



ASX Announcement / Media Release

29 December 2010

Fast Facts

ASX Code: SCR
SCRO

Capital Structure

Shares on issue: 63.35m
Options on issue: 67.47m (ex 20c – 25c)
Market cap: \$15.8m (undiluted)

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

Funding

- \$1.25m loan secured, convertible into SCR shares at 33 cents with principal and interest to be repaid on or before 15 December 2011
- Total convertible loan funding now \$3.75m
- Funding allocated to Kiruna Iron Project exploration activities

Kiruna Iron AB Exploration Activities

- Diamond drilling scheduled to commence January 2011
- Detailed exploration update scheduled for release January 2011

Scandinavian Resources Ltd (ASX:SCR) – currently one of the largest landholders around the largest iron mine in Europe – is planning to establish a significant JORC compliant iron ore inventory during 2011 as a platform from which to assess development and mining options (refer attached Location Plans).

Exploration to be completed by wholly owned subsidiary Kiruna Iron AB is scheduled to commence with diamond drilling and ground based geophysics in January 2011. Drilling this winter is aimed at increasing existing JORC resources, converting foreign historic estimates into JORC resources and testing greenfields exploration targets. Please refer to important ASX release dated 15 November 2010 for details of the Company's iron strategy and existing iron ore inventory.

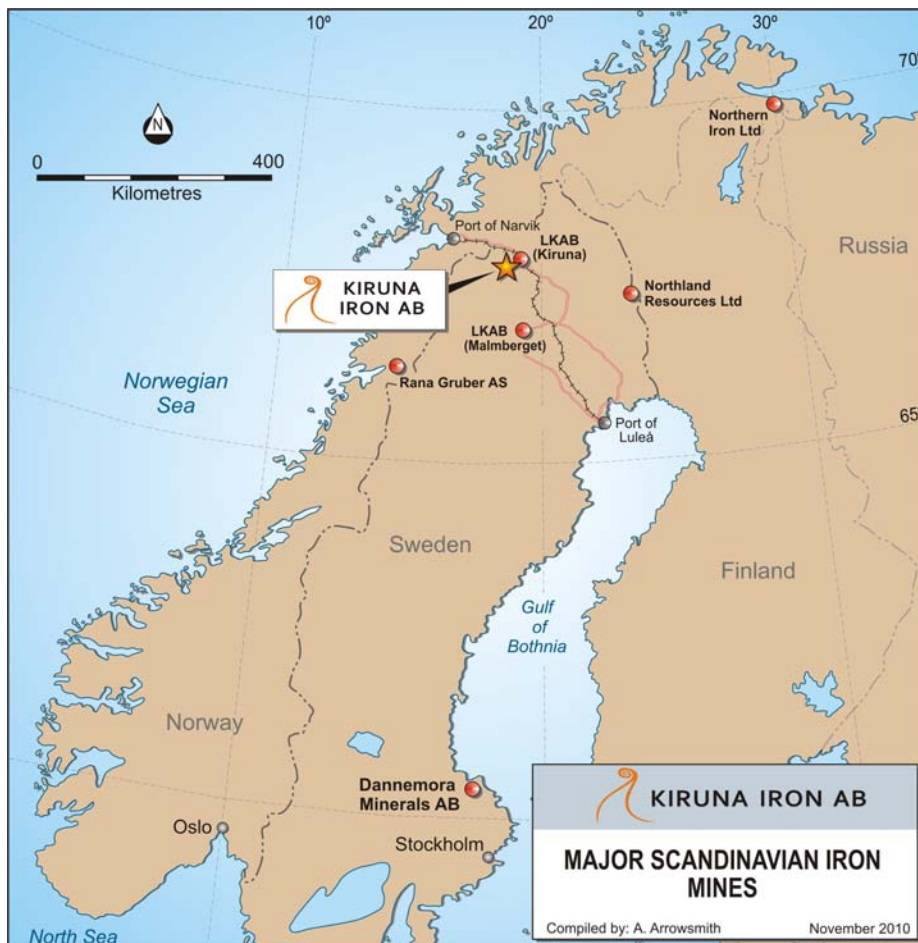
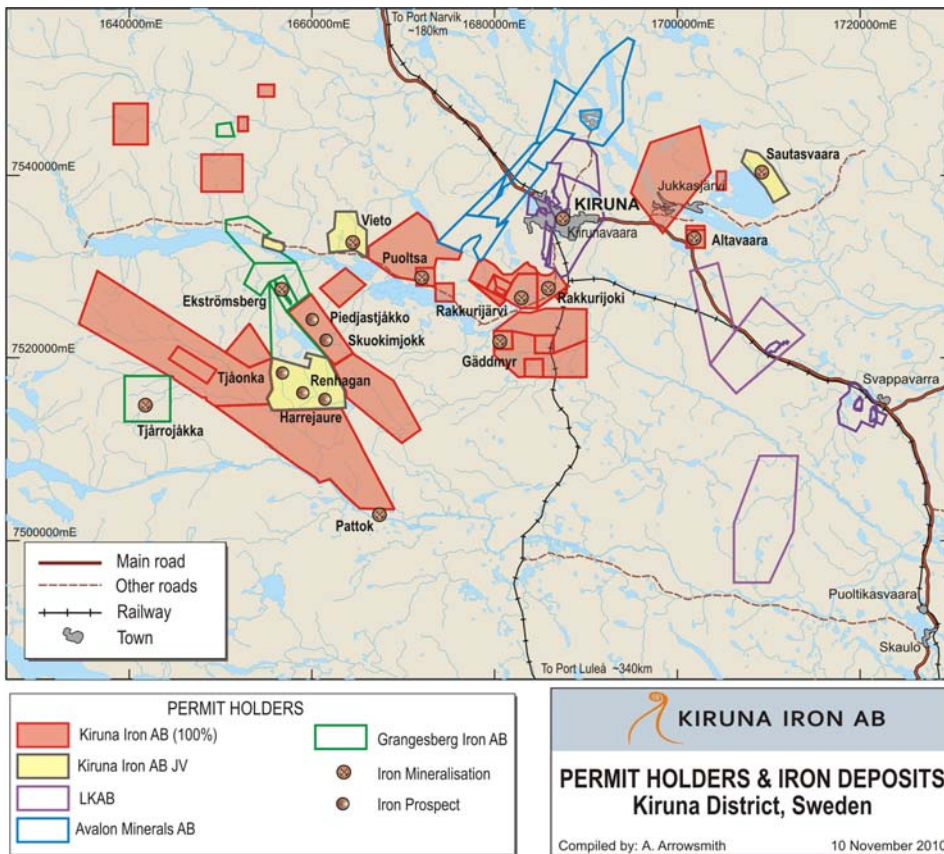
To assist with funding winter exploration activities the Company has entered into a second convertible loan agreement with an unrelated third party sophisticated investor. The unsecured \$1.25m loan can be drawn down as and when required with interest payable at the rate of 12.5% per annum. Principal and interest must be repaid on or before 15 December 2011. The lender may at its election, at any time, convert the amount drawn down into fully paid ASX tradable shares at the rate of 3 shares for every one \$1 drawn down. As a fee, the lender has been issued with 500,000 options exercisable at \$0.20 per option any time on or before 31 October 2012. Each option will, if exercised, convert into a fully paid ASX tradable share in SCR. These terms are the same as the \$2.5m convertible loan terms announced to ASX on 15 November 2010. Of the \$3.75m total available loan funds, approximately \$0.5 million has been drawn down to date.

EXPLORING THE SCANDINAVIAN SHIELD

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ACN: 132 035 842 ASX: SCR



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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Scandinavian Resources Ltd
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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

SCANDINAVIAN RESOURCES LTD

ABN

99 132 035 842

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1,000,000 – ASX release 15 November 2010
500,000 – ASX release 29 December 2010 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | These options are exercisable at 20 cents each on or before 31 October 2012 |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No – the shares issued upon exercise will rank equally with existing ordinary shares</p>						
<p>5 Issue price or consideration</p>	<p>Nil</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Options issued as fee for convertible loan(s)</p>						
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>29 December 2010</p>						
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1422 989 1467">Number</th> <th data-bbox="989 1422 1283 1467">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1467 989 1534">42,926,543</td> <td data-bbox="989 1467 1283 1534">Ordinary Fully paid shares</td> </tr> <tr> <td data-bbox="686 1534 989 1693">33,804,968</td> <td data-bbox="989 1534 1283 1693">Options exercisable at 25 cents on or before 31 October 2011</td> </tr> </tbody> </table>	Number	⁺ Class	42,926,543	Ordinary Fully paid shares	33,804,968	Options exercisable at 25 cents on or before 31 October 2011
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42,926,543	Ordinary Fully paid shares						
33,804,968	Options exercisable at 25 cents on or before 31 October 2011						

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	20,133,335	Fully paid ordinary shares classified as restricted securities escrowed to 21 April 2012.
	294,118	Fully paid ordinary shares escrowed until 15 March 2011.
	8,533,340	Options exercisable at \$0.20 each on or before 31 October 2012.
	20,133,334	Options exercisable at \$0.20 each on or before 31 October 2012 classified as restricted securities escrowed to 21 April 2012.
	2,500,000	Options exercisable at \$0.20 each on or before 31 August 2011 classified as restricted securities escrowed to 21 April 2012.
	400,000	Options exercisable at \$0.25 each on or before 30 June 2013.
	300,000	Options exercisable at \$0.50 each on or before 30 June 2013.
	300,000	Options exercisable at \$0.75 each on or before 30 June 2013.
	1,500,000	Options exercisable at \$0.20 on or before 31 October 2012.

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 12 Is the issue renounceable or non-renounceable?
- 13 Ratio in which the +securities will be offered
- 14 +Class of +securities to which the offer relates
- 15 +Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has +security holders who will not be sent new issue documents
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders
- 25 If the issue is contingent on +security holders' approval, the date of the meeting

+ See chapter 19 for defined terms.

26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	
33	⁺ Despatch date	

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought

588,235

- 39 Class of +securities for which quotation is sought

Fully paid ordinary shares escrowed until 28 November 2010.

- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:
 - the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Yes

- 41 Reason for request for quotation now
Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

End of voluntary restriction period – refer ASX release dated 28 June 2010.

+ See chapter 19 for defined terms.

	Number	+Class
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	42,926,543 33,804,968
		Ordinary Fully paid shares Options exercisable at 25 cents on or before 31 October 2011

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Damian Hicks
Director
29 December 2010

+ See chapter 19 for defined terms.