



ASX Announcement / Media Release

22 July 2011

Fast Facts

ASX Code: SCR
SCRO

Capital Structure

Shares on issue: 74.8m
Options on issue: 64.2m (ex 20c – 75c)
Market cap: \$27.7m (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

General Meeting

A general meeting will be held in August 2011 to:

- pre-approve shares and options to be issued in accordance with previously announced loan agreements
- ratify the issue of options in accordance with previously announced loan agreements
- pre-approve shares and options to be issued in accordance with new loan agreements

Scandinavian Resources Ltd (ASX:SCR) has called a general meeting of shareholders to consider approving the issue of shares and options pursuant to loan agreements previously announced to the ASX on 4 November 2010, 23 December 2010, 2 February 2011 and 8 February 2011.

Damian Hicks, Chairman said, "During late 2010 and early 2011 we entered into four loan agreements which provided the Company with a combined draw down facility of up to \$10 Million; so far we've drawn down just under half of the available funds. The loan funds have enabled us to continue exploration and corporate activities; including 12,500m of diamond drilling and the acquisition of two new iron projects. We're now firmly on target to release our first JORC resource update for the Kiruna Iron Project late next week.

\$3.75 Million of the loan funds are convertible into Scandinavian Resources Ltd shares at 33 ¹/₃ and \$6.25 Million is convertible at 66 ²/₃ cents per share. With the stock currently trading at around 40 cents we may soon receive request from lenders to convert their loans into shares. We need the approval of shareholders to do this and that's why we are holding the meeting in August.

We are also seeking shareholder approval to enter into new loan agreements. These new loans, if approved by shareholders, and if drawn down by the Company would enable the lenders to convert their loans into Scandinavian Resources Limited shares at 66 ²/₃ cents per share.

Details of the resolutions will be contained in a Notice of Meeting to be lodged with the ASX early next week."

EXPLORING THE SCANDINAVIAN SHIELD

Ground Floor, 28 Ord Street, West Perth, Western Australia | P O Box 1668, West Perth, WA 6872, Australia

T: +61 8 9324 1153 F: +61 8 9324 3366 | www.scandinavianresources.com

Facebook: Scandinavian Resources | Twitter: scanres

ACN: 132 035 842 | ASX: SCR

Mr Hicks continued, "As the loan agreements all have an element of convertibility contained within them they should have been included in calculations for the purpose of listing rule 7.1; we didn't recognise this and accordingly we have breached listing rule 7.1. The general meeting will remedy this breach and importantly, subject to meeting ASX requirements, the Company's ability to issue 15% of its issued capital without shareholder approval in the future will not be affected."

During the period from 22 September 2010 to 29 June 2011 we exceeded our capacity to issue equity securities without security holder approval under listing rule 7.1 by issuing and/or agreeing to issue a total of 24,325,000 equity securities, representing approximately 37% of the Company's issued capital. This is calculated on the basis that all \$10 Million in loan funds had the potential to be drawn down. We have now arranged for the immediate execution of variation agreements by the parties to the loans and to cancel a portion of the loan options as part of the remedy. In that regard an Appendix 3B notifying the updated capital structure of the Company is attached following cancellation of 1 Million loan fee options exercisable at 20 cents and 500,000 loan fee options exercisable at 40 cents. We have also provided ASX with an undertaking not to issue any equity securities without security holder approval until the variation agreements have been executed by the parties to the loans and the loan options have been cancelled, unless the issue comes within an exception in listing rule 7.2

Scandinavian Resources Ltd (ASX: SCR)

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 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 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

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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 | N/A |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | N/A |
| 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) | N/A |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	N/A							
<p>5 Issue price or consideration</p>	N/A							
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	N/A							
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	N/A							
<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="686 1243 989 1288">Number</th> <th data-bbox="989 1243 1281 1288">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1288 989 1377">54,696,161</td> <td data-bbox="989 1288 1281 1377">Ordinary fully paid shares</td> </tr> <tr> <td data-bbox="686 1377 989 1512">30,529,468</td> <td data-bbox="989 1377 1281 1512">Options exercisable at 25 cents on or before 31 October 2011</td> </tr> </tbody> </table>	Number	⁺ Class	54,696,161	Ordinary fully paid shares	30,529,468	Options exercisable at 25 cents on or before 31 October 2011	
Number	⁺ Class							
54,696,161	Ordinary fully paid shares							
30,529,468	Options exercisable at 25 cents on or before 31 October 2011							

+ 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.
	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.
	500,000	Options exercisable at \$0.20 on or before 31 October 2012.
	1,000,000	Options exercisable at \$0.40 on or before 1 February 2013.

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?

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 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
- 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

+ See chapter 19 for defined terms.

- | | | |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 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 | |

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

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

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)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 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
- 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)

+ See chapter 19 for defined terms.

42 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 38)

Number	⁺ Class

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.



Damian Hicks
Chairman
22 July 2011

⁺ See chapter 19 for defined terms.