



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

**Särksjön Project
IP Survey Confirms Conductor**

By Amanda Arrowsmith, Exploration Manager

- IP survey identifies significant conductive anomaly
- Conductive anomaly is located below mineralised outcrop
- High grade gold and base metals results returned from outcrop (previously announced to ASX)
- 300m diamond drill hole planned to test conductive anomaly

Scandinavian focussed minerals company Scandinavian Resources Ltd (ASX: SCR) is pleased to provide an update on geophysical activities carried out by its wholly owned subsidiary Scandinavian Resources AB (SRAB) at its Särksjön Project located 800km northwest of Stockholm, Sweden.

The Särksjön Project is located approximately 120km west of Vilhelmina, in the Swedish Caledonides which hosts multiple base metal mineral deposits and mines.

In September 2010 high grade gold and base metal results were received from rock chips samples taken from a small outcrop located at the property; the results included¹:

SARI0005: 42.5g/t Au, 45.2g/t Ag, 1.35% Cu, 4.17% Pb and 4.18% Zn

SARI0006: 46.1g/t Au, 30.6g/t Ag, 0.71% Cu, 3.64% Pb and 4.51% Zn

The rock chips came from a 4m x 15m outcrop of intensely folded quartz sericite schist which was sulphide rich including abundant arsenopyrite, pyrite and chalcopyrite.

In June 2011 a geophysical survey (FLTEM) was completed over the prospect 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.

¹ These assay results were previously announced to the ASX on the 11th of October 2010.

Fast Facts

ASX Code: SCR
SCRO

Capital Structure

Shares on issue: 81.3m
Options on issue: 59.26m (ex 20c – 75c)
Market cap: \$24.38m (undiluted)

Board of Directors

Damian Hicks Chairman
Olof Forslund Technical Director
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

EXPLORING THE SCANDINAVIAN SHIELD

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.

The chargeable IP response is located at approximately 100m depth, dips towards the west and strikes northwest. The anomaly was seen on all three survey lines and a single 300m drill hole has been planned to test the response this European Winter.



Figure 1: Intensely folded quartz sericite schist hosting high grade gold and base metal mineralisation (SAR10005 & SAR10006)

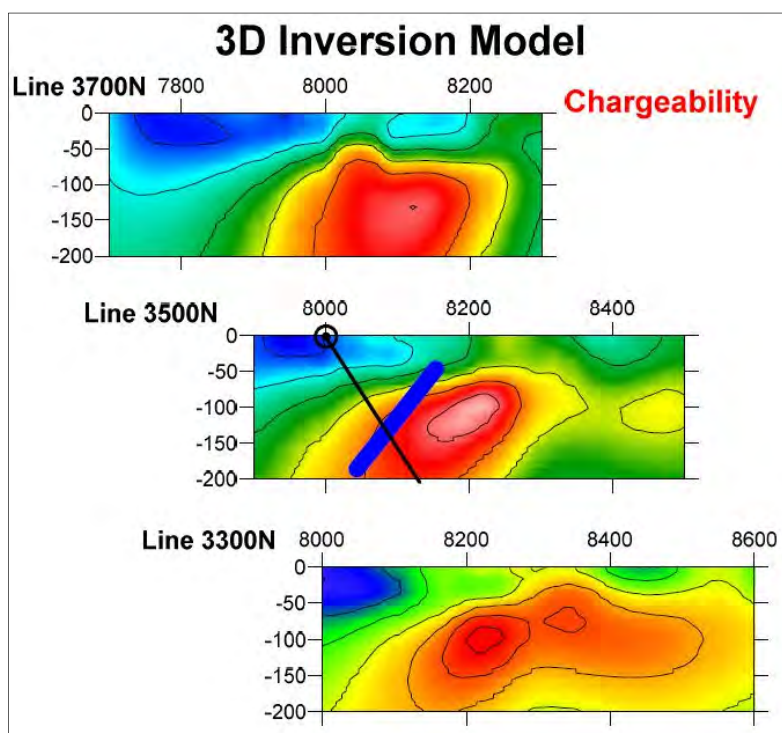


Figure 2: 3D Inversion model showing chargeability anomaly at Särksjön. The black line on Line 3500N is a planned drillhole trace and the thick blue line is the conductive plate modelled from the EM survey.

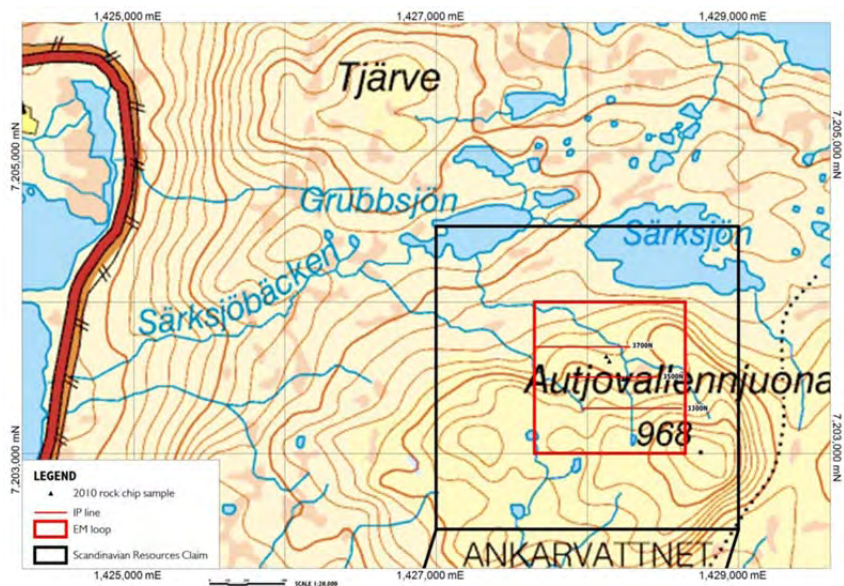


Figure 3: Location map showing SRAB claim (black), IP survey lines (three red horizontal lines), EM loop (red square) and sample locations.



Figure 4: Project 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 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.

For further information please contact:**Scandinavian Resources Ltd**

Damian Hicks
Chairman
Tel: +61 8 9324 1153

Media (Europe)

Kristoffer Gregersen and Rolf Gjertviksten
Apeland Informasjon, Oslo, Norway
Tel: +47 67 56 67 56
+47 67 55 46 76
Email: kristoffer@apeland.no

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.