



ASX Announcement / Media Release

15 November 2010

Fast Facts

ASX Code: SCR
SCRO

Capital Structure

Shares on issue: 62.5m
Options on issue: 65.0m (ex 20c – 25c)
Market cap: \$10.5m (undiluted)

Financial Position

Cash: \$4.9m (Sept 2010)

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

Acquires 100% interest in major project from Anglo American and Rio Tinto (the Rakkuri Project)

- Rakkuri Project less than 3km from Europe's largest iron mine, the 2Bt Kiirunavaara mine owned by LKAB (refer Figures, pp. 2 & 5)
- Rakkuri contains JORC compliant:
 - Inferred resource of 87.7Mt @ 33.2% iron
 - Exploration target of 25-35Mt @ 25-36% iron
- Rakkuri contains exploitation concession application covering the Rakkurijarvi IOCG deposit

Kiruna Iron AB – the new Kiruna iron company

- Excellent potential for rapid growth (refer Tables, pp. 4-5)
- Resource base grows to 185Mt of iron (Fe) (refer Table, p. 4)
- Exploration target grows to 150 - 185Mt of iron (Fe) in range of 25% – 37% iron
- Exploration diamond drilling to commence late December 2010 and continue throughout winter field season
- Expanded portfolio achieves critical mass necessary to initiate preliminary scoping study on iron development options

Port & Rail Infrastructure

- Capacity at Port of Narvik in Norway confirmed
- 'Open access' Swedish rail network confirmed

Acquisition of exclusive license to use Anglo American's exploration database for Sweden

- Enables rapid incubation of projects at low cost leveraging off high quality exploration completed by Anglo American

Consideration & Funding

- Combined purchase price for the two separate agreements, the Rakkuri Project and the Anglo American Data Agreement is US\$7m with each Agreement having an NSR of 1.5%
- US\$1m has been paid, US\$3m cash to be paid during November 2010, balance to be paid within 12 months
- AU\$2.5m convertible loan agreement secured, convertible into SCR shares at 33 cents, principal and interest to be repaid within 13 months

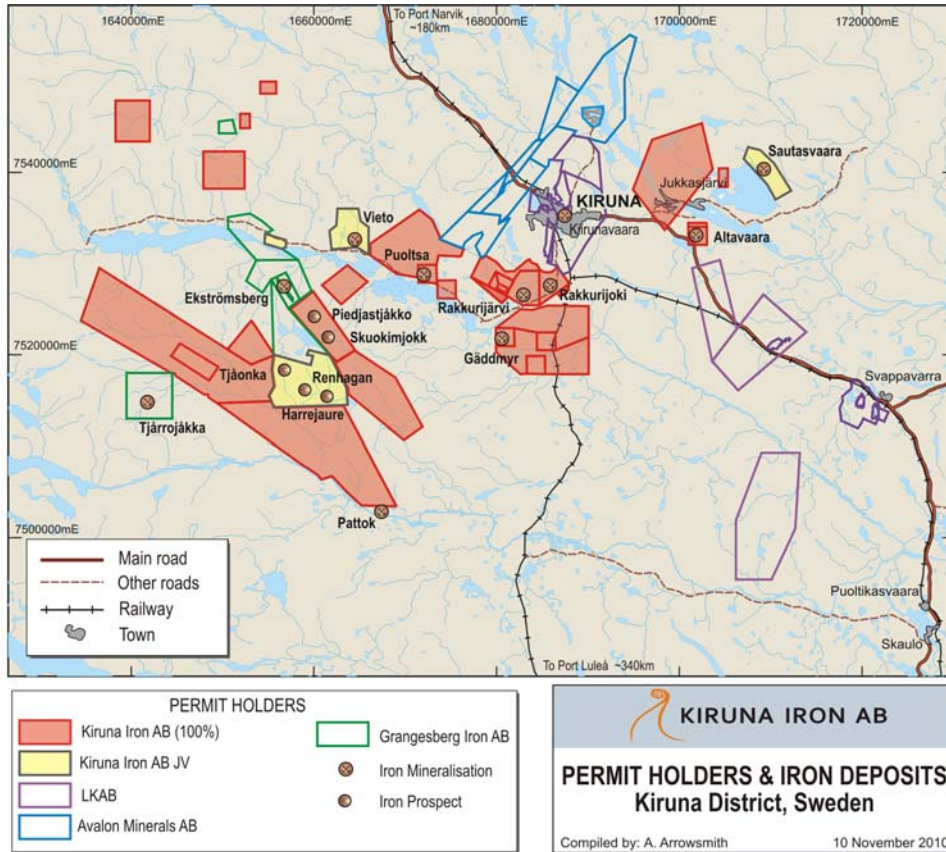
EXPLORING THE SCANDINAVIAN SHIELD

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Scandinavian Resources Ltd (ASX:SCR) through its wholly owned subsidiary Kiruna Iron AB has reached agreement with Anglo American Exploration BV (Anglo American) and Rio Tinto Mining & Exploration Ltd (Rio Tinto) to acquire 100% of the Rakkuri Project, located less than 3km from the 2Bt Kirunavaara iron mine owned by LKAB. The acquisition complements Kiruna Iron AB's strategy of striving to become a producer of premium quality iron products in the Kiruna District, northern Sweden.



The Rakkuri Project is located very close to the Kirunavaara iron mine (owned by LKAB) which has been producing iron continuously for 100 years, the Kiruna town, modern rail infrastructure and Kiruna Iron AB's Puoltsa iron prospect. The project contains an exploitation concession application for the mining of copper-gold which will be amended by Kiruna Iron AB to include iron upon completion of exploration drilling.



The Kiruna Iron AB strategy is to aggregate sufficient iron projects through acquisition and joint venture to consider iron mining scenarios. The majority of the Company's iron portfolio has had minimal exploration since the 1970's. The expectation is that exploration drilling scheduled to commence late December 2010 and continue throughout the European winter will identify substantial additional iron tonnes. Kiruna Iron AB has a corporate goal of establishing 500Mt of iron resources within the medium term.

Kiruna Iron AB's projects are located within 30km of the modern town of Kiruna and an open access railway that leads to a deep water port at Narvik. Company management recently visited the Port of Narvik and were welcomed by the Port Captain, Mr Rune Arnoy and the Mayor of Narvik, Ms Karen Kuvaas. Following completion of proposed capital works, the Port will have the capacity to handle substantial additional throughput. Management also met recently with the Swedish Rail Authority at which time it was confirmed that the rail infrastructure is 'open' access; unlike the rail infrastructure in the Pilbara region of Western Australia. Options are being assessed to increase the capacity of the railway network to allow for multi-user access (i.e. LKAB, Northland Resources and potentially Kiruna Iron AB).



Narvik Port Director Rune Arnoy, Narvik Development Director Edel Storelvmo, Kiruna Iron AB Director Damian Hicks, Mayor of Narvik Karen Kuvaas, Kiruna Iron AB Director Olof Forslund at the Port of Narvik

Kiruna Iron AB director Mr Olof Forslund said, "This is a major milestone for Kiruna Iron AB. The Rakkuri Project is well known in Sweden as a copper-gold project discovered by Anglo American and Rio Tinto. The mineralisation is hosted in magnetite; typical of an IOCG deposit and district such as Kiruna. We've now assessed the available data and we're quite confident that this iron project will increase in size with additional exploration drilling due to start soon. The project also has significant undeveloped copper-gold mineralisation. We're going to continue consultation with Kiruna stakeholder groups to explain our iron exploration, development and mining strategy and how our plans will be tailored to ensure positive outcomes are achieved for the Kiruna Community."

Mr Forslund continued, "We are also very excited about having the exclusive license to utilise Anglo American's exploration database for Sweden and to have an open line of communication with Anglo to make the most of the information. I am very aware of how active Anglo American has been in exploring Sweden for the last 10 years so there is a huge amount of highly valuable data to work through. They have always completed high quality work but they are also looking for world-class deposits. There may be deposits lying somewhere in the data that would represent significant value for shareholders of Scandinavian Resources."

The table below summarises Kiruna Iron AB's exposure to iron tonnes within 30km of a modern mining town (Kiruna, Sweden) and rail infrastructure that leads to the deep water port (Narvik, Norway):

Refer ASX Release Dated	Tonnes (Mt)	Exploration Target Tonnes (Mt)	Exploration Target Grade Range (% Fe)	Notes
28 June 2010	98 ^(1, 2 & 4)			
11 October 2010		125-150 ⁽³⁾	33-37	
9 November 2010	87.7	25-35 ⁽³⁾	25-36	Refer Rakkuri Presentation from independent consulting firm GeoVista at www.scandinavianresources.com and Appendix A to this announcement
Total	185.7	150-185 ⁽³⁾	25-37	

Scandinavian Resources Ltd currently represents a low cost entry into the Scandinavian iron sector. The table below summarises Scandinavian, Australian, African and Canadian iron companies and their stages of development.

Company	Iron Tonnes (Mt) – excludes Exploration Targets	Iron Grade (%)	Type	Market Cap (AU\$ m)	Location	Notes
Scandinavian Resources	185	35	Magnetite	10 (pre Trading Halt)	Sweden	Explorer ASX:SCR
Beowulf Mining	140	39	Magnetite	41	Sweden	Explorer BEM:LN
DMC Mining	33	56	Itabirite	46	Republic of Congo	Acquired by Cape Lambert Resources Ltd
Cazaly Resources	28	55	Hematite	47	Western Australia	Explorer ASX:CAZ
Centaurus	132	31	Itabirite	101	Brazil	Explorer ASX:CTM
FerrAus	276	56	Hematite	229	Western Australia	Developer ASX:FRS
Northland Resources	511	35	Magnetite	283	Sweden	Developer TSX:NAU
Northern Iron	577	32	Magnetite	526	Norway	Miner ASX:NFE
Atlas Iron	204 (excludes Balla Balla)	56	Hematite	1,604	Western Australia	Miner ASX:AGO
Consolidated Thompson	909	29	Magnetite	CAD2.7Bn	Canada	Miner TSX:CLM

Not all iron deposits are the same and infrastructure solutions in each jurisdiction vary.

The table below compares characteristics of the three iron focused resource companies in northern Scandinavia (excluding LKAB):

Company	Tonnes (Mt)	Iron Grade (%)	Market Cap (AUD m)	Location	Stage / Listed Exchange	Notes
Scandinavian Resources Ltd	185	35	10 (pre Trading Halt)	Northern Sweden	Explorer ASX:SCR	<ul style="list-style-type: none"> Minimal exploration since 1970 Located adjacent to Kiruna town and rail infrastructure No off-take agreements OMH own 19% of SCR
Northland Resources Inc	511	35	283	Northern Sweden	Developer TSX:NAU	<ul style="list-style-type: none"> Intensive iron exploration during last 3-5 years Recently delivered Definitive Feasibility Study Plan to truck ore 150km to rail head en route to Narvik Off-take agreements with Stemcor and Tata Steel
Northern Iron Ltd	577	32	526	Northern Norway	Miner ASX:NFE	<ul style="list-style-type: none"> NFE negotiating long life off-take with OMH subsidiary OMH own 16% of NFE



LKAB transport 16Mt/yr of pellets to Narvik and 10Mt/yr to Luleå; Northland Resources propose transporting 6Mt/yr of magnetite concentrate to Narvik; Northern Iron ship from a port located very close to its operations.



Kiruna Iron AB director Olof Forslund discusses the exploration drilling plans with GeoVista partner Thomas Lindholm at the Skuokimjokk Prospect in October 2010; Patersons Securities Corporate Finance Executive Gavin Wates looks on

Consideration for both Agreements

The combined purchase price for the two separate Agreements, the Rakkuri Project and the Anglo American Data Agreement is US\$7m with each Agreement having an NSR of 1.5%. US\$1 million has been paid (1st payment), US\$3 million (2nd payment) will be paid before the end of November 2010 and US\$3 million (3rd payment) will be paid within twelve months. The 3rd payment may at Scandinavian Resources Ltd's election be paid half in shares and half in cash or all in cash.

Scandinavian Resources Ltd has entered into a loan agreement to fund exploration activities and working capital. The AUD2.5 million loan can be drawn down by Scandinavian Resources as and when required, interest is payable at the rate of 12.5% per annum. The loan and interest must be repaid on or before 15 December 2011 (thirteen months) and the lender has been provided with a first mortgage over 100% of the assets of Scandinavian Resources Ltd. The lender may at its election, at any time, convert the amount drawn down into fully paid ASX tradable shares in SCR at the rate of 3 shares for every one AUD drawn down. As a fee, the lender will be issued with 1 million options in SCR exercisable at AUD0.20 per option exercisable at any time on or before 31 October 2011. Each option will, if exercised, convert into a fully paid ASX tradable share in SCR. Scandinavian Resources Ltd and Kiruna Iron AB will use this bridging finance to introduce the rapidly progressing Kiruna Iron Project to the global iron investment community prior to assessing future funding options.

Notes

- (1) ASX has granted a waiver in relation to the reporting of non-JORC compliant foreign estimates. Waiver disclosures in accordance with 'ASX companies update 11/07' are contained in ASX release dated 28 June 2010.
- (2) Includes attributed tonnes assuming Scandinavian Resources Ltd meets earn-in commitments in accordance with the Tasman Metals Ltd joint venture.
- (3) The prospects which comprise the exploration target have been subjected to diamond drill testing, ground geophysics and interpretation by the Geological Survey of Sweden reviewed by Mrs Amanda Arrowsmith and Mr Thomas Lindholm. The potential quantity and grade of the exploration targets is conceptual in nature, 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.
- (4) JORC Resources of 66.4 Mt & Historical foreign estimates of 31.5 Mt.

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.
- 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.

Contacts:

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COMPETENT PERSONS STATEMENTS

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.

The mineral resource estimate for Rakkuri (Rakkurijoki and Rakkurijärvi) is effective from 1st October, 2010 and has been prepared by Mr Thomas Lindholm, MSc of GeoVista AB, Luleå, Sweden acting as an independent “Competent Person”. Mr. Lindholm is a fellow 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.

Appendix A

The mineral resource estimate for Rakkuri (Rakkurijoki and Rakkurijärvi) is effective from 1st October, 2010 and has been prepared by Mr Thomas Lindholm, MSc of GeoVista AB, Luleå, Sweden acting as an independent “Competent Person”. Mr. Lindholm is a fellow 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.

The Rakkuri database includes 121 diamond drillholes totalling 21,672 metres drilled between 1960's and 2006. The database includes 3,241 Fe assays. Drill core sample lengths vary between 0.18 and 15.65 metres with 87% of the sections being 2m or shorter (average 1.58 metres). All assays were composited to 5m for use in the interpolation. Approximately 50 of the above mentioned drillholes have been assayed with a method (ALS Chemex ME-ICP61a) that tops out at 30% Fe, intended instead to optimize base metal and gold assays. Of the total inferred resource reported below, a portion of 13 Mton, averaging 26.4% Fe, are largely defined by those holes. Judging by analyses available from other holes in the same zone it is considered likely that re-assaying those holes would yield an average grade considerably higher as well as a higher tonnage since the specific gravity is highly grade dependent.

The mineralisations were divided into five zones. A wireframe model was constructed based on a 20% Fe cut-off. The mineral resource was calculated using block modelling to a maximum vertical depth of 50-100m below deepest drill intercepts except where otherwise indicated from holes in adjacent sections. The block model is made up of 20m x 20m x 5m blocks (length:height:width) constrained by the modelled wireframe, to better allow for geometrical variations, sub-blocking down to ¼ sides was allowed.

Block grades were interpolated using 3 concentric search ellipses using inverse distance squared with a minimum of 3 and a maximum of 15 samples. The second search ellipse was double the first one and the final bigger ellipse was used to estimate the remaining un-estimated blocks left after the second search. The dimensions of the search ellipses were as follows:

Interpolation pass	X	Y	Z
First pass	10m	50m	50m
Second pass	20m	100m	100m
Third pass	40m	200m	200m

The search ellipses were oriented parallel to the strike and dip of the mineralisations. Inferred mineral resources are defined as those portions of the deposits estimated with a drill spacing mostly defined by 50m x 50m up to 200m x 100m drill spacing. Exploration target mineral resources are defined as those portions of the deposit outside of the inferred, generally drilled on a grid of 200m x 200m.

The bulk density of the mineralisation was based on a set of 605 specific gravity determinations collected during exploration. A regression formula was generated expressing the specific gravity as a function of the grade of iron as follows:

$$SG = 0.0000001366 * Fe^3 + 0.0001838969 * Fe^2 + 0.0171715825 * Fe + 2.821 \quad (R^2=0.95)$$

The mineral resources at Rakkuri, as of October 1st, 2010 are:

	Grade Fe [%]	Tonnage [Mton]
Inferred resources	33.2	87.7
Exploration target	25-36	25-35