



ASX Announcement  
31 October 2011

## 1st Quarter Activities Report 2011/2012 Highlights

### Fast Facts

ASX Code: SCR  
SCRO

### Capital Structure

Shares on issue: 86.7m  
Options on issue: 59.26m (ex 20c – 75c)  
Market cap: \$23m (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  
Särksjön Gold-silver-copper-lead-zinc

#### Norway

Njivlojåvri Copper-gold  
Ringvassøya Gold

### Project Pipeline

#### Commodities

Gold  
Copper  
Copper-gold  
Copper-lead-zinc

### KIRUNA IRON PROJECT

- JORC resource<sup>1</sup> significantly exceeded targets:  
**412.1 Mt @ 39.9% Fe**
- The global JORC Exploration Target<sup>2</sup> is now:  
**218 – 323Mt @ 32 – 39% Fe**
- Cooperation agreement signed with Boliden Mineral AB, a leading European metals company, allowing Kiruna Iron AB (KIAB) to earn 100% interest in Lannavaara iron rights
- Preliminary metallurgical testwork confirms that Kiruna Iron Project mineralisation could produce a high quality iron concentrate of +70% Fe
- Phase 1 exploration drilling has now been completed for a total of 14,224m, excellent results received from Rakkurijoki Prospect, Puoltsa Prospect, Laukkujärvi Prospect and Harrejaure Prospect; detailed ground geophysical surveys commenced at Rakkurijärvi

### PRECIOUS & BASE METALS PIPELINE

- 19 projects within pipeline
- IP survey completed at Särksjön Project which identifies significant conductive anomaly

### CORPORATE STRATEGY UPDATE

- CanaccordGenuity and Pareto Securities appointed as financial advisors to Kiruna Iron with the mandate to assist in funding the development of the Kiruna Iron Project

<sup>1</sup> Refer Schedule A

<sup>2</sup> The JORC Exploration Targets have been subjected to diamond drill testing, ground geophysics and interpretation by the Geological Survey of Sweden reviewed by Mr Thomas Lindholm, of GeoVista AB. The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient interpretation to define a JORC Mineral Resource and it is and it is uncertain if further interpretation will result in the determination of a JORC Mineral Resource. GeoVista AB. The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient interpretation to define a JORC Mineral Resource and it is and it is uncertain if further interpretation will result in the determination of a JORC Mineral Resource.

#### EXPLORING THE SCANDINAVIAN SHIELD

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## KIRUNA IRON PROJECT

Earlier this year the Company set a goal of reaching 200-250Mt iron resource for the July 2011 update however successful exploration together with increasing joint venture interests and the recent acquisition have all contributed to the announcement of a 412Mt JORC resource.

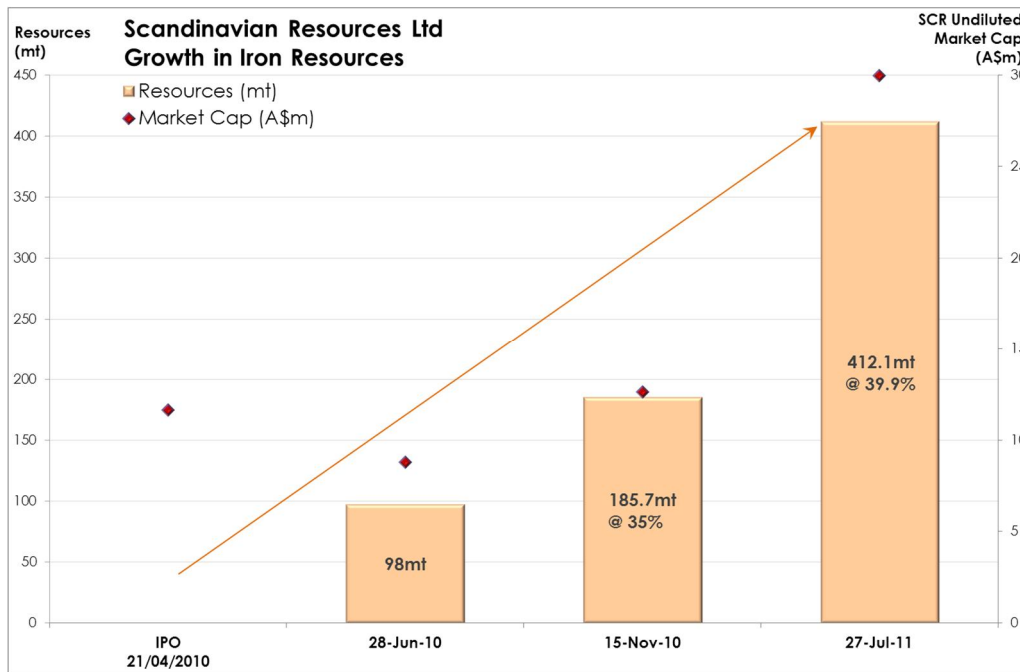


Figure 1. Scandinavian Resources' Growth in Iron Resources since IPO

The Kiruna Iron Project is extremely well located with regard to infrastructure (rail, power and services) with the Rakkurijoki project located approximately 100m from a major road, <1km from rail and 6km from Kiruna. The Project is located 180km from the Norwegian deep water port of Narvik (ice free all year) and 340km from the Swedish port of Lulea. Shipments of premium quality iron pellets that depart Narvik are generally destined for the Middle East while pellets departing from Lulea find their way into Europe.

In line with Scandinavian Resources' strategy, Kiruna Iron AB a wholly owned subsidiary (KIAB) has entered into a cooperation agreement with Boliden Mineral AB over the Lannavaara Permits located approximately 70km north-east of Kiruna, in the Norrbotten Region of northern Sweden.

By way of background, Boliden is a leading European metals company; the main metals are zinc and copper. The operations are conducted in two Business Areas: Mines and Smelters. Boliden has approximately 4,400 employees and the turnover amounts to approximately SEK 37 billion annually.

The Lannavaara Permits adjoin KIAB's Paljasjärvi Project which is considered the Company's most prospective greenfields exploration asset. The Lannavaara contains a 74 – 92Mt @ 34 – 41% Fe JORC Exploration Target<sup>3</sup> last drilled in the 1970's which increased KIAB's global JORC Exploration Target<sup>3,4</sup> for the Kiruna Iron Project to 218 – 323Mt @ 32 – 39% Fe. The potential for the Paljasjärvi deposit to host significant tonnages of iron ore is considered high and we are looking forward to receiving results of the ground geophysical surveys.

The purpose of the agreement is to explore the Lannavaara Permits for the mutual benefit of Boliden Mineral AB and KIAB based on the fact that Boliden is focussed on zinc, copper, gold, silver and lead and KIAB is focused on iron. The cooperation will enable the Parties to minimize costs for exploration of the Lannavaara Permits and to share the results of exploration. The long term intention of the cooperation, should the Lannavaara Permits prove feasible to exploit, based on

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<sup>4</sup> On the basis that KIAB earns a 100% interest in the iron rights in accordance with the Cooperation Agreement.

the result of the exploration, is that KIAB shall exploit, commercialise and benefit from the mining of iron exclusively and Boliden shall exploit, commercialise and benefit from the mining of other metals.

The agreement with Boliden further consolidates KIAB into Europe's #1 iron district.

### General Kiruna Iron Update

The first phase of exploration diamond drilling, which commenced in February, has now been completed for a total of 60 drill holes and 14,224m. The first results from the Puoltsa and Laukkujärvi iron prospect have also been received. The METS metallurgical report highlights the potential to produce a high quality magnetite concentrate from the Kiruna Iron Project. The iron assay results quoted for the Kiruna Iron Project should be read in conjunction with the summary in the METS report announced on 5 September 2011. KIAB will be assessing the opportunity to commence potential future mining activities via open pit methods, which is traditionally how historical iron mines in the Kiruna District.

Subsequent to the end of the quarter, the first batch of assay results have been returned for the Harrejaure Project with exceptional high iron grades returned from the first two of five diamond drill holes with multiple intervals returning grades better than 70% Fe. These initial results from the Harrejaure Project are exceptional 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').



Figure 2. HAR11003-Platey hematite

### PRECIOUS & BASE METALS PIPELINE

In June 2011 a geophysical survey (FLTEM) was completed over the Särksjön Project which returned a discrete electromagnetic (EM) anomaly at the location of the mineralised outcrop. A follow-up geophysical survey (IP) has recently been completed and has confirmed the presence of a significant conductive anomaly.

The mineralisation identified at surface was associated with sulphides; when sulphides are 'massive' they produce a conductive response with EM, when sulphides are 'disseminated' through the rock type as at Särksjön they will produce a conductive response with IP.

The fact that the IP survey identified a conductive response may indicate that there are disseminated sulphides at depth and potentially mineralisation at depth similar to that located at the surface. The only way to determine the source of the conductive response and whether mineralisation is associated with it is to intersect it with a drill hole and complete an analysis of the sample.

Scandinavian Resources continues to develop the extensive portfolio of base and precious metals projects in both Sweden and Norway and continuous updates discussing the 'pipeline projects' in more detail and the results of the rock chip samples will be released in the next quarter.

## CORPORATE STRATEGY UPDATE

Global investment banks CanaccordGenuity Limited and Pareto Securities AS have now been mandated Joint Lead Managers to secure the capital required to continue growing the Kiruna Iron Project.

The intention is to fund development of the Kiruna Iron Project within KIAB (or nominee). It is also the Board's present intention for KIAB (or its nominee) to conduct an initial public offer and apply for quotation on a recognised foreign stock exchange within the short to medium term. In accordance with the ASX Listing Rule 11.4.1(a), existing Scandinavian Resources Ltd shareholders will be provided with a fair offer to participate in any fund raising on the same terms as the incoming parties.

The ASX announcements made for the quarter are:

30 Sep 2011	Change of Interests of Substantial Holder from OMH
29 Sep 2011	Appendix 3B Options Exercised
29 Sep 2011	Investor Presentation
26 Sep 2011	Grant of Waiver
23 Sep 2011	Notice of General Meeting
22 Sep 2011	Appendix 3B Options Exercised
16 Sep 2011	Appendix 3B
15 Sep 2011	Kiruna Iron - Pricing, Logistics and Exploration Presentations
12 Sep 2011	App 3B Options Exercised
08 Sep 2011	2011 General Meeting Results
07 Sep 2011	Kiruna Iron - Exploration Presentation
07 Sep 2011	Kiruna Iron - Drilling and Assay Update
06 Sep 2011	Cooperation Agreement with Boliden
06 Sep 2011	Kiruna Iron Drilling and Assay Update
05 Sep 2011	Kiruna Iron Metallurgical Summary
01 Sep 2011	Options Conversion Documents
26 Aug 2011	Appendix 3B Options Exercised
22 Aug 2011	Appendix 3B Options Exercised
12 Aug 2011	App 3B Options Exercised
10 Aug 2011	2011 General Meeting Results
08 Aug 2011	Notice of General Meeting
02 Aug 2011	Cleansing Prospectus
01 Aug 2011	Change of Interests of Substantial Holder
01 Aug 2011	4th Quarter Cashflow Report
01 Aug 2011	4th Quarter Activities Report
29 Jul 2011	JORC Resources Significantly Exceed Targets
25 Jul 2011	Appendix 3B Options Exercised
22 Jul 2011	General Meeting
13 Jul 2011	Kiruna Iron Project - Update
11 Jul 2011	Appendix 3B Options Exercised
08 Jul 2011	Notice of General Meeting
04 Jul 2011	Change of Interests of Substantial Holder from OMH



Figure 3. Kiruna Iron Location Map

**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 CanaccordGenuity 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](http://www.scandinavianresources.com) for a detailed summary of the Company's projects.

For further information please contact:

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## SCHEDULE A

### A. JORC RESOURCES (IRON)

JORC Compliant **Indicated** Mineral Resource Table\*

Prospect	Mt	Fe (%)	P (%)	S (%)
Sautusvaara South	32.0	37.4	0.06	1.63
Sautusvaara North	11.4	39.7	0.09	0.44
Ekströmsberg	30.4	52.0	Unavailable	Unavailable
<b>TOTAL</b>	<b>73.8</b>	<b>43.0</b>	-	-

JORC Compliant **Inferred** Mineral Resource Table\*

Prospect	Mt	Fe (%)	P (%)	S (%)
Rakkurijärvi	69.6	28.5	0.07	0.93
Rakkurijoki	74.5	39.7	0.28	0.89
Discovery Zone	10.9	38.7	0.05	0.95
Tributary Zone	4.9	28.6	0.05	1.08
Sautusvaara South	6.8	26.6	0.09	1.82
Sautusvaara North	1.0	44.8	0.05	0.46
Vieto	14.0	35.7	0.14	1.46
Ekströmsberg	41.6	52.0	Unavailable	Unavailable
Tjärrojäkka	52.6	51.0	Unavailable	Unavailable
Pattok	62.4	44.2	1.96	Unavailable
<b>TOTAL</b>	<b>338.3</b>	<b>39.0</b>	-	-

Total	Mt	Fe (%)
Indicated & Inferred	412.1	39.9

\*A cut-off grade of 20% Fe has been applied

#### **Competent Persons Statement – Rakkurijärvi, Rakkurijoki, Discovery and Tributary Zone Mineral Resources**

The mineral resource estimate for Rakkurijärvi, Rakkurijoki, Discovery and Tributary Zone is effective from 27 July 2011 and has been prepared by Mr Thomas Lindholm, MSc of GeoVista AB, Luleå, Sweden acting as an independent "Competent Person". Mr Lindholm is a fellow member of the Australasian Institute of Mining and Metallurgy (Member 230476). Mineral resources of the Rakkuri iron deposits have been prepared and categorised for reporting purposes by Mr Lindholm, following the guidelines of the JORC Code. Mr Lindholm is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits.

#### **Competent Persons Statement – Ekströmsberg, Tjärrojäkka, and Pattok Mineral Resources**

The mineral resource estimate for Ekströmsberg, Tjärrojäkka, and Pattok is effective from 22 July 2011 and has been prepared by Dr Christopher Wheatley of Behre Dolbear International Ltd, UK, acting as an independent "Competent Person". Dr Wheatley is a member of the Institute of Materials Minerals and Mining (Member 450553). Mineral resources of the Ekströmsberg, Tjärrojäkka, and Pattok have been prepared and categorised for reporting purposes by Dr Wheatley, following the guidelines of the JORC Code. Dr Wheatley is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Dr Wheatley consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

### **Competent Persons Statement – Vieto and Sautusvaara Mineral Resources**

The mineral resource estimate for Vieto and Sautusvaara is effective from 26 July 2011 and has been prepared by Mr Geoffrey Reed of Minarco-MineConsult acting as an independent “Competent Person”. Mr Geoffrey Reed is a Member of the Australasian Institute of Mining and Metallurgy (CP)(Member 205422). Mineral resources of the Vieto, Sautusvaara have been prepared and categorised for reporting purposes by Mr Reed, following the guidelines of the JORC Code. Mr Reed is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Reed consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The above resource table includes a:

- Scandinavian Resources Ltd owns a 75% interest in the Tasman Joint venture properties (Vieto and Sautusvaara) and has the opportunity to increase that interest to 90% after funding a feasibility study on one of the deposits. The above table contains 100% of the Tasman Joint Venture resources.
- 100% interest in the projects (Rakkurijärvi, Rakkurijoki, Discovery and Tributary Zone ) acquired from Anglo America and Rio Tinto announced to ASX on 15 November 2010 which is scheduled to settle on or before 6 December 2011; and a
- 100% interest in the projects (Ekströmsberg, Tjärrojäkka, and Pattok) acquired from Grängesberg Iron AB announced to ASX on 8 June 2011 which is subject to settlement in two remaining tranches on 15 August 2011 and 15 November 2011.

## **B. JORC EXPLORATION TARGETS (IRON)**

JORC Compliant Exploration Targets Table

<b>Prospect</b>	<b>Tonnage Range (Mt)</b>	<b>Grade Range (%Fe)</b>
Äkosjegge	10-15	23-30
Altavaara	10-20	23-30
Harrejaure	10-20	40-45
Kevus	35-45	28-35
Laukkujärvi	4-8	30-35
Leppäjoki	5-8	35-45
Paljasjärvi	40-60	30-40
Puoltsa	30-40	33-36
Renhagen	20-30	30-35
Teltaja	39-47	40-48
Tjäorika	15-30	45-55
<b>TOTAL</b>	<b>218-323</b>	<b>32-39</b>

### **Competent Persons Statement – Exploration Results**

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.



### ***Competent Persons Statement – Exploration Targets***

The information in this document that relates to JORC Exploration Targets is based on information reviewed by Mr Thomas Lindholm of GeoVista AB, Luleå, Sweden acting as an independent “Competent Person”. Mr Lindholm is a member of the Australasian Institute of Mining and Metallurgy (Member 230476). Mr Lindholm is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Mr Lindholm consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

## **C. JORC RESOURCES (COPPER & GOLD)**

JORC Compliant **Inferred** Mineral Resource Table (Copper & Gold)

<b>Prospect</b>	<b>Tonnes (Mt)</b>	<b>Cu (%)</b>	<b>Au (g/t)</b>
Discovery Zone	10.9	0.31	0.08
Tjärrojåkka	5.0	0.60	N/A
<b>TOTAL</b>	<b>15.9</b>	<b>0.46</b>	<b>-</b>

### ***Competent Persons Statement – Discovery Zone Mineral Resources***

The mineral resource estimate for Discovery Zone is effective from 27 July 2011 and has been prepared by Mr Thomas Lindholm, MSc of GeoVista AB, Luleå, Sweden acting as an independent “Competent Person”. Mr Lindholm is a fellow member of the Australasian Institute of Mining and Metallurgy (Member 230476). Mineral resources of the Rakkuri iron deposits have been prepared and categorised for reporting purposes by Mr Lindholm, following the guidelines of the JORC Code. Mr Lindholm is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits.

### ***Competent Persons Statement – Tjärrojåkka Mineral Resources***

The mineral resource estimate for Tjärrojåkka is effective from 22 July 2011 and has been prepared by Dr Christopher Wheatley of Behre Dolbear International Ltd, UK, acting as an independent “Competent Person”. Dr Wheatley is a member of the Institute of Materials Minerals and Mining (Member 450553). Mineral resources of the Tjärrojåkka have been prepared and categorised for reporting purposes by Dr Wheatley, following the guidelines of the JORC Code. Dr Wheatley is qualified to be a Competent Person as defined by the JORC Code on the basis of training and experience in the exploration, mining and estimation of mineral resources of gold, base metal and iron deposits. Dr Wheatley consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

### ***Competent Persons Statements – Exploration Results***

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.