

Explorer enters northern Europe using the same rationale as its WA counterparts

By Ross Louthean

Damian Hicks from the corporate camp of Hannans Reward Ltd and Scandinavian Resources Ltd has spent the last few years following the progression of all the new faces in Western Australia's Pilbara iron ore scene.

One of his first moves had been to invest in Atlas Iron Ltd before that company started getting its building blocks together.

Atlas proved to be one of the front runners in the transformation of the Pilbara iron fields from being the domain of the publicly-listed giants BHP Billiton and Rio Tinto and the big new upstart Fortescue Metals Group Ltd to a happy hunting ground for a rash of juniors

While a dramatic lift in the iron ore price transformed sub-economic deposits all over the WA region, there remained several problems for the juniors – a lack of infrastructure (with all the railway lines and most of the port facilities controlled by the majors), the need for deep pockets for development and to find the skilled workforce.

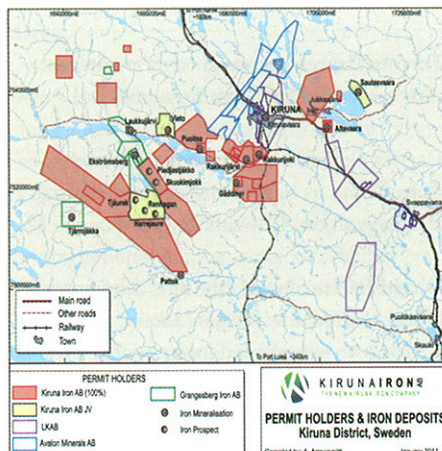
Although this scenario was evolving late last decade, Hannans' veteran director Bill Hicks (father of Damian) and other executives visited Sweden and saw the opportunities for expanding magnetite iron ore supply into the Scandinavian and European markets and a scope for other mineral projects utilising the wealth of geological data.

Interest generated

Hick jr's first visit to Scandinavia triggered the concept of replicating a junior company entry into Sweden and into Norway.

He received support to develop Scandinavian Resources (SCR) and to secure ground in the iron ore heartland of Kiruna, which is home of the century old Kiruna underground mine run by LKAB – now rated as the being the largest and most modern underground iron ore mine.

SCR was listed in April last year and was a float that took some time to prod the investors, but it raised \$6.7 million. Since then it has maintained a strong information flow to punters and, after last April, the share price has more than doubled.



The Vieto prospect is close to the world's largest underground iron ore mine.

One of the attractions of the company was the luring of former regional manager of the Geological Survey of Sweden's mineral resources information office in Malå, Olof Forslund, as technical director. Forslund has attracted a team of experienced geoscientists and field operators.

The company also gained as a cornerstone investor Standard and Poor's/ASX top 200 company OM Holdings Ltd.

Position important

As with the Pilbara, it is not just the quality and volume of ore, but the location. SCR subsidiary Kiruna Iron AB has its major Kiruna tenement holdings only 30 kilometres from the LKAB mine, which has already tapped 2 billion tonnes and is expanding operations.

The building blocks grew when SCR acquired the Kiruna region deposits owned by Rio Tinto and Anglo American Plc, which has allowed it to grow its established resource to 185 million tonnes grading 35% iron.

The Canadian market is warming strongly to the Scandinavian magnetite iron scene, with one target being Northland Resources Incorporated, which now has a market capitalisation above \$C700 million.

Another regional player is Australian-

listed Northern Iron Ltd in northern Norway, which is negotiating a long life off-take agreement with 16% shareholder OMH.

In addition, Aussie junior Avalon Minerals Ltd is in Sweden and its holdings include ground in the Kiruna district.

A key attraction for SCR is location. Its Kiruna leases are close to LKAB (with whom it may open up dialogue) and near rail facilities that could be used to take ore to the big Norwegian port of Narvik.

These issues may be well emerge into the future, but the quest to explore is well underway and, joining the team, is SCR' exploration manager Amanda Arrowsmith, who has moved from Perth to Sweden.

Ambitious drive

The junior – through subsidiary Kiruna Iron AB – is striving to become a producer of a premium quality iron products by implementing an aggressive exploration model successfully employed by its peers in WA's Pilbara region.

This month the company began a 10,000 metre winter drill program on the Vieto prospect, which sits west of the big Kiruna mine.

This is a joint venture with TSX (Venture)-listed Tasman Metals Ltd and, apart from magnetite, this quest will also look at the copper potential.

The company's key prospects outside of Kiruna are the Lake Embrace copper-lead-zinc-silver prospect in the Nordland district, Norway, and the Swampy Mountain iron copper-gold-platinum group metals target in Sweden's Skellefte district.

While the quest is to prove up major discoveries, Scandinavian Resources may also want to become desirable for the bigger fish – bearing in mind other multi-million dollar takeovers for iron ore companies around the world, including the Atlas bid for another WA player, Girilia Resources NL, valued at \$828 million.