

ASX Release 17 January 2012

Kiruna Iron Project JORC Resource Update

- 473Mt @ 40% Fe Resource
- 203-273Mt @ 32-40% Fe JORC Exploration Target¹
- JORC Exploration Targets converted to JORC Inferred Resources
- JORC Exploration Targets increased
- Metallurgy test work indicates a premium quality concentrate can be produced from the resources
- Successful exploration, joint venture and acquisition strategy firmly entrenches Kiruna Iron AB in the world class Kiruna Iron District

Scandinavian Resources Ltd (ASX:SCR) and wholly owned subsidiary Kiruna Iron AB advise that the updated global JORC compliant mineral resource statement (Indicated & Inferred as detailed in Appendix A) for the Kiruna Iron Project, located in Northern Sweden is now:

473Mt @ 40% Fe

The global JORC Exploration Target for the Kiruna Iron Project has also been updated to:

203-273Mt @ 32-40% Fe¹

The success of the Kiruna Iron strategy is highlighted by the growth in resources shown below:

ASX Release Date	JORC Resources	JORC Exploration Target
21/04/2010	-	-
28/06/2010	98Mt	8-10M @ 25-69% Fe
15/11/2010	185.7Mt @ 35% Fe	150-185Mt @ 25-37% Fe
27/07/2011	412.1Mt @ 39.9% Fe	150-230Mt @ 30-40% Fe
16/01/2012	473Mt @ 40% Fe	203-273Mt @ 32-40% Fe

Kiruna Iron AB is striving to compile 1Bt of iron resources within 80km of the Kiruna mining centre (home to Europe's largest iron mine), develop a central facility to process ore from a number of satellite deposits and then produce a premium quality iron concentrate for use as pellet feed. Amanda Arrowsmith, Exploration Manager said, "The pleasing aspect of our progress is that the Exploration Targets are being converted into Mineral Resources and the Exploration Targets are increasing; we expect this trend will continue. Importantly the preliminary metallurgical test work also shows that the iron mineralisation can be beneficiated to create a high quality concentrate."

Fast Facts

ASX Code: SCR

Capital Structure

Shares on issue: 114.4m

Options on issue: 32.52m (ex 20c – 75c)

Market cap: \$23m (undiluted)

Board of Directors

Damian Hicks Chairman

Olof Forslund Director

Ian Gregory Director &
Company Secretary

Markus Bachmann Non-executive Director

Primary Projects

Sweden

Kiruna Iron

Särksjön Au, Ag, Cu, Pb, Zn

Norway

Njivlojavri Copper-gold

Fiskarfjellet Copper

Project Pipeline

Commodities Gold

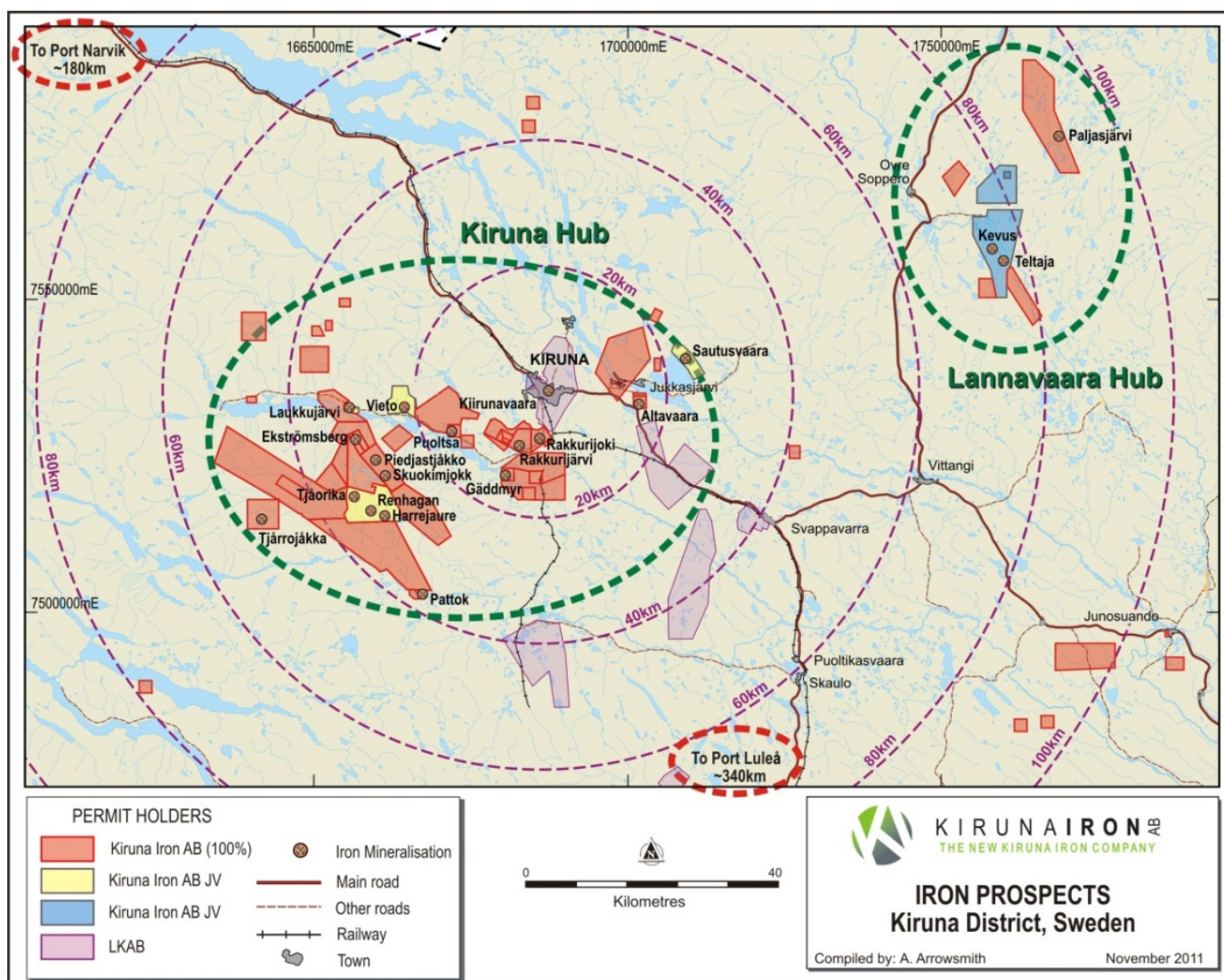
Copper

Copper-gold

Copper-lead-zinc

¹ 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 uncertain if further interpretation will result in the determination of a JORC Mineral Resource

EXPLORING THE SCANDINAVIAN SHIELD



The global JORC mineral resource incorporates the Rakkurijärvi, Rakkurijoki, Discovery Zone, Tributary Zone, Ekströmsberg, Tjärrojåkka, Vieta, Sautusvaara and Pattok prospects which were reported in July 2011 and has now been complemented by new JORC compliant inferred mineral resources for the Puoltsa, Renhagen and Harrejaure prospects. In the last 12 months, Kiruna Iron has completed a first phase of drilling (59 holes and 14,202m) and has initiated a second phase (currently 15 holes for 3,734m).

Table I: Phase I Drilling Summary by Kiruna Iron

Project	No. of Holes Drilled by KIAB	Total Metres Drilled	Resource Update Completed	JORC Mineral Resource
Vieta	5	1,005	Yes-July 2011	14Mt @ 35.7% Fe
Sautusvaara	5	1,399	Yes-July 2011	51.2Mt @ 37.9% Fe
Rakkurijärvi	6	1,487	Yes-July 2011	69.6Mt @ 28.5% Fe
Rakkurijoki	8	3,083	Yes-July 2011	74.5Mt @ 39.7 % Fe
Puoltsa	7	1,714	Yes-January 2012	19.1Mt @ 30.2% Fe
Renhagen	7	1,187	Yes-January 2012	26.3Mt @ 32.1% Fe
Harrejaure	5	1,031	Yes-January 2012	16.2Mt @ 43.4% Fe
Laukkujärvi	16	3,293	No-Due July 2012	-
TOTAL	59	14,202	-	-

Table 2: Phase 2 Drilling Summary by Kiruna Iron

Project	No. of Holes Drilled by KIAB	Metres Drilled (To date)	Resource Update Completed	Comments
Rakkurijoki	2	883	No	Infill Drilling Ongoing
Altavaara	13	2,850	No-Due July 2012	Exploration Target Updated January 2012
TOTAL (To date)	15	3,734	-	-

Table 3: Summary of Metallurgy Test Work

	Puoltsa	Gaddmyr	Vieto	Laukkujarvi	Ekströmsberg	Sautusvaara	Rakkurijoki	Rakkurjärvi	Rakkurjärvi Discovery Zone
Head Fe grade	49.3	64.6	32.8	10.3	52.6	47.7	35.9	22.3	46.9
% Magnetite	62.4	No data	47.9	69.9	28.2	No data	27.7	Insufficient data	No data
Mass Recovery, %	67.9	17.9	42.2	65.7	25.9	54.5	45.2	25.5	60.0
DTR Fe recovery	96.2	20.4	82.8	98.4	44.6	88.5	83.8	76.1	89.6
DTR conc Fe grade	70.3	71.9	70.0	71.0	70.8	71.1	69.2	68.9	70.8
DTR conc SiO ₂ grade	0.58	0.01	1.2	0.6	0.7	0.5	1.0	2.2	1.0
DTR conc Al ₂ O ₃ grade	0.16	0.07	0.2	0.02	0.1	0.2	0.3	0.4	0.2
DTR conc P grade	0.0017	0.02	0.01	0.002	0.04	0.05	0.009	0.005	0.003
DTR conc S grade	0.005	0.005	0.06	0.001	0.003	0.3	0.365	0.022	0.035

Note:

- Where the iron is predominantly present as magnetite, then the mass recovery will follow the % magnetite in the ore
- The mass recovery and iron recovery are related by the iron feed grade. i.e. If the iron grade is 10% Fe and this is present as only magnetite (equivalent to 14% magnetite in the feed) then a mass recovery of 14%, in a perfect separation, would achieve 100% iron recovery
- If the iron grade is made up of 50:50 magnetite: hematite then a mass recovery of 7% would achieve 50% iron recovery. If the mass recovery was 14%, as a result of gangue included with the magnetic concentrate, the iron recovery would still be ~50%, if the gangue material did not contain iron
- The DTR testwork has been carried out at 45 microns
- Further work will optimise the grind size for magnetic separation
- With the low grade feeds, rejection of some waste at coarse sizes (coarse cobbing) is a possibility and will be investigated
- Further testwork will investigate the reduction of sulphur and phosphorus from the magnetite and hematite ores by beneficiation
- The ores tested produce a concentrate of very low silica and alumina

Appendix A

JORC Compliant Indicated Mineral Resource Table

HUB I- KIRUNA HUB

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
TOTAL	73.8	43.0	-	-

JORC Compliant Inferred Mineral Resource Table

HUB I-KIRUNA HUB

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
Puoltsa	19.1	30.2	0.025	0.01
Renhagen	26.3	32.1	0.23	0.03
Harrejaure	16.2	43.4	0.04	0.01
Ekströmsberg	41.6	52.0	Unavailable	Unavailable
Tjärrojäkka	52.6	51.0	Unavailable	Unavailable
Pattok	62.4	44.2	1.96	Unavailable
TOTAL	399.9	38.1	-	-

TOTAL	Mt	Ave Fe (%)
Indicated & Inferred	473.7	40.5

JORC Compliant Exploration Targets Table

Kiruna Hub	Tonnage Range (Mt)	Grade Range (Fe%)
Prospect		
Åkosjegge	10-15	23-30
Altavaara	55-60	26-29
Laukkujärvi	4-8	30-35
Leppäjoki	5-8	35-45
Tjäorika	15-30	45-55
Total Hub I	89-121	31.8-38.8

Lannavaara Hub		
Prospect	Tonnage Range (Mt)	Grade Range (Fe%)
Kevus	35-45	28-35
Paljasjärvi	40-60	30-40
Teltaja	39-47	40-48
Total Hub 2	114-152	32-41

TOTAL	Mt	Fe (%)
Hub 1 & 2	203-273	32.1-39.6



KIRUNA IRON

THE NEW KIRUNA IRON COMPANY

Competent Persons Statement-Rakkurijärvi, Rakkurijoki, Discovery, Tributary Zone, and Puoltsa Mineral Resources

The mineral resource estimate for Rakkurijärvi, Rakkurijoki, Discovery, Tributary Zone and Puoltsa is effective from 13 January 2012 and has been prepared by Mr Thomas Lindholm, MSc 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). 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, Tjärrojåkka and Pattok Mineral Resources

The mineral resource estimate for Ekströmsberg, Tjärrojåkka, 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, Tjärrojåkka, 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, Sautusvaara, Renhagen and Harrejaure Mineral Resources

The mineral resource estimate for Vieto and Sautusvaara is effective from 26 July 2011 and the mineral resource estimate for Renhagen and Harrejaure is effective from 13 January 2012 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 Vieto, Sautusvaara, Renhagen and Harrejaure 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.

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.

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.

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:

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