

ASX Release
16 January 2012

Altavaara JORC Exploration Target Update

By Amanda Arrowsmith, Exploration Manager

- JORC Exploration Target¹ increased to 55-60Mt @ 26-29% Fe
- Altavaara characterised by wide, low grade iron mineralised intercepts²:
 - 148m @ 29% Fe from 34m (ALT11011)
 - 134m @ 29% Fe from 9m (ALT11013)
 - 115m @ 27% Fe from 15m (ALT11012)
- Kiruna Hub continues to grow

Scandinavian Resources Ltd (ASX:SCR) is pleased to provide a JORC Exploration Target update for the Altavaara Prospect, part of the Kiruna Iron Project located 1,300km north of Stockholm, Sweden.

Altavaara is one of a number of iron prospects within Kiruna Iron AB's expanding Kiruna Hub. The concept for the Kiruna Hub is to develop a central facility to process ore from a number of satellite iron deposits located within 40km of the Kiruna mining centre. Altavaara is located 15km south of Kiruna, 10km from rail and 650m from the road to Kiruna.

Amanda Arrowsmith, Exploration Manager said "The Altavaara Prospect is shaping up to be a significant deposit within the Kiruna Hub; measurements from the 13 diamond drill holes we've completed have increased the JORC Exploration Target to 55-60Mt @ 26-29% Fe, up from the previously reported 10-20Mt @ 23-30% Fe. This is the exciting part; the potential to significantly increase the tonnage within the Kiruna Hub is being proven by drilling the historical government iron occurrences which have until now been overlooked."

Further to the ASX release of 29 December 2011, the balance of preliminary iron results, calculated from magnetic susceptibility measurements have been received (refer Table I). These additional intercepts confirm the wide zone of iron mineralisation at Altavaara. Early resource modelling of the deposit is underway, XRF assay results are expected in February 2012.

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.

² Estimated average iron grade determined via magnetic susceptibility; formal XRF assays are required to confirm iron grades.

Fast Facts

ASX Code: SCR

Capital Structure

Shares on issue: 114.4m
Options on issue: 32.5m (ex 20c – 75c)
Market cap: \$23m (undiluted)

Board of Directors

Damian Hicks Chairman
Olof Forslund Technical Director
Ian Gregory Director & Company Secretary
Markus Bachmann Non-executive Director

Primary Projects

Sweden

Kiruna Iron
Särksjön Au, Ag, Cu, Pb, Zn

Norway

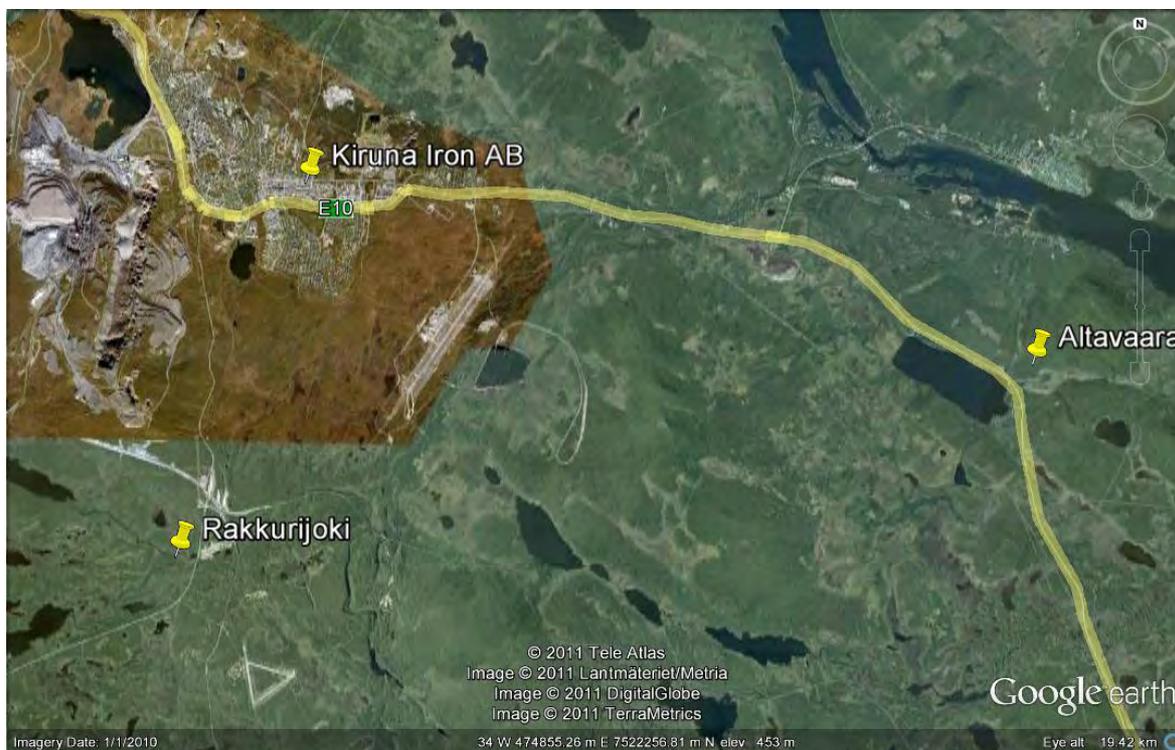
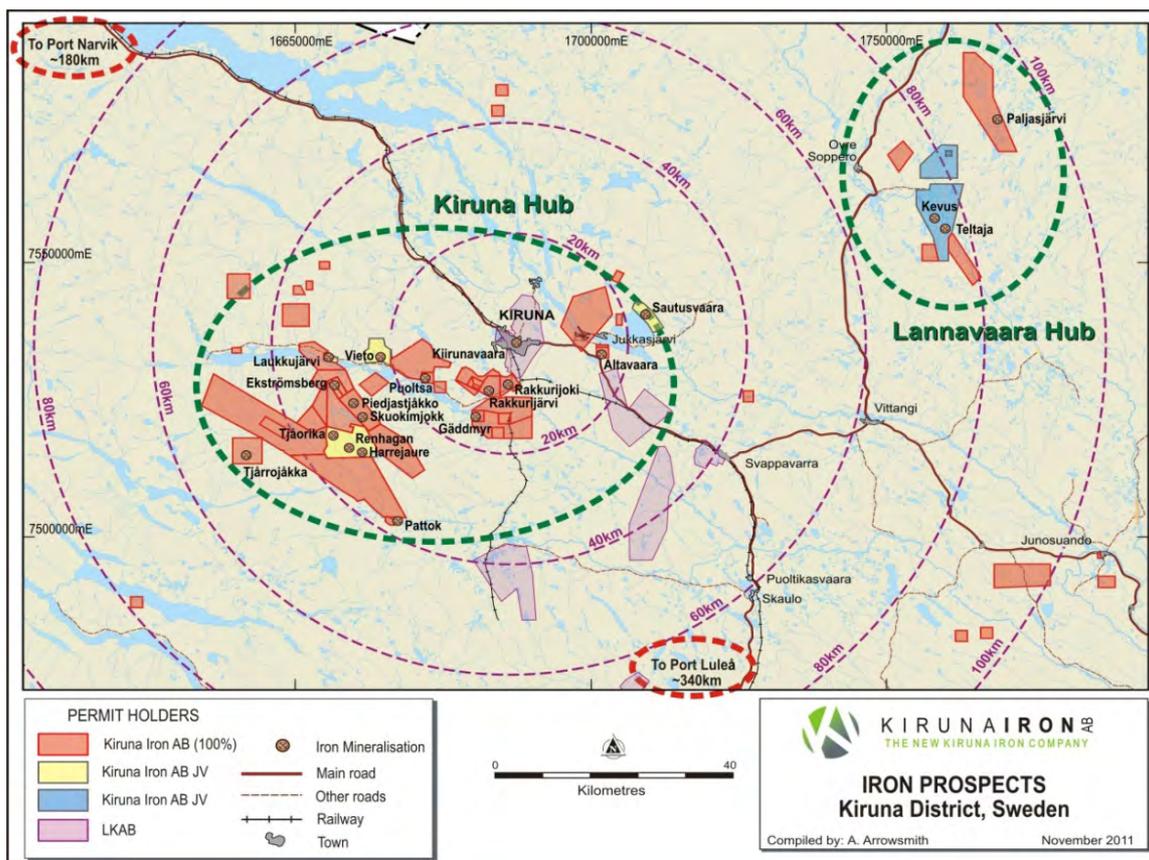
Njivlojavri Copper-gold
Fiskarfjellet Copper

Project Pipeline

Commodities

Gold
Copper
Copper-gold
Copper-lead-zinc

EXPLORING THE SCANDINAVIAN SHIELD



Kiruna Kommun (top left), Kiruna Iron AB (office location), E10 major road south-east to Lulea (340km) and north-west to Narvik (180km), Rakkurijoki (100% owned by Kiruna Iron AB) and Altavaara (100% owned) located 650m from the E10

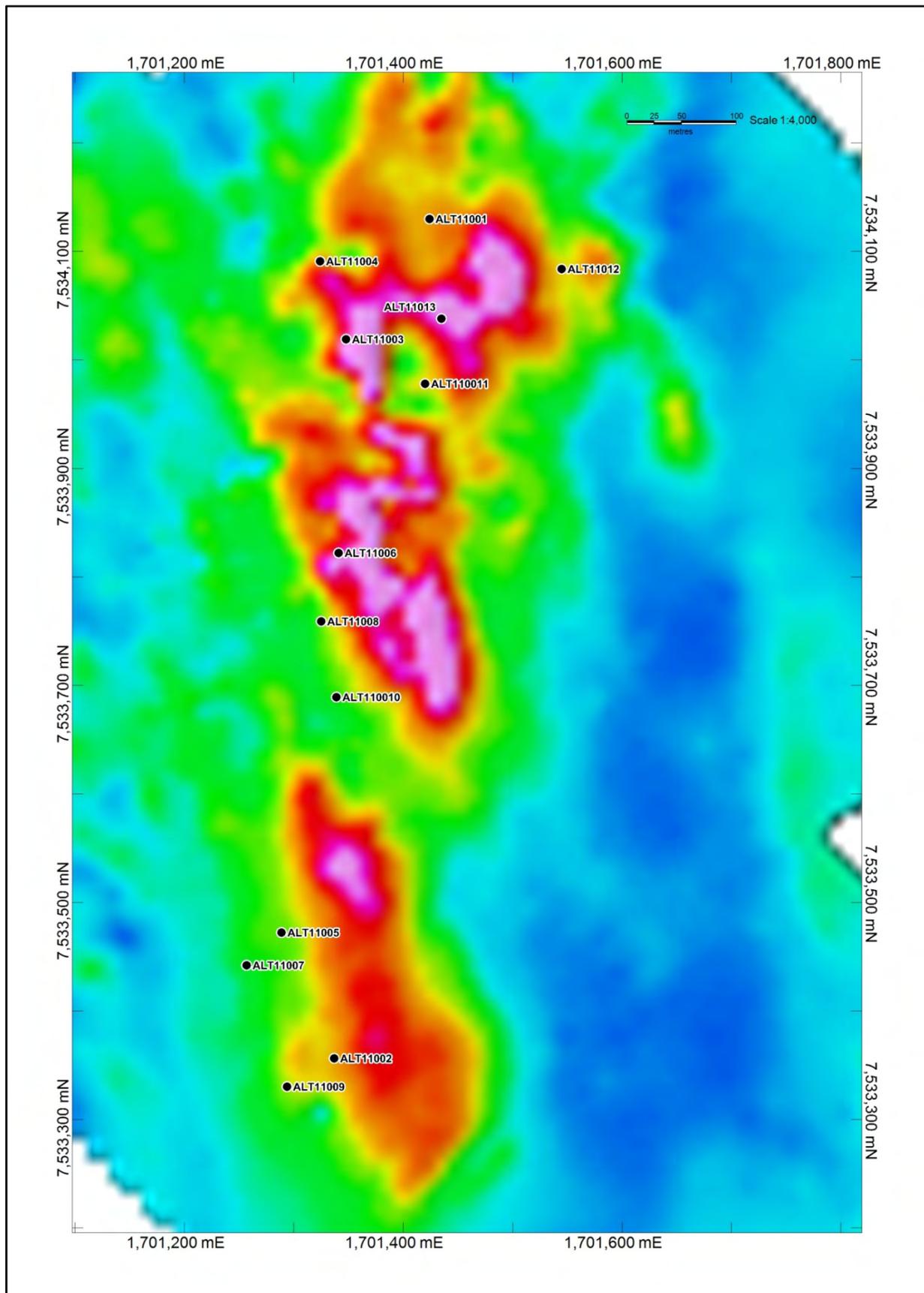
Table 1: Preliminary Iron Intercepts³

Prospect	Hole ID	From (m)	To (m)	Length (m)	Estimated Ave Fe% ³
Altavaara	ALT11001	14	137	123	21.7
Altavaara	ALT11002	39	134	95	19.2
Altavaara	ALT11003	17	259	242	24.9
Altavaara	ALT11004	176	327	151	22.9
Altavaara	ALT11005	76	150	74	22.6
Altavaara	ALT11006	18	113	95	26.5
Altavaara	ALT11007	130	208	78	21.1
Altavaara	ALT11008	45	152	107	20.8
Altavaara	ALT11009	92	205	113	19.4
Altavaara	ALT11010	70	110	40	20.0
Altavaara	ALT11011	34	182	148	29.9
Altavaara	ALT11012	15	130	115	27.3
Altavaara	ALT11013	9	143	134	29.0

Table 2: Drill hole Collar Information

Hole ID	Northing (RT90)	Easting (RT90)	RL	Azimuth	Dip	Total Depth (m)
ALT11001	7534131	1701424	390	070	-60	191
ALT11002	7533357	1701337	390	070	-55	212.2
ALT11003	7534020	1701348	390	070	-60	260
ALT11004	7534074	1701277	390	070	-55	331.6
ALT11005	7533473	1701289	390	070	-55	214.17
ALT11006	7533823	1701341	390	070	-45	179.3
ALT11007	7533443	1701257	390	070	-55	269.5
ALT11008	7533760	1701325	390	070	-55	250.35
ALT11009	7533331	1701294	390	070	-55	264
ALT11010	7533690	1701339	390	070	-54	202.5
ALT11011	7533979	1701420	390	070	-55	184.9
ALT11012	7534085	1701545	390	250	-55	129.25
ALT11013	7534039	1701435	390	070	-45	161.6

³ Estimated average iron grade determined via magnetic susceptibility; formal XRF assays are required to confirm iron grades.

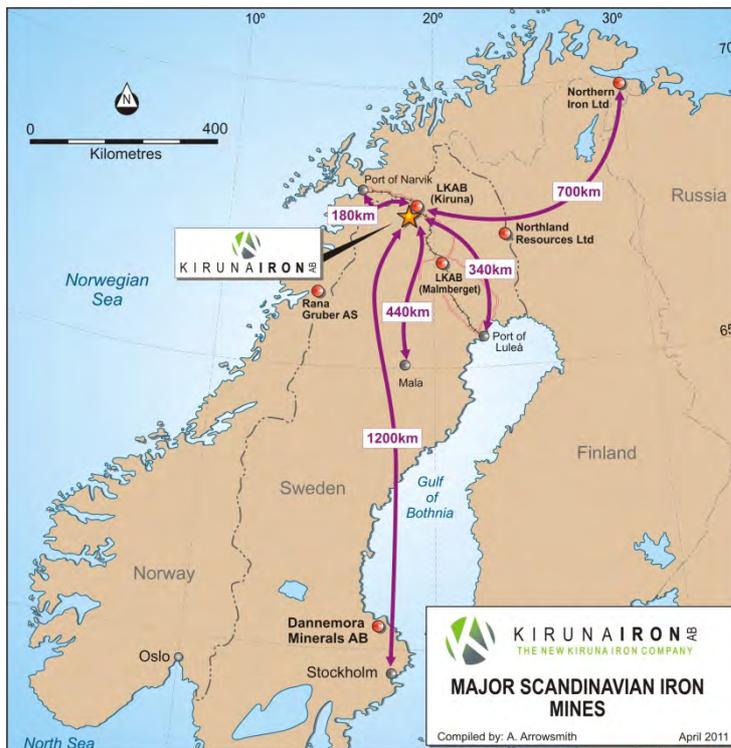


Drill collar locations of Altavaara drilling by Kiruna Iron AB overlaid on magnetic image

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.

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Competent Persons Statement

The information in this document that relates to exploration results is based on information compiled by Amanda Arrowsmith, Exploration Manager, Scandinavian Resources Ltd, who is a Member of the Australian Institute of Mining and Metallurgy. Ms Arrowsmith is a full-time employee of Scandinavian Resources Ltd. Ms. 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”. Ms Arrowsmith consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.