

2nd Quarter Activities Report 2011/2012

31 January 2012

Highlights

Fast Facts

ASX Code: SCR

Capital Structure

Shares on issue: 114.4m
Options on issue: 33.12m (ex 20c – 75c)
Market cap: \$23m (undiluted)

Board of Directors

Damian Hicks Chairman
Olof Forslund Technical Director
Ian Gregory Director &
Company Secretary
Markus Bachmann Non-executive Director

Primary Projects

Sweden

Kiruna Iron
Särksjön Au, Ag, Cu, Pb, Zn

Norway

Njivlojåvri Copper-gold
Fiskarfjellet Copper

Project Pipeline

Commodities

Gold
Copper
Copper-gold
Copper-lead-zinc

KIRUNA IRON PROJECT

- Global JORC Mineral Resource¹ increased to 473Mt @ 40% Fe
- Global JORC Exploration Target² increased to 203-273Mt @ 32-40% Fe
- JORC Exploration Target for Altavaara increased to 55-60Mt @ 26-29% Fe
- Excellent metallurgical results received from Rakkuri Project
- High grade iron results received from Harrejaure Project
- Iron results received from Renhagen Project
- Wide, low grade iron intercepted at Altavaara Project

PRECIOUS & BASE METALS PIPELINE

- Copper-gold discovery made at Njivlojåvri Project, Norway
- Copper discovery made at Fiskarfjellet Project, Norway
- Exploration results from Ringvassøya Project, Norway
- New gold-copper project granted in Northern Sweden

CORPORATE UPDATE

- Completion of acquisition of iron permits from Grangesberg Iron
- Completion of Rakkuri Project purchase
- Investments banks mandated to raise capital for Kiruna Iron project

¹ Refer Schedule A

² The JORC Exploration Targets have been subjected to diamond drill testing, ground geophysics and interpretation by the Geological Survey of Sweden, reviewed by Mr Thomas Lindholm of GeoVista AB. The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient interpretation to define a JORC Mineral Resource and it is uncertain if further interpretation will result in the determination of a JORC Mineral Resource.

KIRUNA IRON PROJECT

Kiruna Iron AB is striving to compile 1Bt of iron resources within 80km of the Kiruna mining centre (home to Europe's largest iron mine), develop a central facility to process ore from a number of satellite deposits and then produce a premium quality iron concentrate for use as pallet feed.

The Kiruna Iron Project is extremely well located with regard to infrastructure (rail, power and services) with both the Rakkurijoki Project located <100m from a major road, <1km from rail and 6km from Kiruna. The Altavaara Project is located <650m from the E4 highway and 15km from Kiruna.

Positive exploration results received from diamond drilling during the quarter has seen an increase to the Company's global JORC compliant mineral resource which now stands at **473Mt @ 40% Fe**. The global JORC Exploration Target for the Kiruna Iron Project was also updated during the quarter and now stands at **203-273Mt @ 32-40% Fe³**. Details of the resources can be found in Schedule A.

The success of Kiruna Iron AB's strategy is highlighted by the growth in resources shown below:

ASX Release Date	JORC Resources	JORC Exploration Target
21/4/2010	-	-
28/6/2010	98Mt	8-10Mt @ 25-69% Fe
15/11/2010	185.7Mt @ 35% Fe	150-185Mt @ 25-37% Fe
27/7/2011	412.1Mt @ 39.9% Fe	150-230Mt @ 30-40% Fe
16/1/2012	473Mt @ 40% Fe	203-273Mt @ 32-40% Fe

During the quarter the second phase of drilling commenced at the Kiruna Iron Project with the first two infill holes completed at Rakkurijoki; 13 000m of infill drilling has been planned for Rakkurijoki and final approvals have now been received from the Inspector of Mines and drilling is expected to commence again in early February. At the Altavaara Project 13 exploratory holes were completed and have returned encouraging preliminary results (see below).

Project	No. of Holes Drilled by KIAB	Metres Drilled (To date)	Resource Update Completed	Comments
Rakkurijoki	2	883	No	Infill Drilling Ongoing
Altavaara	13	2,850	No-Due July 2012	Exploration Target Updated January 2012
TOTAL (To date)	15	3,734	-	-

Extensive geophysical modelling of the Paljasjärvi, Kevus and Teltaja Projects, located in the Lannavaara Hub, has occurred during the quarter and drill planning for these areas is now being finalised ahead of submitting the appropriate applications to the Inspector of Mines; drilling will commence at Paljasjärvi once approval has been received but is tentatively scheduled to start in April-May 2012.

³ The JORC Exploration Targets have been subjected to diamond drill testing, ground geophysics and interpretation by the Geological Survey of Sweden, reviewed by Mr Thomas Lindholm of GeoVista AB. The potential quantity and grade of the exploration targets is conceptual in nature, there has been insufficient interpretation to define a JORC Mineral Resource and it is uncertain if further interpretation will result in the determination of a JORC Mineral Resource.

Drilling Results

During the quarter positive assay results were received from the Harrejaure, Renhagen and Altavaara Projects with intercepts including:

Harrejaure Project

- 110.93m @ 47.14% Fe from 21.50m (HARI1001)
- 50.84m @ 44.78% Fe from 43.16m (HARI1002)
- 37.47m @ 38.69% Fe from 99.74m (HARI1002)
- 139m @ 28% Fe from 46m (HARI1003)
- 129m @ 44% Fe from 30m (HARI1004)
- 157m @ 29% Fe from 16m (HARI1005)

Low grade copper mineralisation also intersected at Harrejaure

- 56m @ 0.17% Cu from 84m (HARI1003)

Inc. 12m @ 0.58% Cu

Inc. 0.9m @ 5.91% Cu, 19g/t Ag

Renhagen Project

- 20.81m @ 39.24% Fe from 115.29m (RENI1001)
- 154.68m @ 20.84% Fe from 14.50m (RENI1002)
- 86.98m @ 19.36% Fe from 24.70m (RENI1003)
- 55.59m @ 21.78% Fe from 35.24m (RENI1004)
- 50.55m @ 33.29% Fe from 98.28m (RENI1005)

Wildcat hole intercepted iron ore

- 15.75m @ 32.92% Fe from 30.50m (RENI1007)
- 16.50m @ 34.24% Fe from 52.65m (RENI1007)

Low grade copper mineralisation also intersected at Renhagen

- 5.89m @ 0.23% Cu from 126.61m (RENI1002)

Altavaara Project⁴

- 242m @ 24.9% Fe from 17m (ALTI1003)
- 95m @ 26.5% Fe from 18m (ALTI1006)
- 148m @ 29.9% Fe from 34m (ALTI1011)
- 115m @ 27.3% Fe from 15m (ALTI1012)
- 134m @ 29.0% Fe from 9m (ALTI1013)

⁴ Estimated average iron grades determined via magnetic susceptibility; formal XRF assays are required to confirm iron grades

Metallurgical Results

During the quarter the Company received excellent metallurgical results from the Rakkuri Project (Rakkurijoki, Rakkurijärvi and Discovery Zone); samples from each of the prospects were sent for head assay and DTR (Davis Tube Recovery) tests.

	Puoltsa	Gäddmyr	Vieto	Laukkujärvi	Ekströmsberg	Sautusvaara	Rakkurijoki	Rakkurijärvi	Rakkurijärvi Discovery Zone
Head Fe grade	49.3	64.6	32.8	10.3	52.6	47.7	35.9	22.3	46.9
% Magnetite	62.4	No data	47.9	69.9	28.2	No data	27.7	Insufficient data	No data
Mass Recovery, %	67.9	17.9	42.2	65.7	25.9	54.5	45.2	25.5	60.0
DTR Fe recovery	96.2	20.4	82.8	98.4	44.6	88.5	83.8	76.1	89.6
DTR conc Fe grade	70.3	71.9	70.0	71.0	70.8	71.1	69.2	68.9	70.8
DTR conc SiO ₂ grade	0.58	0.01	1.2	0.6	0.7	0.5	1.0	2.2	1.0
DTR conc Al ₂ O ₃ grade	0.16	0.07	0.2	0.02	0.1	0.2	0.3	0.4	0.2
DTR conc P grade	0.0017	0.02	0.01	0.002	0.04	0.05	0.009	0.005	0.003
DTR conc S grade	0.005	0.005	0.06	0.001	0.003	0.3	0.365	0.022	0.035

Notes:

1. Where the iron is predominantly present as magnetite, then the mass recovery will follow the % magnetite in the ore
2. The mass recovery and iron recovery are related by the iron feed grade. i.e. If the iron grade is 10% Fe and this is present as only magnetite (equivalent to 14% magnetite in the feed) then a mass recovery of 14%, in a perfect separation, would achieve 100% iron recovery
3. If the iron grade is made up of 50:50 magnetite: hematite then a mass recovery of 7% would achieve 50% iron recovery. If the mass recovery was 14%, as a result of gangue included with the magnetic concentrate, the iron recovery would still be ~50%, if the gangue material did not contain iron
4. The DTR testwork has been carried out at 45 microns
5. Further work will optimise the grind size for magnetic separation
6. With the low grade feeds, rejection of some waste at coarse sizes (coarse cobbing) is a possibility and will be investigated
7. Further testwork will investigate the reduction of sulphur and phosphorus from the magnetite and hematite ores by beneficiation
8. The ores tested produce a concentrate of very low silica and alumina

PRECIOUS & BASE METALS PIPELINE

FINNMARK & TROMS PROJECTS

During the quarter final assay results were received⁵ from rock chip and soil sampling from the Njivlojávri and Fiskarfjellet Projects located in Finnmark, and the Ringvassøya Project in Troms, Northern Norway. During the 2011 summer field season a significant amount of historical data review, field verification, mapping, and surface sampling was completed at several of the Projects including Njivlojávri, Fiskarfjellet, Gjeddevann and Ringvassøya.

A new copper-gold discovery was made at the Njivlojávri Project, located in the Kautokeino Greenstone Belt approximately 35km northwest of Kautokeino and is prospective for Bidjovagge-type copper-gold mineralisation. The new discovery (Suovrrajávri) was made between two previously known discoveries (Suovrravarri and Njivlojávri) which are separated by a distance of 3.5km. Mapping of the mineralisation at Suovrrajávri identified a north/south striking, bedding-parallel mineralised zone of pervasively carbonate-albite altered diabase. The north/south structure is weakly mineralised (disseminated and veined chalcopyrite) over a width of 30-35m with copper-gold values of between 0.1-0.6% Cu and up to 0.11g/t Au. However scattered along the length of this north/south zone is fist-sized float of semi-massive to massive chalcopyrite which appears locally derived (i.e. not glacially derived) and very similar to the mineralisation at Suovrravarri to the north and at Njivlojávri to the south. These rich float samples returned values of **32.1% Cu, 3.75g/t Au (KAI1029) and 7.46% Cu, 5.93g/t Au (KAI1030)**.

Results of the C-horizon soil sampling from Njivlojávri has indicated a Au-Cu anomaly of more than 2km in length (see Figure below). Considering the wide spacing (50m x 200m) of the soil sampling the anomalous trends show remarkable consistency across multiple elements. The widely spaced soil profiles show a distinct gold anomaly bound to the mineralised N-S trending fault or shear zone and a weaker parallel gold anomaly appears approximately 100m to the east and indicates potential for additional auriferous N-S shear structures. The outcropping mineralised structure and its associated gold soil anomaly has, as expected, a coincident copper anomaly.

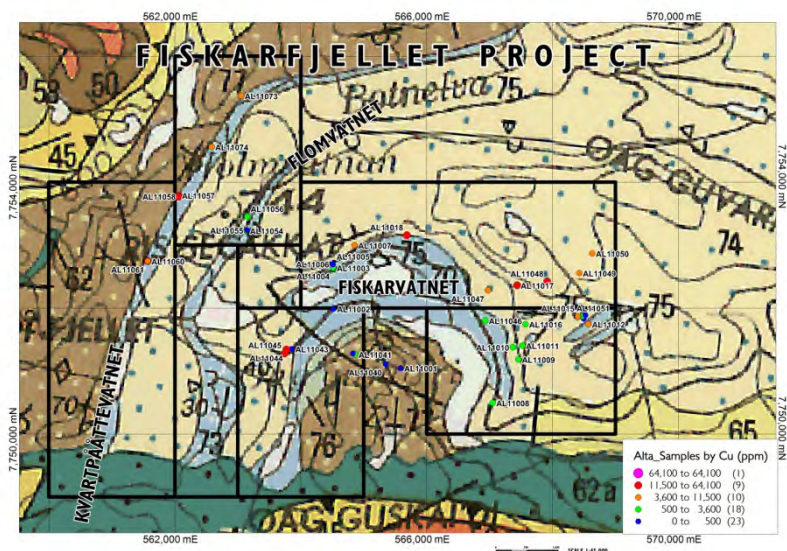
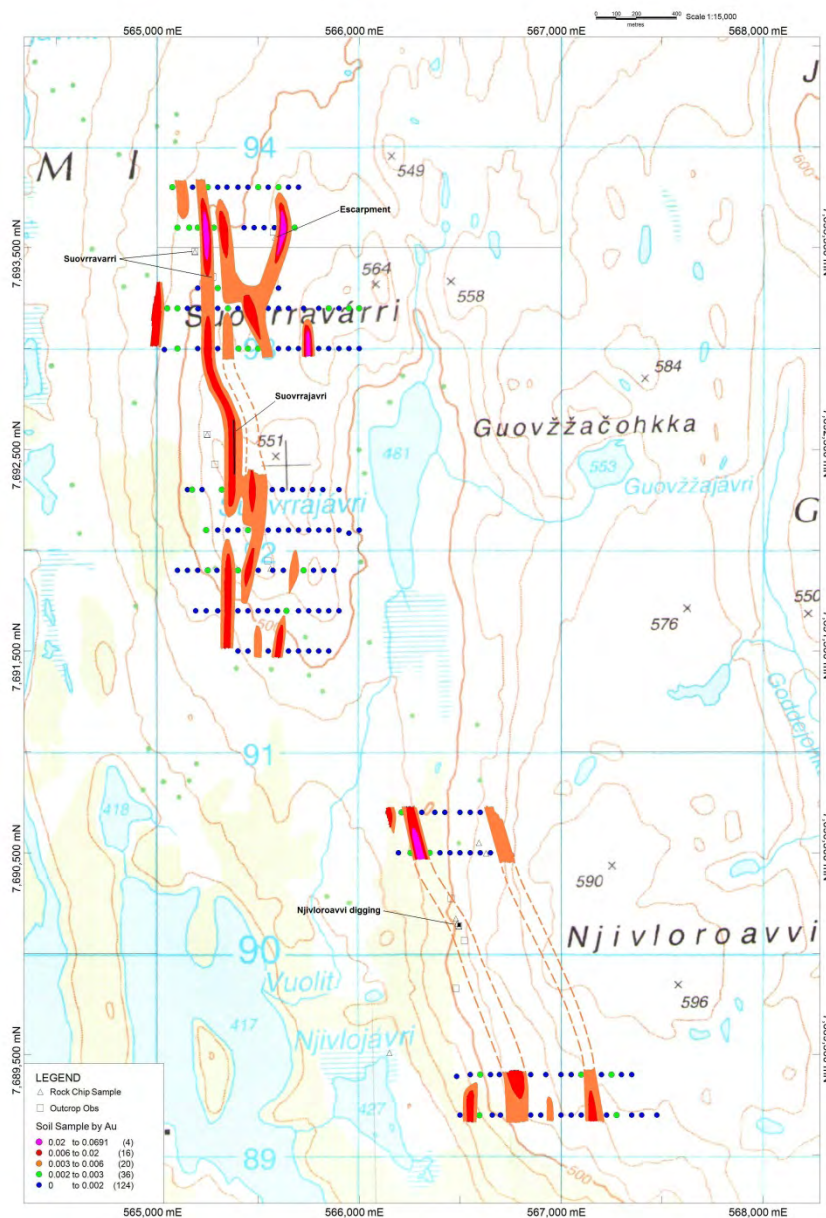
Early exploration work by Scandinavian Resources at the Njivlojávri Project has confirmed the area as hosting, in outcrop and soils, copper-gold mineralisation over a substantial strike length. Initial mapping has shown that the mineralisation (Suovrravarri to Njivlojávri) is probably at the same stratigraphic level as the Bidjovagge mineralisation and is also located south of and hosted in the same anticline as Suovrrarap'pat which is of Bidjovagge-type.

Importantly the structural architecture of the project is conducive to hosting shear hosted gold mineralisation; the mineralisation is located approximately 1km from the major regional NNW-SSE fault structure and there is potential for further copper-gold discoveries at the project with large areas covered by thin glacial cover.

Detailed mapping of the entire project area has been planned for the upcoming summer field season in addition to ground based geophysics including magnetics and electromagnetics.

The Fiskarfjellet Project is located in the Alta-Kvænangen tectonic window in Finnmark, approximately 20km southwest of Alta and is prospective for Nussir-type copper mineralisation. Field mapping and reconnaissance of the project during the 2011 summer field season by Scandinavian Resources has revealed several kilometres of copper-mineralised dolomite across three separate dolomite horizons namely at Fiskarvatnet, Flomvatnet and Kvartpåttevatnet. The main copper mineralisation at Fiskarvatnet has currently been traced over 6km in strike length through both outcrop and boulder fields. The copper mineralisation at the Kvartpåttevatnet Prospect, located in the western part of the Fiskarfjellet Project, has been traced for more than three kilometres to date with consistent copper and silver grades of **2.09% Cu, 7.6g/t Ag (ALI1058), 1.61% Cu, 7.4g/t Ag (ALI1059), 1.47% Cu, 6.0g/t Ag (ALI1060) and 1.03%Cu, 6.3g/t Ag (ALI1061)**. The dolomite horizon at Kvartpåttevatnet continues for a further three kilometres to the south and will be investigated during the 2012 summer field season in addition to ground magnetic, IP and electromagnetic surveys.

⁵ Refer ASX Announcement made on the 1st of November 2011



The Ringvassøya Project is located within the Ringvassøy Greenstone Belt, an Archaean supracrustal belt within the West Troms Basement Complex, 80km north of Tromsø, Norway. Mining on the island of Ringvassøya began as early as 1860 but it wasn't until the 1980's that the known gold occurrences received much exploration attention. Scandinavian Resources AB has claims covering three known gold occurrences namely the Sørdalshøgda, Holmvasshøgda and Hårskoltan prospects each of which are located near the transition between the greenschist and amphibolite domains.

The gold mineralisation at Sørdalshøgda is hosted in hydrothermal, sugar-grained and laminated quartz veins with disseminated pyrite, chalcopyrite and pyrrhotite. The quartz veins are spatially bound to a quartz-porphyrific, medium-grained felsic intrusive (tonalite) containing tourmaline and are likely the result of the competency contrast between the tonalite and the surrounding greenstones. The vein frequency increases with increased deformation and they veins are generally parallel to foliation in the tonalite, occasionally weakly foliated but not folded. The tonalite is cut by irregular, northwest trending diabase dykes. The quartz veins at Sørdalshøgda whilst high-grade appear limited in width and length; the main northern vein is 7m long and 30-40cm wide and the main southern vein is several metres long and 45cm wide where exposed in a digging; both of these main veins contain pyrite-chalcopyrite-pyrrhotite mineralisation and have mylonitic, chlorite-ankerite altered contacts. Dump sampling of the main northern vein by Scandinavian Resources returned **9.05g/t Au, 11g/t Ag, 9450ppm Cu (RI11042)**.

At Sørdalshøgda South stratabound Au-Zn-As-Ag mineralisation occurs in strongly oxidised quartz-carbonate-chlorite schist with abundant magnetite, garnet and biotite. This prospect has been drill tested in the early 1980's which outlined a 350m long by 60m wide zone with a variable thickness of 1-2m; the best intersection from the historical drilling returned 1.45g/t Au, 5g/t Ag and 0.86% Zn over 2m. Sampling of this mineralisation by Scandinavian Resources returned **1.7g/t Au, 11.6g/t Ag, 3960ppm Zn (RI11016)** and **1.36g/t Au, 10.9g/t Ag, 6460ppm Zn (RI11017)**. The stratabound Au-Zn-As-Ag mineralisation at Sørdalshøgda South is considered a high priority target area for future work at the Ringvassøya Project as this type of gold mineralisation is more likely to reach the necessary dimensions and grades for a viable gold deposit.



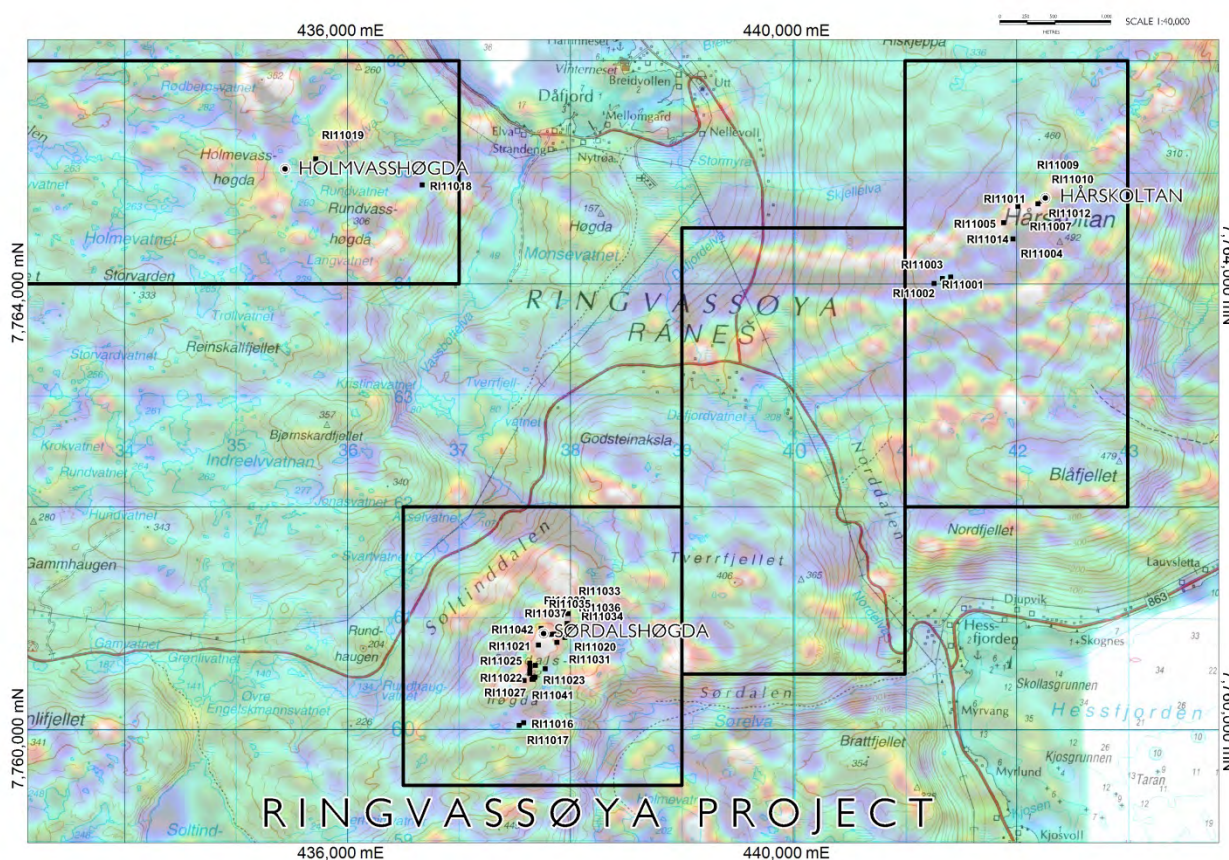
'Main southern vein' at Sørdalshøgda Prospect, Ringvassøya Project.

Gold exploration at the Holmvasshøgda Prospect was first initiated in 1982 by ASPRO where stream sediment sampling outlined a 1200m long gold anomaly along the Dåfjord Fault which was subsequently drill tested with seven holes. Whilst the peak gold value from the drilling in 1982 was only 1m @ 1.08g/t Au, the drill holes were widely spaced at 500m apart and unfavourably collared in the diabase. The structural complexity of the Dåfjord Fault system requires further investigation through detailed magnetic surveys; gold mineralisation is possibly related

to cross-cutting splays off the main Dåfjord fault. An IP survey and bottom-till sampling has been scheduled for the 2012 summer field season at Holmvasshøgda.

A large carbonate altered tonalite outcrops at the Hårskoltan Prospect which has been cut by two generations of diabase dykes. Norwegian exploration company ASPRO explored the prospect in the early 1980's where they mapped and sampled a 1500m long quartz vein located south of the tonalite within greenstones. ASPRO sampling of the extensive quartz vein returned a peak value of 15g/t Au and their work also demonstrated that the sugary quartz veins within the tonalite are not auriferous.

Sampling of the quartz vein at Hårskoltan by Scandinavian Resources during the 2011 summer field season returned relatively low gold values of between 0.1-0.4g/t Au although a peak sample of **11.4g/t Au from RII 1013** was returned. IP and magnetic survey work has been recommended as follow up work at the Hårskoltan Prospect during the 2012 summer field season.



Sample ID	UTM East	UTM North	Sample Type	Area	Subarea	Au (g/t)	Ag (g/t)	Cu (ppm)	Zn (ppm)
RII 1001	441260	7764002	Boulder	Ringvassøy	Hårskoltan	0.01	0.5	387	10
RII 1002	441335	7764049	Boulder	Ringvassøy	Hårskoltan	x	x	24	15
RII 1003	441412	7764060	Boulder	Ringvassøy	Hårskoltan	x	x	5	8
RII 1004	441970	7764404	Bedrock	Ringvassøy	Hårskoltan	0.06	x	66	25
RII 1005	441883	7764547	Bedrock	Ringvassøy	Hårskoltan	0.43	x	49	2
RII 1006	441883	7764547	Bedrock	Ringvassøy	Hårskoltan	0.2	x	49	13
RII 1007	442012	7764694	Boulder	Ringvassøy	Hårskoltan	0.13	x	7	2

RII 1008	442270	7764765	Bedrock	Ringvassøy	Hårskoltan	0.01	x	31	5
RII 1009	442251	7764757	Bedrock	Ringvassøy	Hårskoltan	0.03	x	27	x
RII 1010	442236	7764752	Bedrock	Ringvassøy	Hårskoltan	0.02	1.3	16	12
RII 1011	442241	7764746	Bedrock	Ringvassøy	Hårskoltan	0.02	x	35	x
RII 1012	442228	7764741	Bedrock	Ringvassøy	Hårskoltan	0.12	x	29	x
RII 1013	442192	7764719	Bedrock	Ringvassøy	Hårskoltan	11.4	1.5	42	7
RII 1014	441741	7764532	Boulder	Ringvassøy	Hårskoltan	0.18	0.5	102	12
RII 1015	437638	7760570	Bedrock	Ringvassøy	Sørdalshøgda	2.56	2.3	4560	6
RII 1016	437580	7760063	Bedrock	Ringvassøy	Sørdalshøgda	1.7	11.6	311	3960
RII 1017	437540	7760039	Bedrock	Ringvassøy	Sørdalshøgda	1.36	10.9	222	6460
RII 1018	436670	7764888	Bedrock	Ringvassøy	Holmvasshøgda	0.03	x	25	11
RII 1019	435714	7765122	Bedrock	Ringvassøy	Holmvasshøgda	0.41	3.4	3780	26
RII 1020	437906	7760884	Bedrock	Ringvassøy	Sørdalshøgda	1.77	1.5	807	13
RII 1021	437714	7760761	Bedrock	Ringvassøy	Sørdalshøgda	0.22	2.4	468	153
RII 1022	437636	7760598	Bedrock	Ringvassøy	Sørdalshøgda	0.8	3.2	117	x
RII 1023	437685	7760577	Bedrock	Ringvassøy	Sørdalshøgda	0.07	x	63	x
RII 1024	437636	7760525	Bedrock	Ringvassøy	Sørdalshøgda	0.53	0.9	2640	9
RII 1025	437636	7760505	Bedrock	Ringvassøy	Sørdalshøgda	0.36	8.7	20300	57
RII 1026	437666	7760468	Boulder	Ringvassøy	Sørdalshøgda	0.06	x	369	102
RII 1027	437671	7760464	Bedrock	Ringvassøy	Sørdalshøgda	0.01	x	144	x
RII 1028	437666	7760451	Bedrock	Ringvassøy	Sørdalshøgda	0.02	0.5	98	x
RII 1029	437681	7760472	Bedrock	Ringvassøy	Sørdalshøgda	0.01	x	117	x
RII 1030	437816	7760853	Bedrock	Ringvassøy	Sørdalshøgda	0.32	0.7	958	33
RII 1031	437853	7760857	Bedrock	Ringvassøy	Sørdalshøgda	0.95	0.8	813	13
RII 1032	437950	7760827	Boulder	Ringvassøy	Sørdalshøgda	0.02	x	95	67
RII 1033	438003	7760902	Boulder	Ringvassøy	Sørdalshøgda	0.01	x	129	30
RII 1034	437970	7760936	Bedrock	Ringvassøy	Sørdalshøgda	0.19	0.5	273	36
RII 1035	437970	7760952	Boulder	Ringvassøy	Sørdalshøgda	1.69	3.9	112	130
RII 1036	437976	7761039	Bedrock	Ringvassøy	Sørdalshøgda	0.01	x	143	47
RII 1037	437978	7760858	Boulder	Ringvassøy	Sørdalshøgda	4.87	4.1	141	10550
RII 1038	437877	7760783	Bedrock	Ringvassøy	Sørdalshøgda	0.18	x	186	73
RII 1039	437773	7760546	Bedrock	Ringvassøy	Sørdalshøgda	x	x	5	17
RII 1040	437655	7760451	Boulder	Ringvassøy	Sørdalshøgda	x	x	690	15
RII 1041	437585	7760441	Bedrock	Ringvassøy	Sørdalshøgda	x	x	95	113
RII 1042	437735	7760910	Boulder	Ringvassøy	Sørdalshøgda	9.05	11	9450	81

Rock chip samples from Ringvassøya Project, Troms. Co-ordinates are UTM Zone 34 North. Assays submitted to ALS Laboratories (Piteå) for ME-ICPMS and Au-AA25 analysis.

CALEDONIDE PROJECTS

During the quarter drill planning at the Särksjön Project, located approximately 120km west of Vilhelmina, Sweden, was finalised and the appropriate paperwork submitted to the Inspector of Mines. Drilling of the IP and EM anomaly at Särksjön was initially scheduled for April 2012 but due thick snow cover at the project this has been delayed until July 2012 when a helicopter rig will be utilised to complete the drilling. Previous outcrop sampling by Scandinavian Resources at the project returned values including **42.5g/t Au, 45.2g/t Ag, 1.35% Cu, 4.17% Pb, 4.18% Zn (SAR10005)** and **46.1g/t Au, 30.6g/t Ag, 0.71% Cu, 3.64% Pb, 4.51% Zn (SAR10006)**.

A workplan has also been submitted for a combined ground magnetic and electromagnetic survey to be completed at the Daningen Project, located approximately 50km southwest of Tärnaby, Sweden. The workplan has also allowed for drilling of possible anomalies generated from the ground geophysics. The geophysics survey will take place whilst there is still snow on the ground (March-April 2012) to aid in the ease of the survey but any potential drilling would not occur until summer. Previous outcrop sampling by Scandinavian Resources at the project returned copper values including **4.95% Cu (KS09004), 6.55% Cu (KS09005), 4.99% Cu (KS09006), 2.26% Cu (KS09007), 7.13% Cu (KS09008), 4.86% Cu (E10005) and 1.39% Cu (E10006)**.

During the quarter drill collars at the Famnvatnet Project, located 50km west of Tärnaby, Sweden, were surveyed with an accurate RTK GPS. The collar surveying has shown that there are elevation differences between actual drill collars and what was planned when modelling the airborne EM data. Re-modelling of the targets using the correct elevation data has shown that several of the modelled anomalies were not reached in the drilling completed in 2010. Downhole EM surveying of holes which have failed to intersect the modelled conductors has been recommended and is scheduled to take place during the summer field season.

OTHER PROJECTS

A new project was applied for and granted during the quarter; the Korpilombolo Project is located approximately 50km southwest of Pajala, northern Sweden. Gold and copper mineralisation was first discovered at Korpilombolo by prospectors participating in the annual 'Mineral Hunt' in 1998. The sample collected by the prospectors from a quartz-magnetite-bornite rich vein returned a value of **15.75g/t Au, 0.6% Cu**. The local bedrock of the project area mainly consists of migmatic, sillimanite-bearing metasedimentary rocks, amphibolites and dioritic intrusives. Reconnaissance field mapping by Scandinavian Resources' staff during the quarter located the mineralised outcrop and observed that bedrock is poorly exposed in the area. Airborne magnetic imagery indicates the presence of multiple regional scale fault structures located within the project area. Additional field reconnaissance and mapping is scheduled for the summer field season.



Outcropping mineralisation at Korpilombolo

CORPORATE UPDATE

During the quarter Kiruna Iron AB completed two separate acquisitions; final payment was made to Grängesberg Iron AB for a suite of iron permits purchased in June 2011 and final payments were made to Anglo American Exploration BV and Rio Tinto Mining & Exploration Ltd as part of the purchase of the Rakkuri Project made in November 2010. During the Quarter, Canaccord Genuity and Pareto Securities were mandated as financial advisers to the Kiruna Iron Project.

ASX Announcements made during the Quarter were as follows:

Date	Title
29 Dec 2011	Kiruna Iron - Wide Iron Intercepts
22 Dec 2011	Kiruna Iron - Renhagen Iron Results
2 Dec 2011	Completion of Acquisition
29 Nov 2011	2011 AGM Presentation
25 Nov 2011	2011 AGM Voting Results
24 Nov 2011	Completion of Acquisition
16 Nov 2011	Kiruna Iron - RMG Investor Presentation
11 Nov 2011	Updated Capital Structure
7 Nov 2011	Kiruna Iron - Harrejaure Project Drilling Results
1 Nov 2011	Copper and Gold Discoveries
31 Oct 2011	1st Quarter Activities Report
31 Oct 2011	1st Quarter Cashflow Report
27 Oct 2011	Underwriting of Options
25 Oct 2011	Notice of Annual General Meeting 2011
25 Oct 2011	Appendix 3B Exercise of Options
21 Oct 2011	Kiruna Iron - Harrejaure Project
21 Oct 2011	Särksjön Project
21 Oct 2011	Appendix 3B Options Exercised
17 Oct 2011	Kiruna Iron - High Grade Iron Results
14 Oct 2011	Appendix 3B Options Exercised
13 Oct 2011	Canaccord Genuity and Pareto Securities as Mandated as Financial Advisers to Kiruna Iron
12 Oct 2011	Appendix 3B Options Exercised
7 Oct 2011	Appendix 3B Options Exercised
3 Oct 2011	Reminder Notice to Option Holders

SCHEDULE A

JORC Compliant **Indicated** Mineral Resource Table

HUB I-KIRUNA HUB

Prospect	Mt	Fe (%)	P (%)	S (%)
Sautusvaara South	32.0	37.4	0.06	1.63
Sautusvaara North	11.4	39.7	0.09	0.44
Ekströmsberg	30.4	52.0	Unavailable	Unavailable
TOTAL	73.8	43.0	-	-

JORC Compliant **Inferred** Mineral Resource Table

HUB I-KIRUNA HUB

Prospect	Mt	Fe (%)	P (%)	S (%)
Rakkurijärvi	69.6	28.5	0.07	0.93
Rakkurijoki	74.5	39.7	0.28	0.89
Discovery Zone	10.9	38.7	0.05	0.95
Tributary Zone	4.9	28.6	0.05	1.08
Sautusvaara South	6.8	26.6	0.09	1.82
Sautusvaara North	1.0	44.8	0.05	0.46
Vieto	14.0	35.7	0.14	1.46
Puoltsa	19.1	30.2	0.025	0.01
Renhagen	26.3	32.1	0.23	0.03
Harrejaure	16.2	43.4	0.04	0.01
Ekströmsberg	41.6	52.0	Unavailable	Unavailable
Tjärrojåkka	52.6	51.0	Unavailable	Unavailable
Pattok	62.4	44.2	1.96	Unavailable
TOTAL	406.5	37.9	-	-

TOTAL	Mt	Fe (%)
Indicated & Inferred	473.7	40.5

JORC Compliant Exploration Targets Table

HUB 1-KIRUNA HUB

Prospect	Tonnage Range (Mt)	Grade Range (Fe%)
Åkosjegge	10-15	23-30
Altavaara	55-60	26-29
Laukkujärvi	4-8	30-35
Leppäjoki	5-8	35-45
Tjäorika	15-30	45-55
Total Hub 1	89-121	31.8-38.8

HUB 2-LANNAVAARA HUB

Prospect	Tonnage Range (Mt)	Grade Range (Fe%)
Kevus	35-45	28-35
Paljasjärvi	40-60	30-40
Teltaja	39-47	40-48
Total Hub 2	114-152	32-41

TOTAL	Mt	Fe (%)
Hub 1 & 2	203-273	32.1-39.6

Competent Persons Statement-Rakkurijärvi, Rakkurijoki, Discovery, Tributary Zone, and Puoltsa Mineral Resources

The mineral resource estimate for Rakkurijärvi, Rakkurijoki, Discovery, Tributary Zone and Puoltsa is effective from 13 January 2012 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.

Competent Persons Statement-Ekströmsberg, Tjärrojåkka and Pattok Mineral Resources

The mineral resource estimate for Ekströmsberg, Tjärrojåkka, and Pattok is effective from 22 July 2011 and has been prepared by Dr Christopher Wheatley of Behre Dolbear International Ltd, UK, acting as an independent "Competent Person". Dr Wheatley is a member of the Institute of Materials Minerals and Mining (Member 450553). Mineral resources of the Ekströmsberg, Tjärrojåkka, and Pattok have been prepared and categorised for reporting purposes by Dr Wheatley, following the guidelines of the JORC Code. Dr Wheatley 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. Dr Wheatley consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Competent Persons Statement-Vieto, Sautusvaara, Renhagen and Harrejaure Mineral Resources

The mineral resource estimate for Vieto and Sautusvaara is effective from 26 July 2011 and the mineral resource estimate for Renhagen and Harrejaure is effective from 13 January 2012 and has been prepared by Mr Geoffrey Reed of Minarco-MineConsult acting as an independent "Competent Person". Mr Geoffrey Reed is a member of the Australasian Institute of Mining and Metallurgy (CP)(Member 205422). Mineral resources of Vieto, Sautusvaara,

Renhagen and Harrejaure have been prepared and categorised for reporting purposes by Mr Reed, following the guidelines of the JORC Code. Mr Reed 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. Mr Reed consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Competent Persons Statement-Exploration Targets

The information in this document that relates to JORC Exploration Targets is based on information reviewed by Mr Thomas Lindholm of GeoVista AB, Luleå, Sweden acting as an independent "Competent Person". Mr Lindholm is a member of the Australasian Institute of Mining and Metallurgy (Member 230476). 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. Mr Lindholm consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Competent Persons Statement-Exploration Results

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.

SCANDINAVIAN RESOURCES LTD (ASX: SCR)

By way of introduction Scandinavian Resources':

- strategy is to 'incubate' a highly prospective portfolio of iron, gold, PGE and base metals projects in Scandinavia (primarily Sweden and Norway).
- General Manager Mrs Christina Lundmark was previously Head of Division Mineral Information for the Geological Survey of Sweden in Malå, Sweden.
- 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.
- 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.
- global investment banks Canaccord Genuity and Pareto Securities have been mandated to assist with the future funding of the Kiruna Iron Project.
- 'pipeline' of projects cover gold, copper-gold and lead-zinc prospects in Sweden and Norway.



Please visit www.scandinavianresources.com for a detailed summary of the Company's projects.

For further information please contact:

Scandinavian Resources Ltd

Damian Hicks
Chairman
Tel: +61 8 9324 1153

Media (Europe)

Kristoffer Gregersen and Rolf Gjertviksten
Apeland Informasjon, Oslo, Norway
Tel: +47 67 56 67 56
+47 67 55 46 76
Email: kristoffer@apeland.no