



ASX Announcement / Media Release

4 March 2011

Kiruna Iron Project

Drilling at Rakkurijarvi Prospect

- Drilling has commenced at the Rakkurijarvi Prospect (Figure 2)
- Drilling planned to validate historical mineralised intercepts and to test geophysical anomalies (Figure 1)
- 8 exploration holes totalling 1,940m is planned
- A third track mounted drill rig has been secured taking the total active diamond rigs to three. A fourth helicopter transported diamond rig will also be utilised at the Kiruna Iron Project once the weather warms up (recent temperatures at Kiruna have been below -40°C).

Scandinavian Resources Ltd (ASX:SCR) is pleased to advise the commencement of drilling at the Rakkurijarvi Prospect, part of the Kiruna Iron Project.

As part of a 10,000 metre winter drill program, drilling has now commenced at the 100% owned Rakkuri Prospect (which comprises both Rakkurijarvi and Rakkurijoki), located 3km from the 2Bt Kiruna iron mine (owned by LKAB). The Rakkuri Prospect was acquired from Anglo American and Rio Tinto in November 2010.

A total of 8 holes have been planned for Rakkurijarvi including one twin hole to confirm historical drill intercepts. It is envisaged that this drilling will build on the existing tonnage at Rakkurijarvi which has a current Exploration Target<sup>1</sup> of 25-35Mt of iron at 25-36%Fe. The current inferred iron resource for the Rakkuri Prospect is 87.6Mt @ 33.2%. Final drill planning is underway for Rakkurijoki with drilling to commence soon thereafter.

The newly secured third rig will begin drilling at Rakkurijarvi and the rig from the Vieto Prospect has also been moved to Rakkurijarvi to assist with completion of the drilling before the end of March in order to satisfy local land owner requests. The balance of holes to be drilled at Vieto will be completed at a later date. Drilling at the Sautusvaara prospect is in progress.

SCR, through its wholly owned subsidiary Kiruna Iron AB is striving to become a producer of a premium quality iron products by implementing an aggregation and exploration model successfully employed by its peers in Northern Sweden and Western Australia (refer ASX released dated 20 January 2011).

Fast Facts

ASX Code: SCR  
SCRO

Capital Structure

Shares on issue: 64.31m  
Options on issue: 68.7m (ex 20c – 75c)  
Market cap: \$37.9m (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

Manganese  
Gold  
Copper  
Copper-gold  
Copper-lead-zinc

EXPLORING THE SCANDINAVIAN SHIELD

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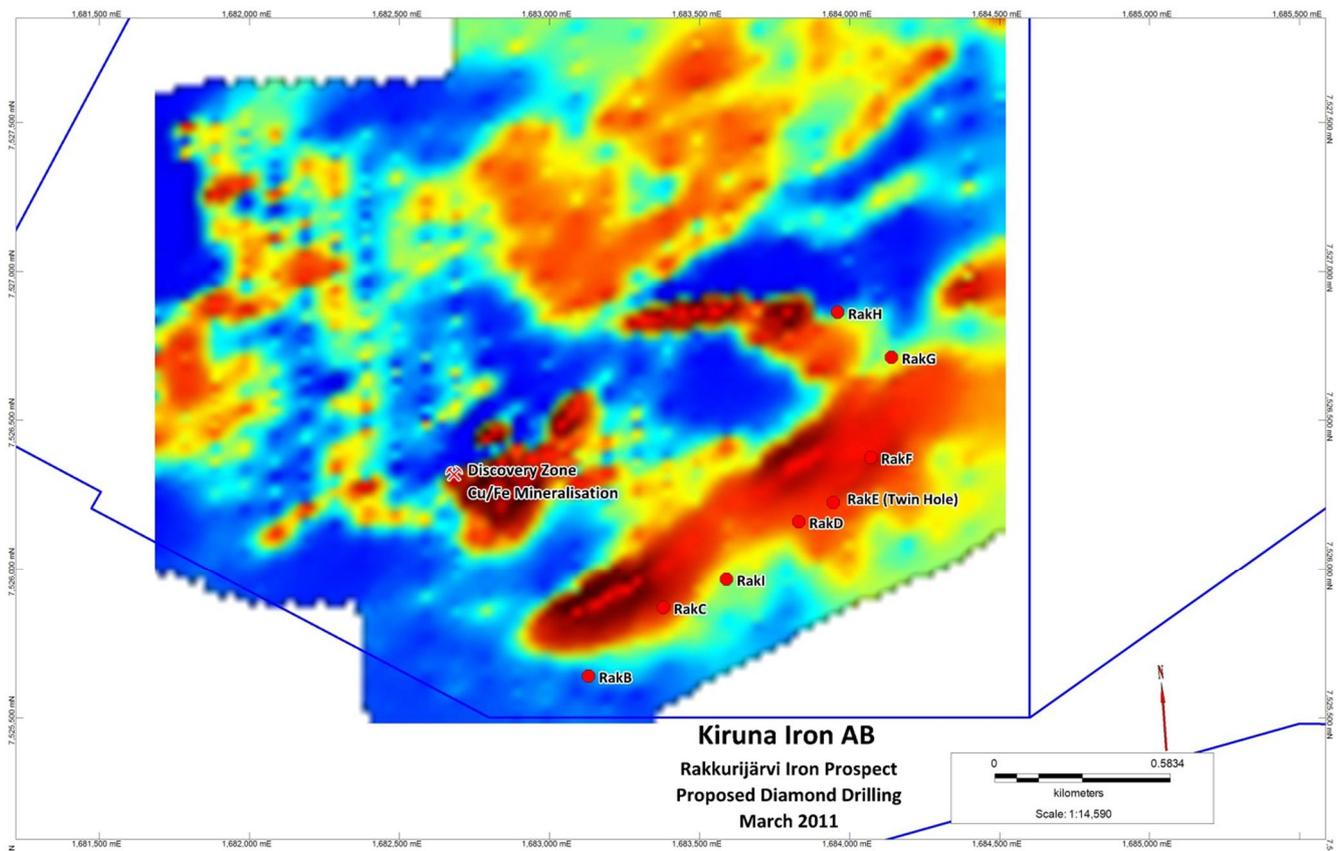


Figure 1: Proposed Rakkurijärvi Prospect drilling on magnetic imagery

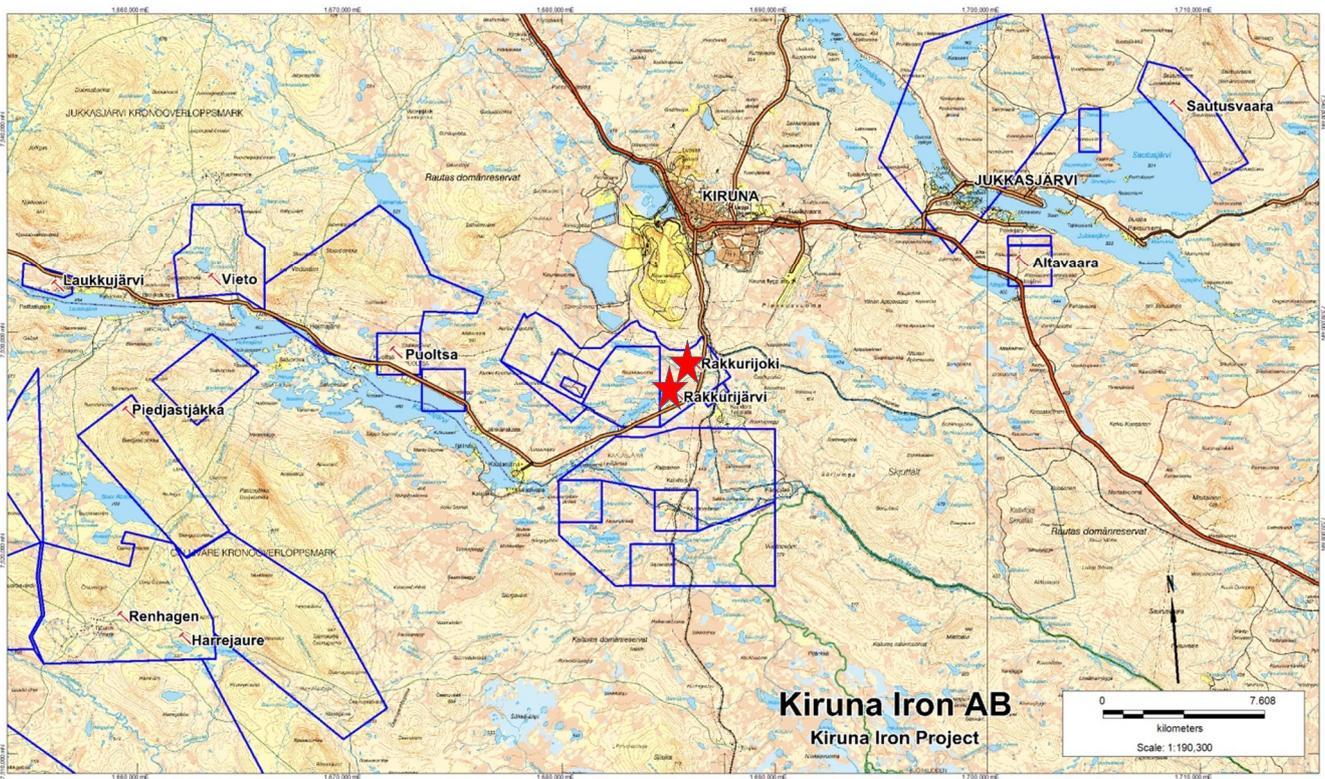


Figure 2: Iron prospect location map showing the Rakkuri Prospect which includes both Rakkurijärvi and Rakkurijoki

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## 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).
- 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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<sup>i</sup> The potential quantity and grade of the Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource