



ASX Announcement / Media Release

21 July 2010

Fast Facts

ASX Code: SCR
SCRO

Capital Structure

Shares on issue: 62.5m
Options on issue: 65.0m (ex 20c – 25c)
Market cap: \$8.75m (undiluted)

Financial Position

Cash: \$5.84 m

Board of Directors

Damian Hicks Chairman
Olof Forslund Technical Director
Ian Gregory Director &
Company Secretary
Paul Thomas 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

Diamond Drilling has commenced at the Lake Embrace (Famnvatnet) Project, Norway

- Diamond drilling to test up to 16 electro-magnetic (EM) geophysical anomalies
- EM anomalies generated through heli-borne VTEM survey
- High-grade Pb, Zn, Cu and Ag mineralisation being targeted
- Previously announced rock chip results include 1.87% Cu, 3.00% Pb, 8.05% Zn, 105ppm Ag and 0.62ppm Au from JS011.

Scandinavian focussed minerals company Scandinavian Resources Ltd (ASX: SCR) is pleased to announce that diamond drilling has commenced at its 100% owned Lake Embrace (Famnvatnet) Project. Lake Embrace is located in the Nordland region of Norway some 400km north of Trondheim and within the prospective Scandinavian Caledonides (refer attached map). The company's permits abut the Swedish border to the east (refer attached plan).

In August 2009 a large heli-borne VTEM survey was completed over the entire Lake Embrace Project which has produced multiple EM anomalies. To date, 16 high priority EM anomalies have been modelled by the company's consultant geophysicist Mr. Ben Jones in preparation for drilling.

All 16 of the drill targets have been field validated ahead of the drilling commencing by local staff members; several mineralised boulders (glacial moraine) have been discovered during this validation process and have been sent to ALS Laboratories in Piteå, Sweden for analysis. Assay results for the mineralised boulders are expected within 2 weeks.



Figure 1: Regional Map showing the Lake Embrace (Famnvatnet) Project location

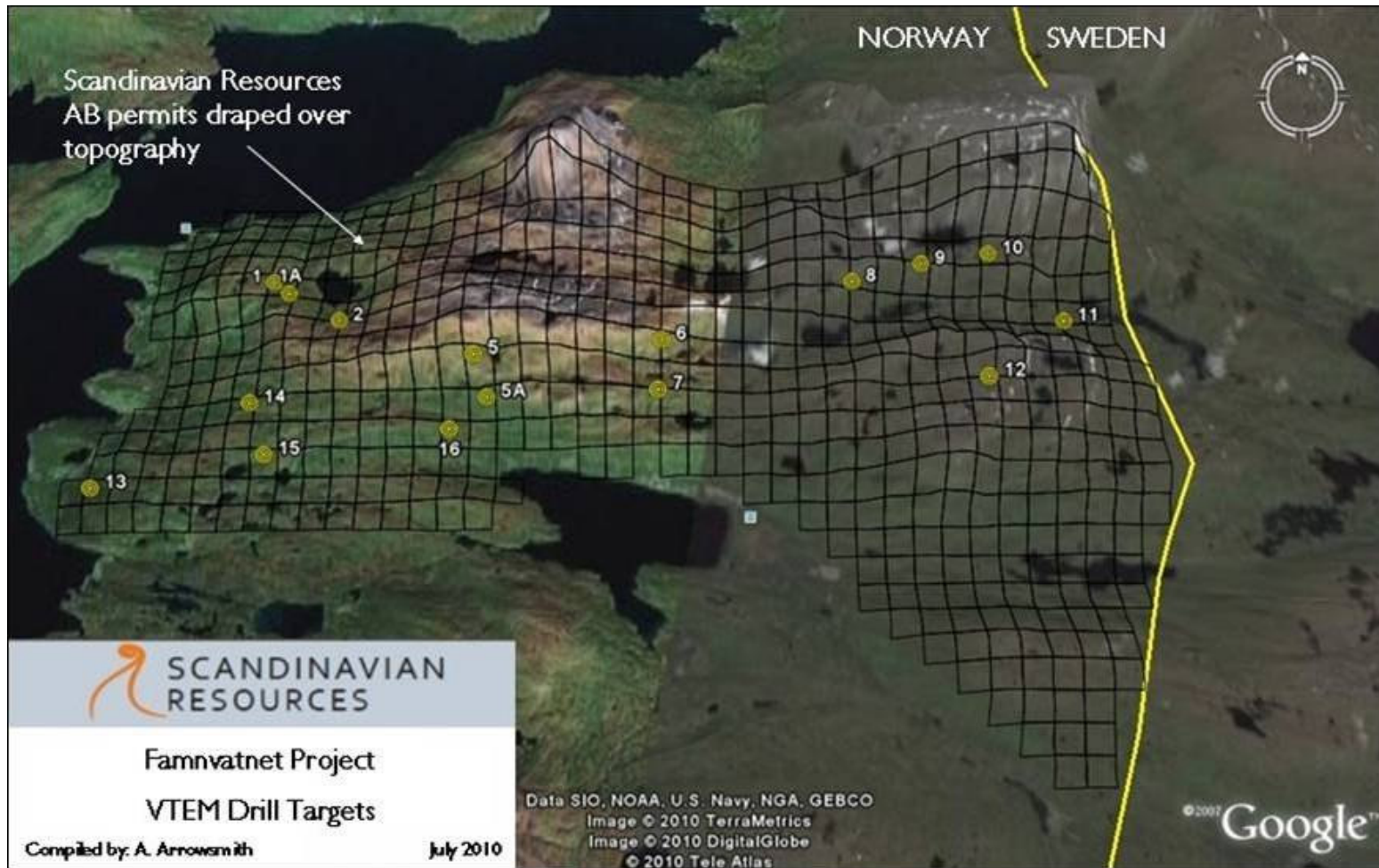


Figure 2: Google image showing VTEM drill targets

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 the 11th largest landholder (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 for a detailed summary of the Company's projects.

Contacts:

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COMPETENT PERSON 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.