currency translation movements	368	(485)	-	-
Balance at end of year	665	297	-	-
(c) Other reserve				
Movements				
Balance at beginning of year	10	10	10	10
Convertible note – equity portion	-	-	-	-
Balance at end of year	10	10	10	10

Nature and purpose of reserves

Share based payments reserve

This reserve is used to record the value of equity benefits provided to directors, employees and other parties as part of their remuneration and fees. Refer to note 12 for further details of share based payments.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Other reserve

This reserve records the equity portion of the convertible note issued on 21 January 2007 as described in note 14.

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
(iii) Accumulated losses				
Balance at beginning of year	(40,175)	(27,758)	(11,294)	(9,144)
Net loss attributable to members of Vulcan Resources Limited	(5,248)	(12,417)	(33,464)	(2,150)
Balance at end of year	(45,423)	(40,175)	(44,758)	(11,294)

Note 17: Financial risk management objectives and policies

The Group's principal financial instruments comprise cash, short-term deposits, trade and other receivables, trade and other payables and convertible note.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are market risk (e.g. interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecasts for interest rate and foreign exchange. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with Management under the policy approved by the Board. The Board reviews Management's processes for managing each of the risks identified below, including future cash flow forecast projections.

Risk exposures and responses

Market risk

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and other assets (non-current). The Group's Convertible note which was paid in full on 1 July 2008 was a fixed interest rate debt/equity instrument and as such did not expose the Group to interest rate risk.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk.

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Financial Assets				
Cash and cash equivalents	28,441	40,483	27,135	39,896
Other assets (non-current)	74	75	74	74
Net exposure	28,515	40,558	27,209	39,970

The Group's policy is to manage its finance exposures using a mix of fixed and variable rate financial product. The Group regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on judgements by management of reasonably possible movements in interest rates after consideration of the views of market commentators. The sensitivity is also based on interest rate risk exposures to financial asset and liability balances at balance date which are, on average, not expected to significantly increase over the next twelve months.

At 30 June 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2009	2008	2009	2008
	$000	$000	$000	$000
Judgements of reasonably possible movements:				
Consolidated				
+ 0.25% (25 basis points)	71	101	71	101
- 0.25% (25 basis points)	(71)	(101)	(71)	(101)
Parent				
+ 0.25% (25 basis points)	68	100	68	100
- 0.25% (25 basis points)	(68)	(100)	(68)	(100)

The sensitivity in 2009 is lower than in 2008 for both the Consolidated and Parent entities because of lower cash and cash equivalents balance in 2009.

Foreign currency risk

The Group's main operations are in Finland and as such the Group's balance sheet can be affected significantly by movements in the Euro/A$ exchange rates. The Group currently does not hedge its net investment in its foreign operations.

The Group also has transactional currency exposures. Such exposure arises from purchases by an operating entity in currencies other than the functional currency.

Approximately 11% (2008: 24%) of Group costs are denominated in currencies other than the functional currency of the entity incurring the cost. The Group attempts to mitigate the effect of its foreign currency exposure by acquiring euros as per budgeted expenditures when the exchange rate is favourable.

At 30 June 2009, the Group had the following exposure to Euro foreign currency that is not designated in cash flow hedges:

	CONSOLIDATED		PARENT	
	2009	**2008**	**2009**	**2008**
	$000	**$000**	**$000**	**$000**
Financial Assets				
Cash and cash equivalents	362	1,484	362	897
Other assets	-	1	-	-
	362	1,485	362	897
Financial Liabilities				
Trade and other payables	(170)	(634)	-	-
Net exposure	192	851	362	897

The following sensitivity analysis is based on judgements by management of reasonably possible movements in foreign exchange rates after consideration of the views of market commentators. The sensitivity is also based on foreign currency risk exposures to financial asset and liability balances at balance date which are on average not expected to significantly increase over the next twelve months.

At 30 June 2009, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2009	**2008**	**2009**	**2008**
	$000	**$000**	**$000**	**$000**
Judgements of reasonably possible movements:				
Consolidated				
AUD/Euro +5%	75	43	75	43
AUD/Euro - 5%	(75)	(43)	(75)	(43)
Parent				
AUD/Euro +5%	18	45	18	45
AUD/Euro - 5%	(18)	(45)	(18)	(45)

The movements in equity in 2009 are more or less sensitive than in 2008 depending on the level of Euro cash and cash equivalents of the reporting entity at balance date.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group only trades with recognised, creditworthy third parties, and as such collateral is not requested, nor it is the Group's policy to securitise its trade and other receivables.

Financial instruments held by the Group are spread amongst a number of financial institutions all of which have credit ratings of AA or better, to minimise the risk of counterparty default however, at balance date the majority of cash and cash equivalents are held by one financial institution.

Liquidity risk

The Group's objective is to maintain a balance between continuing funding and flexibility through the use of bank loans, convertible notes and ordinary shares. The Group regularly monitors forecasts and actual cash flows and the maturity profiles of its financial assets and liabilities to manage its liquidity risk.

The Group repaid its convertible note in July 2008. The Group has no need to raise additional funds in the next 12 months to meet forecast operating activities, however this is subject to change as the Group continues to seek merger and acquisition opportunities and makes decisions regarding development of its mineral resources. The decision on how the Group will raise additional funds will depend on market conditions at the time.

The tables below reflect the remaining contractual maturities of recognised financial liabilities as at 30 June 2009. The respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2009. The maturities reflected in the tables below are consistent with management expectations.

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	<6 Months $000	6-12 Months $000	>12 Months $000	Total $000
CONSOLIDATED				
Year ended 30 June 2009				
Trade and other payables	268	-	-	268
	268	-	-	268
Year ended 30 June 2008				
Trade and other payables	1,087	-	-	1,087
Convertible note	5,000	-	-	5,000
	6,087	-	-	6,087
PARENT				
Year ended 30 June 2009				
Trade and other payables	98	-	-	98
	98	-	-	98
Year ended 30 June 2008				
Trade and other payables	386	-	-	386
Convertible note	5,000	-	-	5,000
	5,386	-	-	5,386

Fair value

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair values, due to their short term to maturity, unless otherwise stated in the applicable notes.

Note 18: Commitments and contingencies

(a) Capital expenditure commitments

The Group has no contractual obligations at balance date for its mining projects in Finland. The Group and Company have no other capital expenditure commitments.

(b) Lease expenditure commitments

The Group has entered into a lease agreement to lease its office space for five years commencing 1 April 2005. The lease has no renewal, escalation or purchase arrangements nor are there any contingent rental payments.

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	$000	$000	$000	$000
Payable within 1 year	117	166	112	143
Later than 1 year and not later than 5 years	-	108	-	108
	117	274	112	251

(c) Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:				
- Within one year	862	430	655	430
- After one year but not more than five years	1,253	645	427	645
	1,925	1,075	892	1,075

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of directors and executives referred to in note 22 that are not recognised as liabilities and are not included in the directors' or executives' remuneration.

Note 19: Related party disclosure

Ultimate parent

The consolidated financial statements include the financial statements of Vulcan Resources Limited and the subsidiaries as described on note 10.

Vulcan Resources Limited is the ultimate parent company.

Wholly-owned group transactions

Vulcan Resources Limited has advanced funds to wholly-owned subsidiaries. The advances are interest free and at the date of this report no repayment schedule has been agreed. These are repayable on demand.

Advances for the period ending 30 June 2009 were $8,065,838 (2008: $15,062,127) and were used to fund exploration evaluation and development expenses. Loans to wholly-owned subsidiaries are eliminated on consolidation.

Service fees are levied where the Company provides services of commercial value to another entity within the Group. The charge includes the direct costs of providing the services, such as assistance with project exploration, evaluation and development. The charge also includes a reasonable apportionment of the indirect costs of providing these services, such as non-corporate costs and non-technical staff costs incurred by the head office based in Western Australia that are devoted to the exploration projects. A profit mark-up of 7.5% - 10% is added to the fully absorbed cost of providing the services.

Service fees of $1,118,105 (2008: $2,861,621) were charged during the reporting period to wholly owned subsidiaries which are eliminated on consolidation.

Other related party transactions

Blakiston & Crabb, an entity of which Mr Blakiston is a partner, charged the Company fees totalling $85,990 (2008: $82,933) for legal services of which $4,084 was still outstanding at balance date.

Dr Cowden had incurred travelling expenditure in his activities as managing director of the Company of which $1,311 was still outstanding at balance date.

Barrington Consulting Group, an entity of which Ms Harris is the Chairman, was engaged to assist the Company with development of a strategic plan in July 2008 at a cost of $35,503.

Myllybacka Oy, a company of Mr Solin charged the Company $2,500 during the year for consultancy services.

Terms and conditions of transactions with the related parties

Expenditure incurred by Vulcan Resources Limited on behalf of its subsidiaries from third parties on an arms length basis both at normal market prices and on normal commercial terms is on-charged to its subsidiaries at cost.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. There are no guarantees provided or received for any related party receivables or payables.

An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, Vulcan Resources Limited recognises an allowance for the impairment loss. For the year ended 30 June 2009, the Company recognised an allowance for impairment of $33,607,331 (2008: $3,222,809) as a result of this assessment.

Note 20: Events after the balance date

Pursuant to disclosures made to the ASX, Vulcan has since September 2008 embarked on a programme of project assessment to identify opportunities whereby cash resources held by Vulcan will add significant value with a bias towards near term production projects. To this end, a Term Sheet was signed with Universal Resources Limited ("Universal") on 2 September 2009.

Universal is an Australian public company, listed on the Australian Stock Exchange. Universal currently operates solely within Australia and is focussed on exploration for and exploitation of base metals and precious metals, primarily copper and gold. Its major asset is the Roseby Copper Project located in the Mt Isa Mineral Provence, North West Queensland in Australia.

The Term Sheet envisages the merger of Vulcan and Universal whereby Vulcan shareholders will receive 6.85 Universal shares for every 1 Vulcan share held. The proposed merger between the two companies is subject to a number of hurdles being achieved such as completion of mutual due diligence, preparation of shareholder memorandums, court approvals for the merger together with shareholder approvals.

Note 21: Auditors' remuneration

	CONSOLIDATED		PARENT	
	2009 ($)	**2008 ($)**	**2009 ($)**	**2008 ($)**
Amounts received or due and receivable by Ernst & Young (Australia) for:				
▪ An audit or review of the financial report of the entity	46,440	49,290	46,440	49,290
▪ Other services in relation to the entity and any other entity in the consolidated group				
- tax compliance	17,225	37,515	17,225	37,515
- assurance related	-	13,390	-	13,390
- corporate advice	11,471	58,300	11,471	58,300
	75,136	158,495	75,136	158,495
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:				
▪ An audit or review of the financial report of the entities within the consolidated group	47,233	29,936	-	-
▪ Other services in relation to the entities within the consolidated group				
- tax compliance	5,934	9,002	-	-
- corporate advice	154,117	30,503	-	-
Total	282,420	227,936	75,136	158,495

Note 22: Key management personnel

(a) Compensation for key management personnel

	CONSOLIDATED		PARENT	
	2009 ($)	2008 ($)	2009 ($)	2008 ($)
Short term employee benefits	1,300,834	1,895,770	1,110,030	1,701,140
Post employment benefits	251,518	313,712	218,509	280,352
Share-based payments	41,294	253,355	21,648	232,156
Termination payments	171,334	-	171,334	-
Total compensation	1,764,980	2,462,837	1,521,521	2,213,648

(b) Shareholdings of key management personnel

2009	Balance at 1 July 2008	Granted as remuneration	Purchased	Options exercised	Net change other	Balance at 30 June 2009
Directors						
B Eldridge	1,001,540	-	-	-	-	1,001,540
A Cowden	5,125,700	-	-	-	-	5,125,700
M Blakiston	2,251,700	-	-	-	-	2,251,700
F Harris	200,000	-	-	-	-	200,000
H Solin	1,500,000	-	-	-	-	1,500,000
Executives						
E Hughes	-	-	-	-	-	-
J Vesanto	240,000	-	-	-	-	240,000
Ceased employment during year ended 30 June 2009						
C Baird	700,000	-	-	-	(200,000)	500,000
A Begovich	-	-	-	-	-	-
J Brodziak	-	-	-	-	-	-
N Walker	211,834	-	-	-	-	211,834
Total	11,230,774	-	-	-	(200,000)	11,030,774

2008	Balance at 1 July 2007	Granted as remuneration	Purchased	Options exercised	Net change other	Balance at 30 June 2008
Directors						
B Eldridge	500,770	-	500,770	-	-	1,001,540
A Cowden	5,125,700	-	-	-	-	5,125,700
M Blakiston	1,790,700	-	461,000	-	-	2,251,700
F Harris	-	-	200,000	-	-	200,000
H Solin	750,000	-	750,000	-	-	1,500,000
Executives						
C Baird	750,000	-	-	-	(50,000)	700,000
A Begovich	-	-	-	-	-	-
J Brodziak	-	-	-	-	-	-
M Campbell	-	-	-	-	-	-
E Hughes	-	-	-	-	-	-
J Vesanto	240,000	-	-	-	-	240,000
N Walker	300,000	-	-	-	(88,166)	211,834
Total	9,457,170	-	1,911,770	-	(138,166)	11,230,774

(c) Option holdings of key management personnel

2009	Balance at 1 July 2008	Granted as remuneration	Purchased	Options exercised	Net change Other (forfeited/ lapsed)	Balance at 30 June 2009	Unvested and not exercisable
Directors							
B Eldridge	1,000,000	-	-	-	(1,000,000)	-	-
A Cowden	3,000,000	-	-	-	-	3,000,000	1,000,000
M Blakiston	-	-	-	-	-	-	-
F Harris	-	-	-	-	-	-	-
H Solin	500,000	-	-	-	(500,000)	-	-
Executives							
C Baird	1,200,000	-	-	-	(1,200,000)	-	-
A Begovich	800,000	-	-	-	-	800,000	200,000
J Brodziak	1,250,000	-	-	-	-	1,250,000	333,333
E Hughes	1,000,000	-	-	-	-	1,000,000	666,666
J Vesanto	800,000	-	-	-	(160,000)	640,000	-
N Walker	700,000	-	-	-	(700,000)	-	-
Total	10,250,000	-	-	-	(3,560,000)	6,690,000	2,199,999

2008	Balance at 1 July 2007	Granted as remuneration	Purchased	Options exercised	Net change Other (forfeited/ lapsed)	Balance at 30 June 2008	Unvested and not exercisable
Directors							
B Eldridge	1,000,000	-	-	-	-	1,000,000	-
A Cowden	3,000,000	-	-	-	-	3,000,000	1,000,000
M Blakiston	-	-	-	-	-	-	-
F Harris	-	-	-	-	-	-	-
H Solin	500,000	-	-	-	-	500,000	-
Executives							
C Baird	450,000	750,000	-	-	-	1,200,000	750,000
A Begovich	600,000	200,000	-	-	-	800,000	400,000
J Brodziak	1,000,000	250,000	-	-	-	1,250,000	583,333
M Campbell	-	1,000,000	-	-	(1,000,000)	-	-
E Hughes	-	1,000,000	-	-	-	1,000,000	1,000,000
J Vesanto	310,000	490,000	-	-	-	800,000	490,000
N Walker	200,000	500,000	-	-	-	700,000	500,000
Total	7,060,000	4,190,000	-	-	(1,000,000)	10,250,000	4,723,333

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arms length.

(d) Other transactions

Blakiston & Crabb, an entity of which Mr Blakiston is a partner, charged the Company fees totalling $85,990 (2008: $82,933) for legal services of which $4,084 was still outstanding at balance date.

Dr Cowden had incurred travelling expenditures in his activities as managing director of the Company of which $1,311 was still outstanding at balance date. Refer to note 19 for terms and conditions regarding these transactions.

Barrington Consulting Group, an entity of which Ms Harris is the Chairman, was engaged to assist the Company with development of a strategic plan in July 2008 at a cost of $35,503.

Myllybacka Oy, a company of Mr Solin charged the Company $2,500 during the year for consultancy services.

Directors' Declaration

In accordance with a resolution of the directors of Vulcan Resources Limited, I state that:

1. In the opinion of the directors:

   (a) The financial statements, notes and the additional disclosures in the Directors' Report designated as audited, of the Company and of the Group are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company's and Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
      (ii) complying with Accounting Standards and Corporations Regulations 2001; and

   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration is made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2009.

On behalf of the Board

MICHAEL BLAKISTON
Chairman

Perth, 22 September 2009

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Independent auditor's report to the members of Vulcan Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Vulcan Resources, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 (b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Vulcan Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of Vulcan Resources Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 26 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Vulcan Resources Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Ernst + Young

Ernst & Young

Peter McIver
Partner
Perth
22 September 2009

PM:MJ:VULCAN:041

Kylylahti Project

Mining Licenses

No	Name	Holder	Applied	Granted	Expiry	Area (ha)
3593/1a	Kylylahti	Kylylahti Copper Oy		1993		91.96
3593/1b	Kylylahti	Kylylahti Copper Oy		2003		12.22
3593/2a	Kylylahti 2	Kylylahti Copper Oy		2003		9.92
3593/1c	Kylylahti ML extension	Kylylahti Copper Oy	28/04/2006	05/09/2007		66.62

Claims

No	Name	Holder	Applied	Granted	Expiry	Area (ha)
7799/1	Kylylahti 1	Kylylahti Copper Oy	14/08/09 (3yr extn)	pending		30.63
7799/2	Kylylahti 2	Kylylahti Copper Oy	14/08/09 (3yr extn)	pending		60.85
7799/3	Kylylahti 3	Kylylahti Copper Oy	14/08/09 (3yr extn)	pending		95.71
7799/4	Kylylahti 4	Kylylahti Copper Oy	14/08/09 (3yr extn)	pending		50.62
7914/1	Saramäki 1	Kylylahti Copper Oy	25/01/2005	10/02/2005	31/12/2009	93.68
7906/1	Perttilahti 1	Kylylahti Copper Oy	30/12/2004	10/02/2005	31/12/2009	70.64
7906/2	Perttilahti 2	Kylylahti Copper Oy	30/12/2004	10/02/2005	31/12/2009	34.45
7906/4	Vuonos 2	Kylylahti Copper Oy	30/12/2004	10/02/2005	31/12/2009	65.24
7906/5	Vuonos 3	Kylylahti Copper Oy	30/12/2004	10/02/2005	31/12/2009	30.10
7906/3	Vuonos 1	Kylylahti Copper Oy	30/12/2004	10/02/2005	31/12/2009	85.47
8393/1	Polvikoski 1	Kylylahti Copper Oy	24/04/2007	26/11/2008	26/11/2013	97.70
8393/2	Polvikoski 2	Kylylahti Copper Oy	24/04/2007	26/11/2008	26/11/2013	94.20
8393/3	Kylylahti 6	Kylylahti Copper Oy	24/04/2007	26/11/2008	26/11/2013	16.90
8394/1	Saramäki 2	Kylylahti Copper Oy	03/05/2007	20/11/2008	20/11/2013	80.10
8525/1	Sukkula 1	Kylylahti Copper Oy	21/11/2007	26/02/2009	26/02/2014	84.19
8525/2	Sukkula 2	Kylylahti Copper Oy	21/11/2007	26/02/2009	26/02/2014	6.750

Kuhmo Joint Venture

Mining Licenses

No	Name	Holder	Applied	Granted	Expiry	Area (ha)
7014	Hietaharju	Kuhmo Metals Oy	14/03/2008			31.08

Claims

No	Name	Holder	Applied	Granted	Expiry	Area (ha)
	Saarikylä belt					
7789	Vaara	Kuhmo Metals Oy	22/04/2009 (3yr extn)	pending		60.82
8049/1	Kotisuo	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	25.05
8049/2	Kauniinlampi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	88.94
8049/3	Hoikkalampi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	84.02
8049/4	Rytys	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	91.05
8049/5	Vaara North	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	37.68
8396/1	Hoikka	Kuhmo Metals Oy	14/05/2007	25/11/2008	25/11/2013	83.30
8618/1	Hakovaara	Kuhmo Metals Oy	21/04/2008	06/04/2009	06/02/2014	93.30
8602/1	Vaara West	Kuhmo Metals Oy	10/03/2008	26/02/2009	26/02/2014	82.95
8708/1	Vaara NE	Kuhmo Metals Oy	07/11/2008	pending		9.00

No	Name	Holder	Applied	Granted	Expiry	Area (ha)
8708/2	Rytys SW	Kuhmo Metals Oy	07/11/2008	pending		38.70
8708/3	Rytys East	Kuhmo Metals Oy	07/11/2008	pending		45.10
8708/4	Rytys NW	Kuhmo Metals Oy	07/11/2008	pending		38.40
8708/5	Kauniinvaara	Kuhmo Metals Oy	07/11/2008	pending		28.40
	Kiannanniemi					
7922/1	Peura-aho	Kuhmo Metals Oy	17/02/2005	16/03/2005	16/03/2010	64.29
8033/3	Peura-aho North	Kuhmo Metals Oy	01/09/2005	07/11/2005	07/11/2010	12.33
8033/1	Peura-aho East	Kuhmo Metals Oy	01/09/2005	07/11/2005	07/11/2010	7.03
8033/2	Peura-aho NE	Kuhmo Metals Oy	01/09/2005	07/11/2005	07/11/2010	10.15
8033/5	Peura-aho SW	Kuhmo Metals Oy	01/09/2005	07/11/2005	07/11/2010	8.34
8033/4	Peura-aho South	Kuhmo Metals Oy	01/09/2005	07/11/2005	07/11/2010	18.80
8618/3	Myllyaho 1	Kuhmo Metals Oy	21/04/2008	06/04/2009	06/04/2014	94.40
8618/4	Myllyaho 2	Kuhmo Metals Oy	21/04/2008	06/04/2009	06/04/2014	8.30
8745/1	Hietaharju North	Kuhmo Metals Oy	19/03/2009	pending		30.10
8745/2	Tupakkiloma	Kuhmo Metals Oy	19/03/2009	pending		59.30
8745/3	Murronkumpu	Kuhmo Metals Oy	19/03/2009	pending		13.60
8745/4	Syrjäjoki	Kuhmo Metals Oy	19/03/2009	pending		26.10
8745/5	Yliniitynsuo	Kuhmo Metals Oy	19/03/2009	pending		37.80
8745/6	Uuransuo	Kuhmo Metals Oy	19/03/2009	pending		31.40
	Huutoniemi					
8476/1	Huutoniemi 1	Kuhmo Metals Oy	12/09/2007	24/02/2009	24/02/2014	20.51
8476/2	Huutoniemi 2	Kuhmo Metals Oy	12/09/2007	24/02/2009	24/02/2014	90.44
8476/3	Huutoniemi 3	Kuhmo Metals Oy	12/09/2007	24/02/2009	24/02/2014	95.79
8476/4	Huutoniemi 4	Kuhmo Metals Oy	12/09/2007	24/02/2009	24/02/2014	35.97
	Moisiovaara					
8047/4	Luokkivaara	Kuhmo Metals Oy	16/09/2005	02/11/2005	02/11/2010	100.00
8055/1	Luokkipuro	Kuhmo Metals Oy	04/10/2005	02/11/2005	02/11/2010	73.88
8055/2	Hyyrylainen	Kuhmo Metals Oy	04/10/2005	02/11/2005	02/11/2010	13.04
8049/7	Sika-aho	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	92.45
8049/8	Paatola	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	36.98
8049/9	Likosuo	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	99.98
8049/10	Karsikkosuo	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	60.45
8049/11	Lehdonmaa	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	26.92
8049/12	Harju	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	19.11
8049/13	Yhteisenaho	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	33.74
8049/14	Selkajarvi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	97.44
8049/15	Kaartilanvaara	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	64.81
8049/16	Kaivolampi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	13.03
8049/17	Paatolaislampi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	34.50
8233/1	Kinnula	Kuhmo Metals Oy	12/09/2006	05/07/2007	05/07/2012	40.10
8233/2	Kupusenkangas	Kuhmo Metals Oy	12/09/2006	05/07/2007	05/07/2012	60.00
8242/6	Metsälä	Kuhmo Metals Oy	21/09/2006	09/07/2007	09/07/2012	36.50
8242/4	Viima-aho	Kuhmo Metals Oy	21/09/2006	09/07/2007	09/07/2012	51.50
8242/5	Rinneaho	Kuhmo Metals Oy	21/09/2006	09/07/2007	09/07/2012	94.60
8242/3	Kemppaanlehto	Kuhmo Metals Oy	21/09/2006	09/07/2007	09/07/2012	96.70
	Arola – Harma North					
7457/1	Hautalehto 1	Kuhmo Metals Oy	10.10.2007 (ext.)	12/11/2008	14/10/2010	21.60
7457/4	Korkea-aho	Kuhmo Metals Oy	10.10.2007 (ext.)	12/11/2008	14/10/2010	52.11
7923/1	Arola	Kuhmo Metals Oy	17/02/2005	16/03/2005	16/03/2010	54.20

No	Name	Holder	Applied	Granted	Expiry	Area (ha)
8047/1	Arola South	Kuhmo Metals Oy	16/09/2005	02/11/2005	02/11/2010	47.00
8047/2	Palovaara South	Kuhmo Metals Oy	16/09/2005	02/11/2005	02/11/2010	12.90
8047/3	Tiikkaja-aho	Kuhmo Metals Oy	17/09/2005	02/11/2005	02/11/2010	20.40
8043/1	Kelosuo South	Kuhmo Metals Oy	01/09/2005	07/11/2005	07/11/2010	41.00
8049/18	Karhujarvi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	99.60
8049/19	Palovaara	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	92.52
8049/20	Putkisuo	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	83.09
8049/21	Kelosuo	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	47.33
8049/22	Pitkaaho	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	75.50
8242/2	Antinaho	Kuhmo Metals Oy	21/09/2006	09/07/2007	09/07/2012	48.10
8242/1	Nyberginlehto	Kuhmo Metals Oy	21/09/2006	09/07/2007	09/07/2012	45.30
8500/1	Korkea-aho 2	Kuhmo Metals Oy	10/10/2007	23/02/2009	23/02/2014	11.98
8500/2	Korkea-aho 3	Kuhmo Metals Oy	10/10/2007	23/02/2009	23/02/2014	9.62
8762/1	Naurissuo	Kuhmo Metals Oy	28/04/2009	pending		39.68
8762/2	Tiikkaja-aho 2	Kuhmo Metals Oy	28/04/2009	pending		19.95
	Kuhmo Area					
8055/3	Siivikkovaara	Kuhmo Metals Oy	04/10/2005	02/11/2005	02/11/2010	14.72
8055/4	Niemenkyla	Kuhmo Metals Oy	04/10/2005	02/11/2005	02/11/2010	33.56
8049/24	Riihilampi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	23.77

Reservations

No	Name	Holder	Applied	Granted	Expiry	Area (ha)
2009026	Moisio 1	Kuhmo Metals Oy	24/04/2009	07/05/2009	24/04/2010	742
2009026	Moisio 2	Kuhmo Metals Oy	24/04/2009	07/05/2009	24/04/2010	891
2009026	Moisio 3	Kuhmo Metals Oy	24/04/2009	07/05/2009	24/04/2010	790
2009026	Tapanikylä 1	Kuhmo Metals Oy	24/04/2009	07/05/2009	24/04/2010	890
2009026	Tapanikylä 2	Kuhmo Metals Oy	24/04/2009	07/05/2009	24/04/2010	746

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

No	Name	Holder	Applied	Granted	Expiry	Area (ha)
7871/1	Savelahti	Tulikivi Oyj	15/09/2004	08/11/2004	08/11/2009	3.70

Kylylahti Copper Oy Nickel-Copper-PGE Tenements

Claims

No	Name	Holder	Applied	Granted	Expiry	Area (ha)
8366/1	Haukiaho 1	Kylylahti Copper Oy	20/03/2007	21/10/2008	21/10/2013	95.30
8366/2	Haukiaho 2	Kylylahti Copper Oy	20/03/2007	21/10/2008	21/10/2013	89.70
8676/1	Haukiaho 3	Kylylahti Copper Oy	01/09/2008	07/04/2009	07/04/2014	88.30
8676/2	Haukiaho 4	Kylylahti Copper Oy	01/09/2008	07/04/2009	07/04/2014	99.00
8704/1	Haukiaho 11	Kylylahti Copper Oy	31/10/2008	pending		93.20

Reservations

No	Name	Holder	Applied	Granted	Expiry	Area (ha)
2008105	Rusamo	Kylylahti Copper Oy	31/10/2008	26/11/2008	31/10/2009	856

The following information was applicable as at 21 September 2009.

1. Shareholding

(a) Distribution of the number of holders in each class of securities

Category (size of Holding)	Fully Paid Shares	Options
1 - 1,000	43	-
1,001 - 5,000	488	-
5,001 - 10,000	416	-
10,001 - 100,000	962	2
100,001 and over	218	16
	2,127	18

(b) The number of fully paid shareholdings held in less than marketable parcel is 336.

(c) Substantial Shareholder Notices have been provided by:

Name	Number of Shares	% of Issued Share Capital
KLP Asset Management	18,204,196	8.02

(d) Top 20 shareholders

	Name	Number of Shares	% of Issued Share Capital
1	KLP Asset Management	17,796,907	7.84
2	Sempra Metals & Concentrates Corp	10,995,654	4.84
3	Pareto Growth AS	10,801,800	4.76
4	Finnish Industry Investment Limited	10,700,000	4.71
5	Clearstream Banking S.A.	8,430,345	3.71
6	Holberg Norden	8,069,800	3.55
7	Skagenf Vekst	7,661,500	3.37
8	Skandinaviska Enskil A/C	6,000,000	2.64
9	Drumfrochar Pty Ltd (Dr & Mrs Cowden)	5,125,700	2.26
10	Gram International	3,950,000	1.74
11	Leet Investments Pty Ltd	3,200,000	1.41
12	GSCO - ECA Resource Geologic Partners	3,000,000	1.32
13	Mr Stuart Young Craig	3,000,000	1.32
14	Perpetual Corporate Trust Limited	2,666,565	1.17
15	RBC Dexia Investor Services (LinQ)	2,524,128	1.11
16	Macquarie Bank Limited	2,500,000	1.10
17	Bill Brooks	2,410,000	1.06
18	Bank Julius Baer and Co Ltd	2,314,998	1.02
19	Mr Michael Blakiston (various holdings)	2,251,700	0.99
20	Piat Corp Pty Ltd	2,000,000	0.88
		115,399,097	50.80

There are a total of 227,044,751 fully paid ordinary shares on issue, all of which are listed on the ASX. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.