



## ASX Announcement / Media Release

10 February 2011

### Fast Facts

ASX Code: SCR  
SCRO

### Capital Structure

Shares on issue: 63.62m  
Options on issue: 68.70m (ex 20c – 75c)  
Market cap: \$34m (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

Manganese  
Gold  
Copper  
Copper-gold  
Copper-lead-zinc

### Funding Update & Option Exercise

- Major shareholder OM Holdings Ltd (ASX:OMH) provides A\$5m loan facility, with any amounts drawn down convertible into SCR shares at 66 cents with principal and interest to be repaid on or before 1 February 2012
- Total convertible loan facilities now available (including A\$5m from OMH) stands at \$10m
- Funding allocated to Kiruna Iron Project exploration drilling (in progress) and updated JORC Mineral Resource statement (anticipated in July 2011)
- Appendix 3B for new share issue following exercise of listed options exercisable at 25 cents on or before 31 October 2011 is attached

Scandinavian Resources Ltd (ASX:SCR) – currently one of the largest landholders around the largest iron mine in Europe – is planning to establish a significant JORC compliant iron ore inventory during 2011 as a platform from which to assess development and mining options.

Exploration drilling has commenced at the Kiruna Iron Project and a second diamond drill rig is scheduled to arrive at the project later this week. Drilling this winter is aimed at increasing existing JORC Mineral Resources, converting foreign historic estimates into JORC Mineral Resources and testing greenfields exploration targets. Please refer to important ASX releases dated 20 January 2011 and 15 November 2010 for full details of Kiruna Iron AB's strategy and existing iron ore inventory.

To assist with funding winter exploration activities the Company has entered into a convertible loan agreement with major shareholder OM Holdings Ltd (ASX:OMH). The \$5m loan can be drawn down as and when required with interest payable at the rate of 12.5% per annum. Principal and interest must be repaid on or before 1 February 2012. The lender may at its election, at any time, convert the amount drawn down into fully paid ASX tradable shares at a conversion rate of 1 share for every A\$0.66 drawn down or owed. As a fee, the lender has been issued with 1,000,000 unlisted options exercisable at \$0.40 per option any time on or before 1 February 2013. Each option will, if exercised, convert into a fully paid ASX tradable share in SCR.

Of the \$10m total available loan funds now secured, approximately \$1.0 million has been drawn down to date. At present no further additional loan facilities will be sought by the Company.

### EXPLORING THE SCANDINAVIAN SHIELD

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Facebook: Scandinavian Resources | Twitter: scanres

ACN: 132 035 842 | ASX: SCR

## Summary

By way of introduction Scandinavian Resources’:

- strategy is to ‘incubate’ a highly prospective portfolio of iron, manganese, gold, PGE and base metals projects in Scandinavia (primarily Sweden and Norway).
- cornerstone investor is S&P/ASX Top 200 company, OM Holdings Ltd (ASX:OMH).
- 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.
- exploration projects are the Kiruna iron Project (Kiruna District, Sweden), Lake Embrace copper-lead-zinc-silver Project (Nordland District, Norway) and Swampy Mountain iron-copper-gold plus PGE Project (Skellefte District, Sweden).
- 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.
- ‘pipeline’ of projects cover manganese, gold, copper-gold and lead-zinc prospects in Sweden and Norway.
- Raised AUD6.7 million through an Initial Public Offering and was granted admission to the ASX in April 2010

Please visit [www.scandinavianresources.com](http://www.scandinavianresources.com) for a detailed summary of the Company’s projects.

## 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.

## For further information please contact:

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# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

SCANDINAVIAN RESOURCES LTD

ABN

99 132 035 842

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | 1) Ordinary Fully Paid Shares<br>2) Unlisted Options  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 1) 200,000 Ordinary Fully Paid Shares<br>2) 1,000,000 Unlisted Options  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1) Shares issued on exercise of 25c Options expiring on 31 October 2011.<br>2) Unlisted Options exercisable at 40c each on or before 1 February 2013. |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p>	<p>1) Yes – the shares will rank equally with existing ordinary shares                  2) No – The shares issued upon exercise will rank equally with existing ordinary shares</p>						
<p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>							
<p>5 Issue price or consideration</p>	<p>1) 25c per Option                  2) Nil</p>						
<p>6 Purpose of the issue                  (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>1) Ordinary fully paid shares issued on exercise of 25c Options expiring on 31 October 2011.                  2) Options issued as fee for convertible loan</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>10 February 2011</p>						
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="695 1480 995 1518">Number</th> <th data-bbox="995 1480 1284 1518">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1518 995 1621">43,196,543</td> <td data-bbox="995 1518 1284 1621">Ordinary fully paid shares</td> </tr> <tr> <td data-bbox="695 1621 995 1738">33,534,968</td> <td data-bbox="995 1621 1284 1738">Options exercisable at 25 cents on or before 31 October 2011</td> </tr> </tbody> </table>	Number	+Class	43,196,543	Ordinary fully paid shares	33,534,968	Options exercisable at 25 cents on or before 31 October 2011
Number	+Class						
43,196,543	Ordinary fully paid shares						
33,534,968	Options exercisable at 25 cents on or before 31 October 2011						

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+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	20,133,335	Fully paid ordinary shares classified as restricted securities escrowed to 21 April 2012.
	294,118	Fully paid ordinary shares escrowed until 15 March 2011.
	8,533,340	Options exercisable at \$0.20 each on or before 31 October 2012.
	20,133,334	Options exercisable at \$0.20 each on or before 31 October 2012 classified as restricted securities escrowed to 21 April 2012.
	2,500,000	Options exercisable at \$0.20 each on or before 31 August 2011 classified as restricted securities escrowed to 21 April 2012.
	400,000	Options exercisable at \$0.25 each on or before 30 June 2013.
	300,000	Options exercisable at \$0.50 each on or before 30 June 2013.
	300,000	Options exercisable at \$0.75 each on or before 30 June 2013.
	1,500,000	Options exercisable at \$0.20 on or before 31 October 2012.
	500,000	Options exercisable at \$0.40 on or before 15 December 2012.
1,000,000	Options exercisable at \$0.40 on or before 1 February 2013.	

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

**Part 2 - Bonus issue or pro rata issue**

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

13 Ratio in which the +securities will be offered

14 +Class of +securities to which the offer relates

15 +Record date to determine entitlements

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

17 Policy for deciding entitlements in relation to fractions

18 Names of countries in which the entity has +security holders who will not be sent new issue documents  
Note: Security holders must be told how their entitlements are to be dealt with.  
Cross reference: rule 7.7.

19 Closing date for receipt of acceptances or renunciations

20 Names of any underwriters

21 Amount of any underwriting fee or commission

22 Names of any brokers to the issue

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+ See chapter 19 for defined terms.

23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	
33	+Despatch date	

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+ See chapter 19 for defined terms.

### **Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### **Entities that have ticked box 34(a)**

##### **Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

#### **Entities that have ticked box 34(b)**

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+ See chapter 19 for defined terms.



38 Number of securities for which  
+quotation is sought 

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39 Class of +securities for which  
quotation is sought 

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40 Do the +securities rank equally in  
all respects from the date of  
allotment with an existing +class of  
quoted +securities?

If the additional securities do not  
rank equally, please state:

- the date from which they do
- the extent to which they  
participate for the next dividend,  
(in the case of a trust,  
distribution) or interest payment
- the extent to which they do not  
rank equally, other than in  
relation to the next dividend,  
distribution or interest payment

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41 Reason for request for quotation  
now

Example: In the case of restricted securities, end of  
restriction period

(if issued upon conversion of  
another security, clearly identify  
that other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 38)		

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+ See chapter 19 for defined terms.

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Ian Gregory  
Company Secretary  
10 February 2011

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+ See chapter 19 for defined terms.