



ASX Announcement / Media Release

31 January 2011

Fast Facts

ASX Code: SCR
SCRO

Capital Structure

Shares on issue: 63.35m
Options on issue: 67.47m (ex 20c – 75c)
Market cap: \$30.4m (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

Kiruna Iron Project

Drilling at Vieto Prospect

- Drilling has commenced at the Vieto Prospect
- Drilling planned to validate historical mineralised intercepts and to test the potential of increasing current JORC compliant mineral resource (refer ASX release dated 28 June 2010)
- Twinning of 2 historical holes, 67901 & 68904, totalling 360m is planned – refer plan
- Additionally 2 – 4 exploration holes have been planned to test open positions within the anomaly package, totalling 880m.
- The drilling of holes DDH3 and DDH4 will depend on results from DDH1 and DDH 2.
- Possible hematite iron potential along strike (red arrows) – refer plan
- Up to 1,240m of drilling planned before moving on to next iron prospect - 10,000m diamond drilling planned in total this winter
- Fantastic images courtesy of InfotoU

Scandinavian Resources Ltd (ASX:SCR) is pleased to advise the commencement of its inaugural diamond drilling program at its Kiruna Iron Project.

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 the Pilbara region of Western Australia (refer ASX released dated 20 January 2011).

As part of a 10,000 metre winter drill program, drilling has commenced at the Vieto Prospect, a joint venture prospect with TSX:V listed company Tasman Metals Ltd (refer ASX released dated 28 June 2010 for details of joint venture). The aim of the drilling is to increase the existing JORC compliant mineral resource and test exploration targets.

Significant assay results from the current drilling will be released to ASX as soon as they have been received and interpreted.

EXPLORING THE SCANDINAVIAN SHIELD

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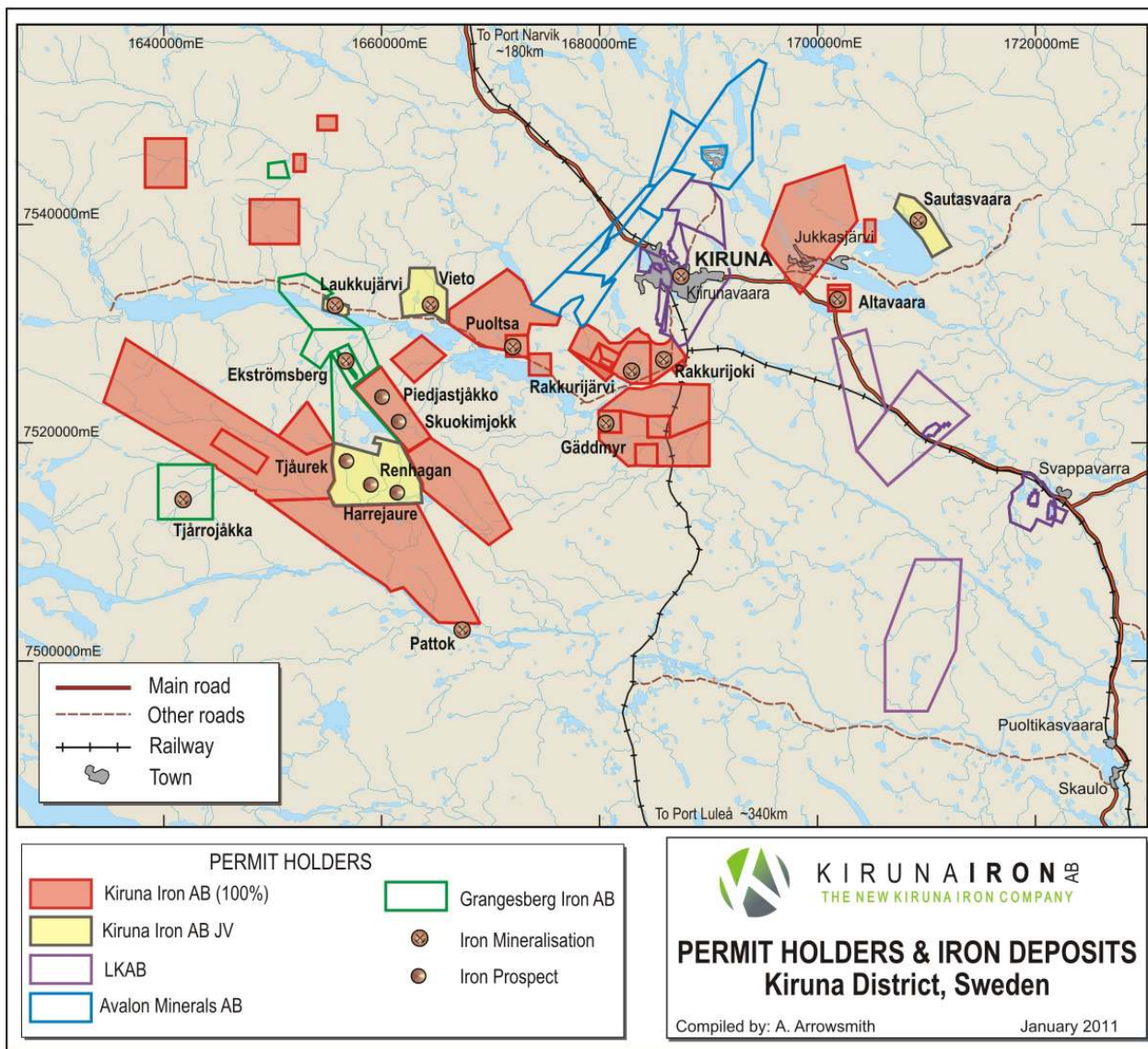


Figure 1: Permit location map-Kiruna Iron Project

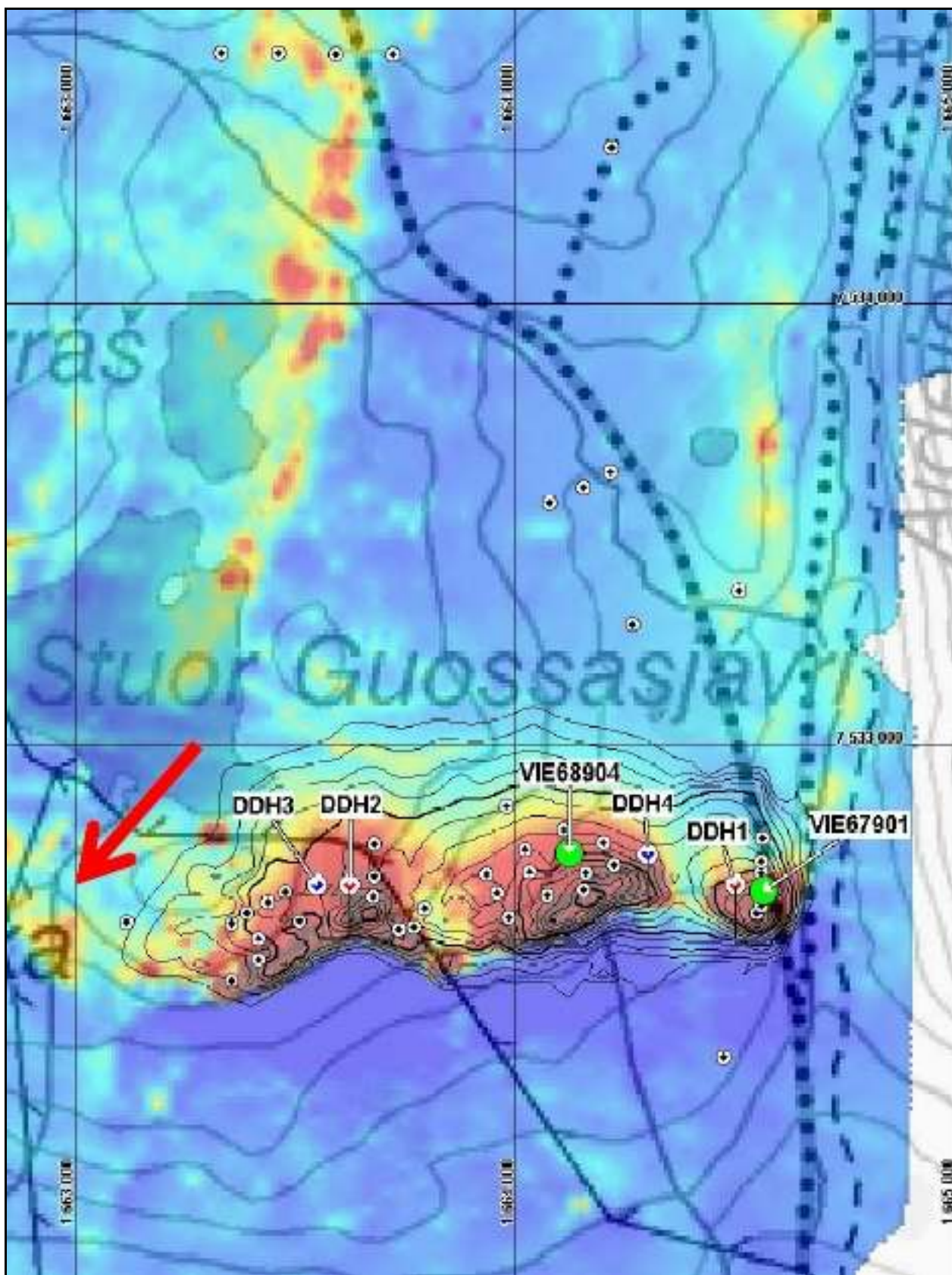


Figure 2: Planned drilling at Vieto; twin holes VIE68904 and VIE67901 and exploration holes DDH1-4. The red arrow indicates hematite mineralisation potential. Imagery is a combination of topography and magnetics.



Figure 3: At the first twin hole to be drilled; VIE68904 © InfotoU 2011



Figure 4: Drill rig on rubber tracks mobilising to the first drill site at Vieto © InfotoU 2011



Figure 5: Drill rig in low sun © InfotoU 2011



Figure 6: Discussion with drillers at first hole © InfotoU 2011



Figure 7: Location of first hole at Vieto © InfotoU 2011



Figure 8: Drill access road up to the Sautusvaara ice road © *InfotoU 2011*



Figure 9: Ploughing “instruction” for drill site preparation on the Sautusvaara lake © *InfotoU 2011*



Figure 10: Summer houses located near a drill site © InfotoU 2011



Figure 11: First drill core from Vieto © InfotoU 2011

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 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.

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