



ASX Announcement / Media Release

13 July 2011

Kiruna Iron Project Update

By Amanda Arrowsmith, Exploration Manager

Rakkuri Project (located 6km south of Kiruna)

- Drilling (13 holes) has identified extensions to known iron mineralisation and confirmed historic intercepts
- Exploration hole intercepts include:
 - RAKI1002 - 138m @ 29% Fe from 84m
 - RJOI1003 - 46m @ 31% Fe from 266m
 - RJOI1001 - 45m @ 36% Fe from 121m
 - RJOI1001 - 23m @ 43% Fe from 88m
- Twin hole intercepts include:
 - RAKI1005 - 65m @ 21% Fe from 142m
 - RJOI1002 - 39m @ 37% Fe from 327m
 - RJOI1002 - 25m @ 51% Fe from 213m
 - RJOI1002 - 17m @ 47% Fe from 301m
- Metallurgical test work in progress
- Environmental and social impact studies in progress
- Exploitation concession application to be lodged 2012

Sautusvaara Project (located 20km east of Kiruna)

- Drilling (5 holes) has identified extensions to known iron mineralisation and confirmed historic intercepts
- Twin hole intercepts include:
 - SAUI1002 - 112m @ 42% Fe from 156m
- Exploration hole intercepts include:
 - SAUI1003 - 19m @ 28% Fe from 131m
 - SAUI1004 - 40m @ 39% Fe from 44m
- Metallurgical test work in progress

Renhagen & Harrejaure Projects (located 30km west of Kiruna)

- Drilling in progress (9 holes completed); assays pending

Kiruna Iron Project JORC Resource Updates

- 1st Update scheduled for end of July 2011 covering Rakkurijärvi, Rakkurijoki, Rakkurijärvi-Discovery Zone (Fe, Cu & Au), Vieto, Sautusvaara, Ekströmsberg and Tjärrojåkka

Fast Facts

ASX Code: SCR
SCRO

Capital Structure

Shares on issue: 74.8m
Options on issue: 65.7m (ex 20c – 75c)
Market cap: \$29.9m (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

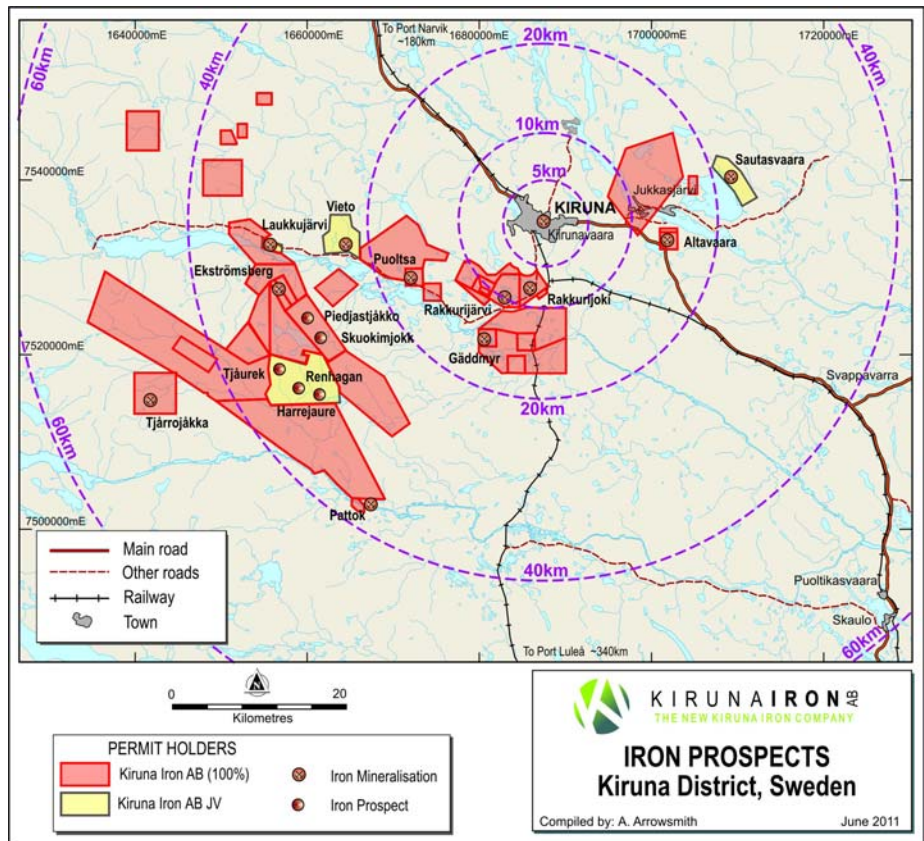
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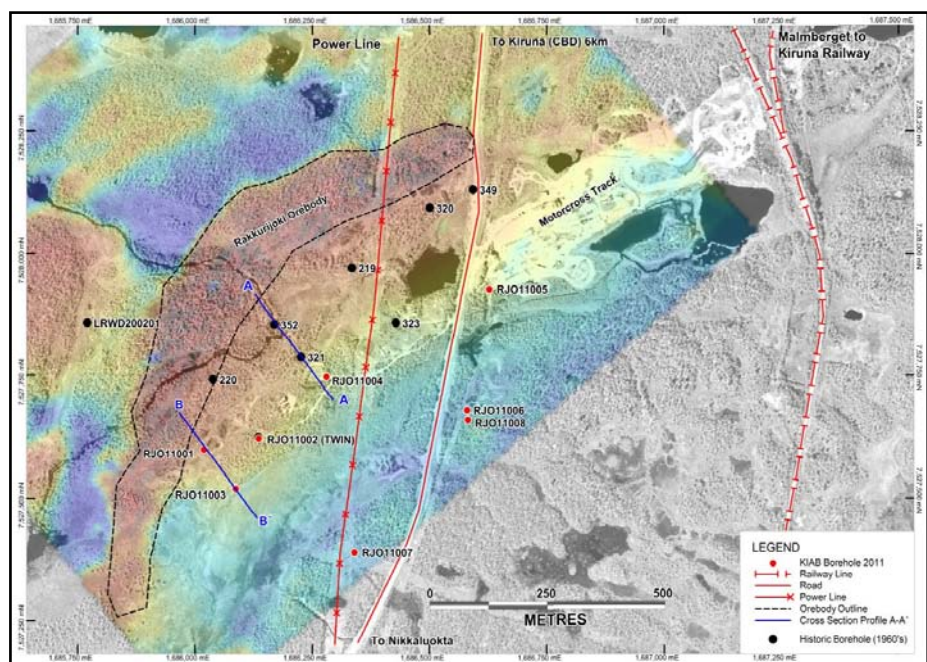
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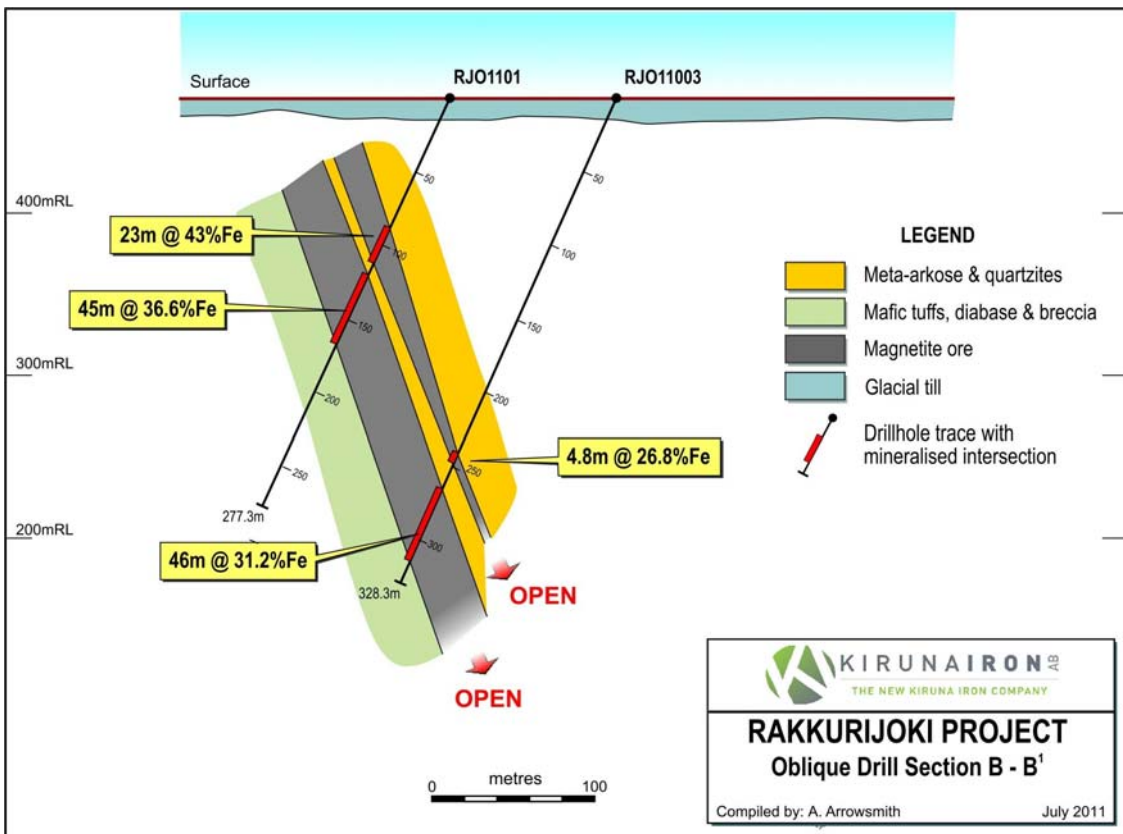
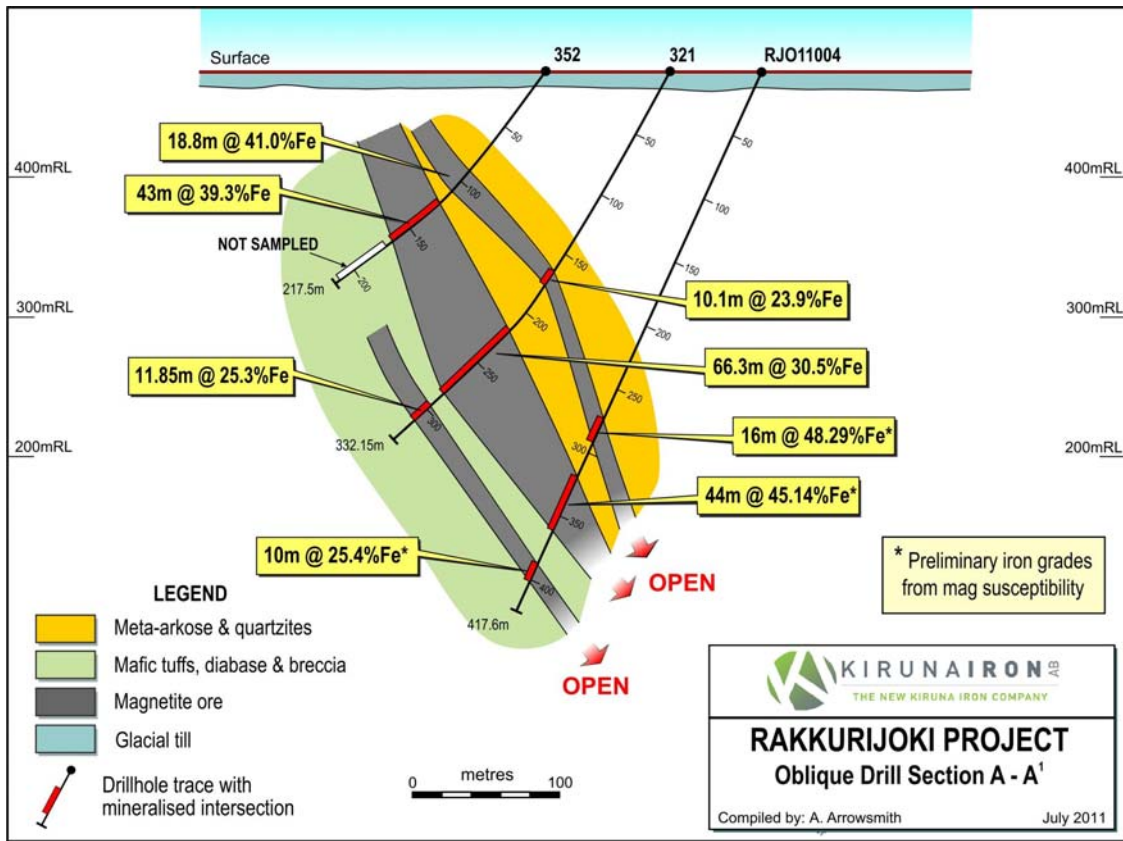
Scandinavian Resources Ltd (ASX:SCR) is pleased to provide an update on drilling activities carried out by its wholly owned subsidiary Kiruna Iron AB (KIAB) at its Kiruna Iron Project located 1,300km north of Stockholm, Sweden (refer Figure right). Importantly KIAB is now the largest owner of historical Swedish Geological Survey (SGU) iron occurrences in the Kiruna District, with most located less than 40km from Europe’s largest iron mine and modern infrastructure (including rail, power and services). This is an important platform from which the Company aims to become a producer of a premium quality iron products. KIAB is on target to report an updated global JORC compliant inferred mineral resource late in July 2011. The resource update scheduled for release at the end of July 2011 will include updates for Rakkurijärvi, Rakkurijoki, Rakkurijärvi-Discovery Zone (Fe, Cu & Au), Vieto, Sautusvaara, Ekströmsberg and Tjårråjokka. A second resource update is likely towards the end of 2011 which will include results from Puoltsa, Renhagen, Harrejaure and Laukkujärvi.



Rakkurijärvi & Rakkurijoki (together referred to as the Rakkuri Project)

KIAB is pleased to advise it has received excellent drill results from recent diamond drilling at both the Rakkurijärvi and Rakkurijoki Iron Prospects located 6km from Kiruna. This recent drilling was designed to confirm historic drill intercepts (1960’s) and to extend the known mineralisation along strike and at depth – drilling has successfully achieved both of these goals. In particular it is pleasing to note that the Rakkurijoki mineralisation is open at a depth of more than 400m; step-out drilling to test for further depth extensions is in progress. The Rakkurijoki prospect is very well located with regard to rail, road and power as highlighted in the image to the right.





Significant Intercepts Table - Rakkurijärvi & Rakkurijoki Prospects

Hole ID	From (m)	To (m)	Length (m)	Ave Fe%
Rakkurijärvi				
RAK11001	244.0	247.2	3.2	23.0
RAK11002	84.0	222.2	138.2	29.7
RAK11004	147.5	192.3	44.9	15.7
RAK11005 (Twin)	142.9	208.3	65.4	21.8
RAK11006	95.3	184.7	89.4	25.0
Rakkurijoki				
RJO11001	88.4	111.6	23.2	43.1
RJO11001	121.0	166.7	45.6	36.6
RJO11002 (Twin)	213.6	239.5	25.9	51.1
RJO11002 (Twin)	301.5	314.4	17.7	47.4
RJO11002 (Twin)	327.0	366.0	39.0	37.3
RJO11003	242.2	247.0	4.8	26.9
RJO11003	266.2	313.0	46.8	31.2

All samples submitted to ALS Laboratories (Brisbane, Western Australia) for ME-XRF15b analysis.

Additionally 1,288 samples in total from the Discovery Zone, Rakkurijärvi and Rakkurijoki (being the three prospects comprising the Rakkuri Project) have been delivered to ALS (Perth, Western Australia) for high-level metallurgical test work. This work will be supervised by Mineral Engineering Technical Services Pty Ltd (Perth, Western Australia) and is scheduled for completion in September 2011.

KIAB has initiated a substantive environmental baseline study at the Rakkuri Project which is running in conjunction with a social impact study; both of these studies will form part of exploitation concession applications which KIAB is aiming to lodge in 2012 for each of the three prospects at Rakkuri. This process is being managed by Swedish companies Golder Associates AB and Enetjärn Natur AB.

Sautusvaara

Five diamond drill holes have been completed at the Sautusvaara Project located approximately 20km east of Kiruna for a total of approximately 1,400m. The Sautusvaara Project consists of two orebodies; Sautusvaara North and Sautusvaara South which are separated by a distance of 1.5km.

Two of the five drillholes were twin holes designed to confirm historical (1960's) drill intercepts; the three remaining holes were exploration holes targeting magnetic anomalies along strike of the current orebodies. The twin holes compared favourably with the historical intercepts with SAUI1002 returning an outstanding intercept of 112.9m @ 42.52% Fe from 156.7m.

Exploration hole SAUI1003, which was targeting a weaker magnetic anomaly along strike to the south of the main orebody, confirmed that the mineralisation does continue to towards the south with 19m @ 28.4% Fe from 131.8m. Exploration hole SAUI1004 was targeting a strong magnetic anomaly towards the southwest of the main Sautusvaara North orebody; this hole intercepted 40.5m @ 39.89% Fe from 44.55m. Further drilling is required in this area to further extend the mineralisation to the southwest although this can only happen in winter when Lake Sautusjärvi is frozen.

In early April samples from both orebodies were submitted to JKTech Pty Ltd in Queensland for high-level metallurgical testwork; results are expected late July.

Significant Intercepts Table - Sautusvaara Project

Hole ID	From (m)	To (m)	Length (m)	Ave Fe%
SAUI1001 ¹	108.75	115	6.25	32.49
SAUI1002 (Twin)	138	151.35	13.35	38.19
SAUI1002 Twin)	156.7	269.6	112.9	42.52
SAUI1003	131.8	150.8	19	28.4
SAUI1004	44.55	85.05	40.5	39.89
SAUI1005 (Twin)	170.6	183.85	5.9	45.19
SAUI1005 (Twin)	189.9	265.5	55.5	42.95

All samples submitted to ALS Laboratories (Brisbane) for ME-XRF15b analysis.

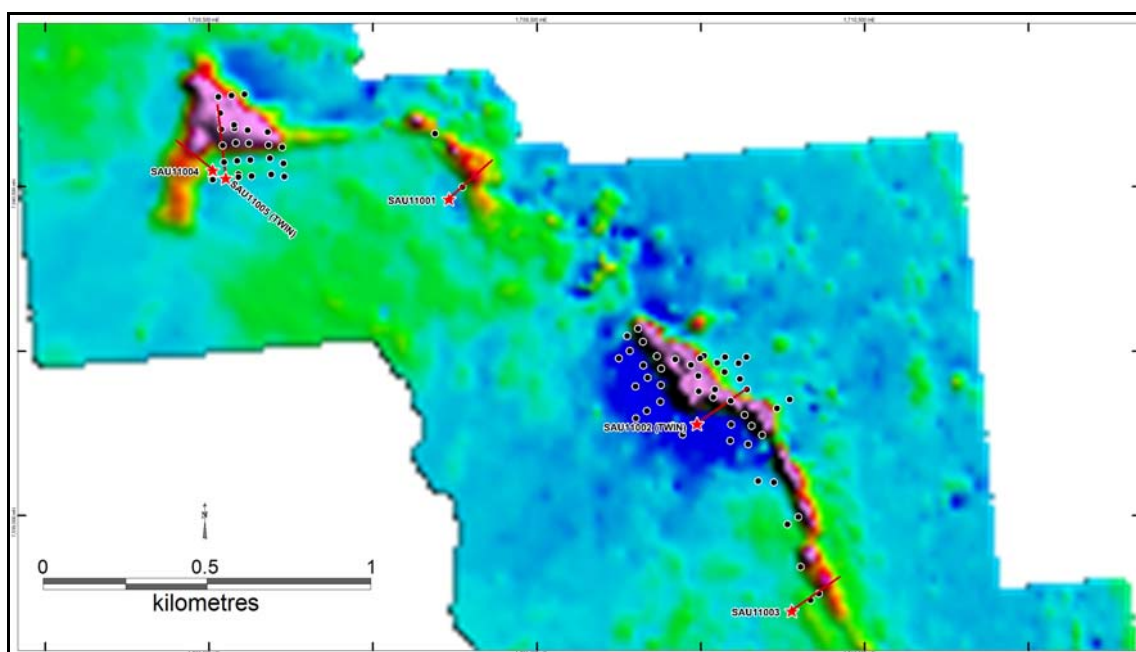


Figure: Summary of recent diamond drilling at the Sautusvaara Project on magnetic imagery

¹ Previously announced result (13th May 2011)

Renhagen Project

Diamond drilling at the Renhagen Prospect located approximately 30km west of Kiruna has recently finished; 7 holes were drilled for a total of 1235.8m. Six of the seven holes were infilling historic drilling (1960's) profiles; drill spacing is currently at 150-200m and additional infill drilling will be required next summer. Weak primary and secondary copper mineralisation has been observed in the recent drill core along with good intercepts of magnetite ore.

The Renhagen deposit was first discovered in outcrop in 1949 and five drillholes were completed in the 1960's. Modern exploration was completed in the area in the early 2000's but by explorers targeting copper-gold targets. Historic observations indicate the magnetite occurs as veinlets, veins and breccia infill cementing angular to rounded fragments of trachyandesite, although wider (~40m) lenses of more massive ore also occur.

One exploration drill hole was drilled targeting a large magnetic anomaly located to the south of the current deposit-this magnetic anomaly has never been drill tested before. REN11007 intercepted 'good quality' magnetite ore from visual estimates and all assay results from Renhagen are expected in August 2011.

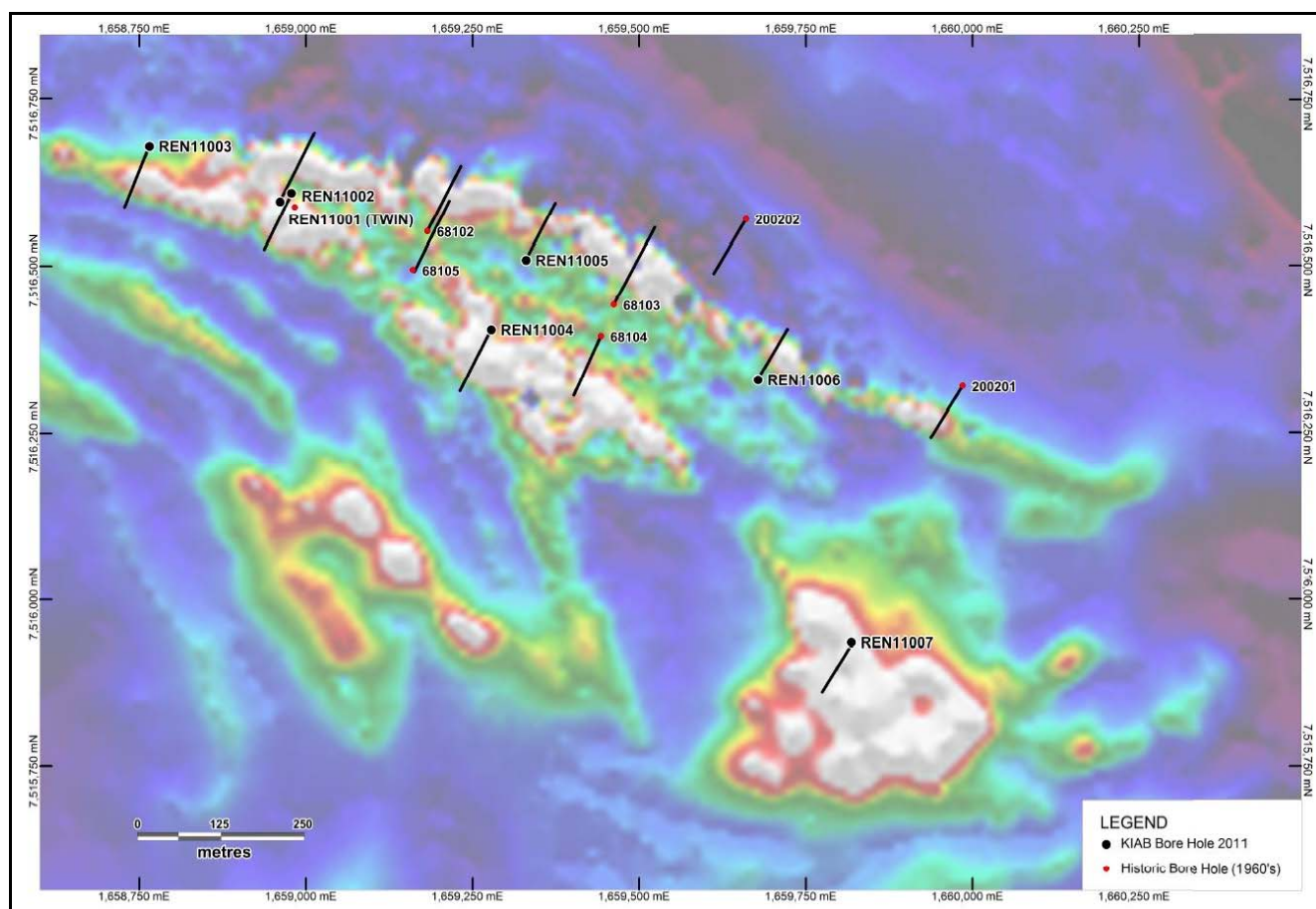


Figure: Summary of recent diamond drilling at the Renhagen Prospect on magnetic imagery.

Harrejaure Project

Diamond drilling has recently commenced at the Harrejaure Project which is located 3km southeast of the Renhagen Project. The small helicopter portable rig has completed two drillholes and has begun drilling the third of six planned holes.

Iron mineralisation was first discovered at Harrejaure by a private explorer in the 1950's and 1960's where up to 18 drillholes were completed although none of the drillhole data exists today therefore KIAB is redrilling the orebody. Information from old reports located at the SGU indicate that the Harrejaure deposit contains smaller volumes of high grade ore (~50-65% Fe) within an 100-200m wide zone of lower grade mineralisation (~10-40% Fe). Visual estimates and magnetic susceptibility measurements of the first two holes drilled by KIAB confirm this observation. Shallower parts of the orebody contain significant amounts of hematite due to weathering of magnetite.

In January 2011 Kiruna Iron AB completed both ground magnetic and gravity surveys at Harrejaure which identified large, coincident magnetic and gravimetric anomalies. Geophysical modelling of these anomalies indicates that significant tonnages of both magnetite and hematite are present at Harrejaure; current drilling will look to confirm the geophysical modelling.

Updated Drilling Summary Table

Project	No. Holes	Total length (m)	Comments
Vieto	5 completed	1,005.9m	All assays returned
Sautusvaara	5 completed	1,399.7m	All assays returned
Rakkurijärvi	6 completed	1,487.2m	All assays returned
Laukkujärvi	16 completed	3293.2m	Assays pending for three holes, balance to be logged, sampled and assayed
Rakkurijoki	7 completed	2534.75m drilled to date	7 holes completed, drilling underway on eighth hole Assays returned for three holes, balance pending
Puoltsa	7 completed	1714.1m	Assays pending for two holes, balance to be logged, sampled and assayed.
Renhagen	7 completed	1235.8m	All holes completed. All holes to be logged, sampled and assayed.
Harrejaure	6 planned	1,200m planned	2 holes complete, drilling underway on third hole

Poor ground conditions at both Rakkurijärvi and Rakkurijoki have directly impacted on drill production and several holes have failed to reach the target depth; re-entries of these holes will take place during the next phase of drilling scheduled to commence in September 2011. This second phase of drilling will primarily constitute resource drilling at Rakkuri and at the newly acquired Ekströmsberg Iron Project where drill spacing will be closed down from 200m to 100m and finally 50m.

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.

Scandinavian Resources Ltd 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).
- 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.

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

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