



**ASX Announcement / Media Release
17 October 2011**

**Kiruna Iron Project
High Grade Iron Results**

By Amanda Arrowsmith, Exploration Manager

- High grade iron assays received from Harrejaure Project
- **110m @ 47% Fe** from 21m (HAR11001)
 - **Inc. 31m @ 62% Fe**
- **50m @ 44% Fe** from 43m (HAR11002)
- **37m @ 389% Fe** from 99m (HAR11002)

Scandinavian Resources Ltd (ASX:SCR) is pleased to provide an update on drilling activities carried out by its wholly owned subsidiary Kiruna Iron AB (KIAB) at its Kiruna Iron Project located 1,300km north of Stockholm, Sweden.

The first batch of assay results have been returned for the Harrejaure Project located approximately 30km southwest of Kiruna and 3km southeast of the Renhagen Project (refer Location Maps on pages 3 and 4).

Exceptionally high iron grades have been returned from the first two of five diamond drill holes with multiple intervals returning grades better than 70% Fe.

Amanda Arrowsmith, Exploration Manager said “These initial results from the Harrejaure Project are exceptional; the width of mineralisation in conjunction with the very good iron grades is most pleasing and we look forward to investigating the tonnage potential during the 2012 summer drilling season”.

The Harrejaure mineralisation is classified as ‘apatite iron ore’ rather than ‘skarn iron ore’ and contains significant amounts of hematite as well as magnetite (refer photograph of ‘platey hematite on page 2).

Petrographic analysis of the magnetite-hematite iron mineralisation is currently underway and first-pass metallurgical testwork of the high-grade ore will be initiated during October. The balances of assay results for Harrejaure are expected during October.

By way of background the iron ores of the Kiruna district are typically either apatite (e.g. Kiirunavaara) or skarn iron ores – apatite deposits are phosphorus rich and the skarn deposits are sulphur rich.

Fast Facts

ASX Code: SCR
SCRO

Capital Structure

Shares on issue: 81.26m
Options on issue: 59.26m (ex 20c – 75c)
Market cap: \$21.9m (undiluted)

Board of Directors

Damian Hicks Chairman
Olof Forslund Technical Director
Ian Gregory Director & Company Secretary
Paul Thomas Non-executive Director
Markus Bachmann Non-executive Director

Primary Projects

Sweden

Kiruna Iron
Swampy Mountain Iron-copper-gold & PGE

Norway

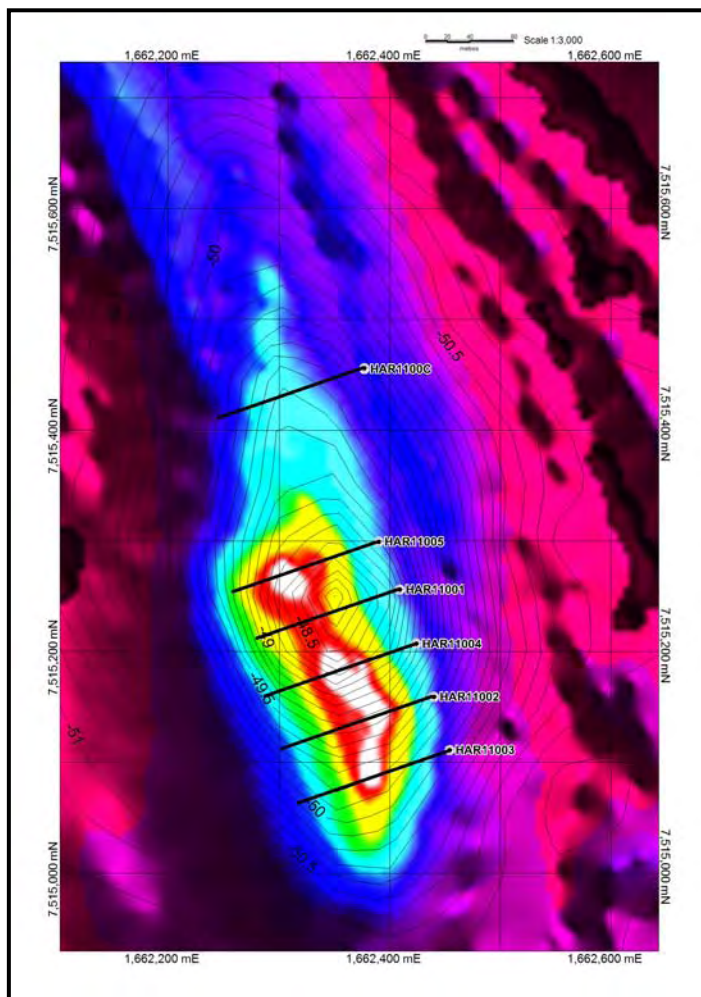
Lake Embrace Copper-lead-zinc

Project Pipeline

Commodities

Gold
Copper
Copper-gold
Copper-lead-zinc

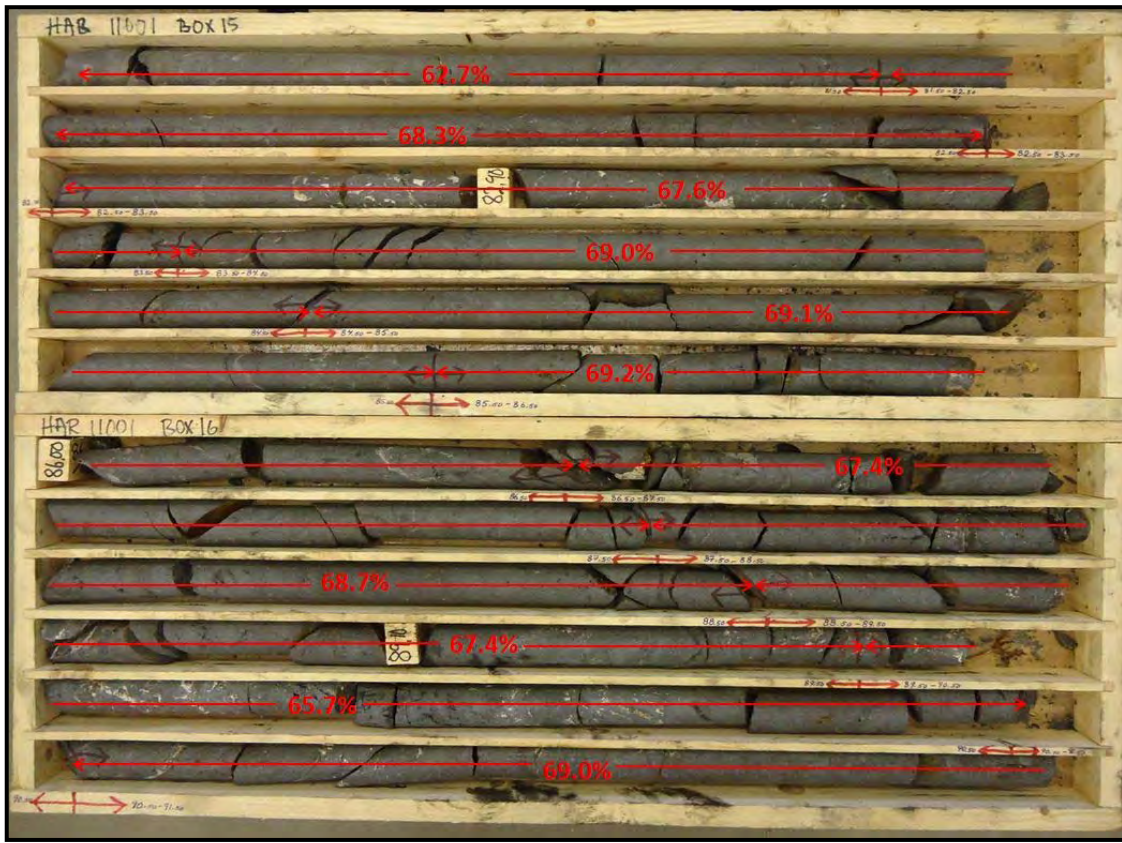
EXPLORING THE SCANDINAVIAN SHIELD



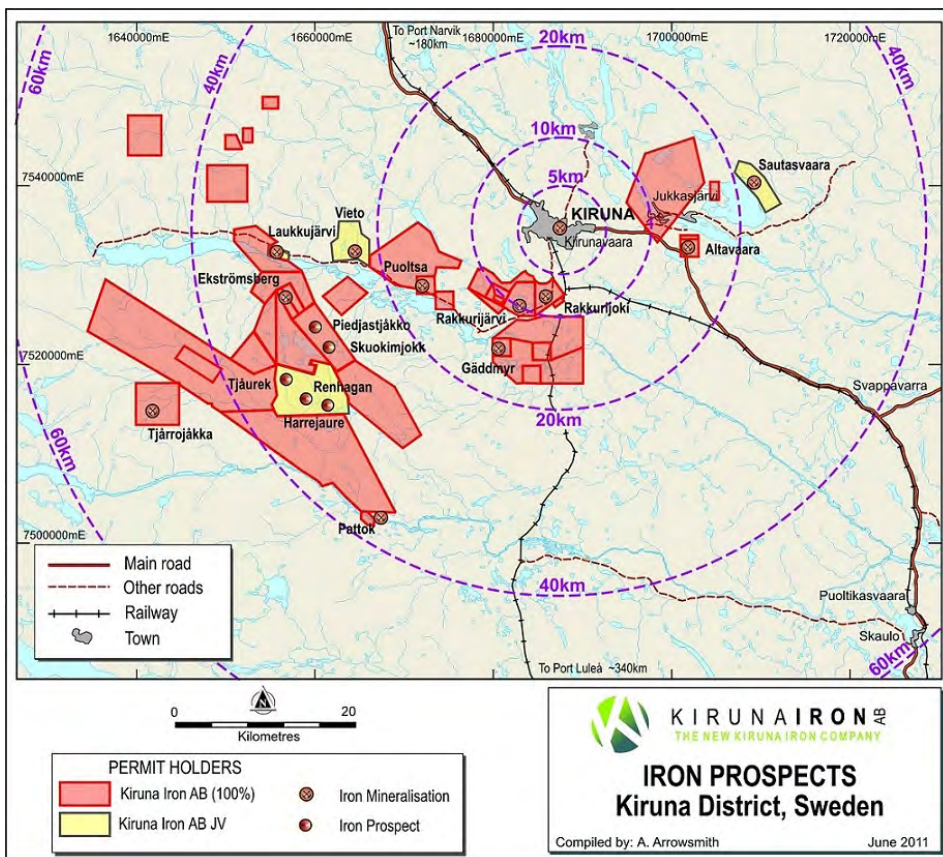
Harrejaure Project-Magnetic colour image with gravity contours and drillholes and traces. Note HAR1100C was not drilled.



HAR11003-Platey hematite.



HAR 11001-Diamond core with iron assay grades.





Scandinavian Resources Ltd (ASX: SCR)

By way of introduction Scandinavian Resources’:

- strategy is to ‘incubate’ a highly prospective portfolio of iron, gold, PGE and base metals projects in Scandinavia (primarily Sweden and Norway).
- General Manager Mrs Christina Lundmark was previously Head of Division Mineral Information for the Geological Survey of Sweden in Malå, Sweden.
- Technical Director Mr. Olof Forslund was previously Regional Manager of the Geological Survey of Sweden’s Mineral Resources Information Office in Malå, Sweden.
- is one of the largest landholders (by area) of minerals exploration projects in Sweden and one of the largest landholders in the world class Kiruna IOCG District.
- flagship Kiruna iron Project is 30km from the 2Bt Kiruna iron mine (owned by LKAB) – the world’s largest and most modern underground iron mine.
- global investment banks Canaccord Genuity and Pareto Securities have been mandated to assist with the future funding of the Kiruna Iron Project.
- ‘pipeline’ of projects cover gold, copper-gold and lead-zinc prospects in Sweden and Norway.

Please visit www.scandinavianresources.com for a detailed summary of the Company’s projects.

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Competent Persons Statement

The information in this document that relates to exploration results is based on information compiled by Mrs Amanda Arrowsmith, Exploration Manager, Scandinavian Resources Ltd, who is a Member of the Australian Institute of Mining and Metallurgy. Mrs Arrowsmith is a full-time employee of Scandinavian Resources Ltd. Mrs. Arrowsmith has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mrs Arrowsmith consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.