

ASX Release

30 August 2012

COVE RESOURCES LIMITED

"An emerging Western Australian mineral resource company focused on titanium, copper, gold, iron and base metals."

ASX: CVE

Capital Structure

45,686,988 Shares on issue
31,199,823 Listed options
12,000,000 Performance options

Board of Directors

Winton Willesee
Non-Executive Chairman

Garry R Hemming
Managing Director

Grant Freeman
Non-Executive Director

Greg Miles
Non-Executive Director

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Cove executes Letter of Intent with potential offtake partner: Sachtleben Pigments Oy.

HIGHLIGHTS

- Cove Resources Limited ("Cove") has executed a non-binding Letter of Intent with Sachtleben Pigments Oy ("Sachtleben") to provide assistance to Cove during the Bankable Feasibility Study ("BFS") for the Koivu Titanium Project in Finland and subject to confirmation of quality, potentially enter into a long term offtake.
- Sachtleben is a subsidiary of Sachtleben GmbH, which is the world's number one producer of titanium dioxide (TiO₂) pigment (anatase). Sachtleben GmbH is a joint venture between Rockwood Holdings Inc (61%) (NYSE:ROC) a US\$3.7B company and Kemira Pigments Oy (Helsinki: KRA1V) (39%) and in 2011 had a turnover of approximately €835 million.
- The LOI states that Sachtleben will provide resources and assistance to Cove during the BFS to ensure the ilmenite concentrate (titanium pigment feedstock) end product from the mine is suitable for the Sachtleben operations and the European Market.
- Subject to Cove confirming the ability to deliver a suitable product, Sachtleben will enter into discussions for a long term offtake in the vicinity of 150,000 to 200,000 tpa and up to a maximum of 300,000 tpa.
- Sachtleben has a current TiO₂ capacity of approximately 340,000 tpa. The largest Sachtleben TiO₂ plant is well located at Pori, Finland which is approximately 400 kilometres from the Koivu Titanium Project. The other plants are located in Germany.
- Cove is confident about being able to produce a quality product because Sachtleben (formally Kemira Pigments Oy) processed the 1,600 tonnes of concentrate produced during trial mining at the Koivu Titanium Project in 2001. The successful full scale trial of the concentrate confirmed the amenability of the concentrate for the production of TiO₂ via the sulphate process.
- The development of the Koivu Project will position Cove as a globally significant, long-term supplier of quality titanium.

Australian resource development company, Cove Resources Limited (ASX: CVE), is pleased to announce that it has signed a Letter of Intent (“LOI”) with Sachtleben Pigments Oy (“Sachtleben”). The LOI marks a significant next step for Cove in its development plans for the Koivu Titanium Project.

The LOI forms the basis of a potential long term working partnership whereby Cove would include Sachtleben and their advisors in all aspects of the Bankable Feasibility Study. Sachtleben would look to provide ongoing support to Cove for the Koivu Titanium Project providing necessary resources and assistance to ensure the Ilmenite concentrate mine product will be of an acceptable quality.

Cove is confident in the quality of the Koivu Ilmenite product as previous test work at Pori in 2001 confirmed the concentrates suitability for the Sachtleben Plant. At that time 1,600 tonnes of ilmenite concentrate was successfully processed in a full scale batch test.

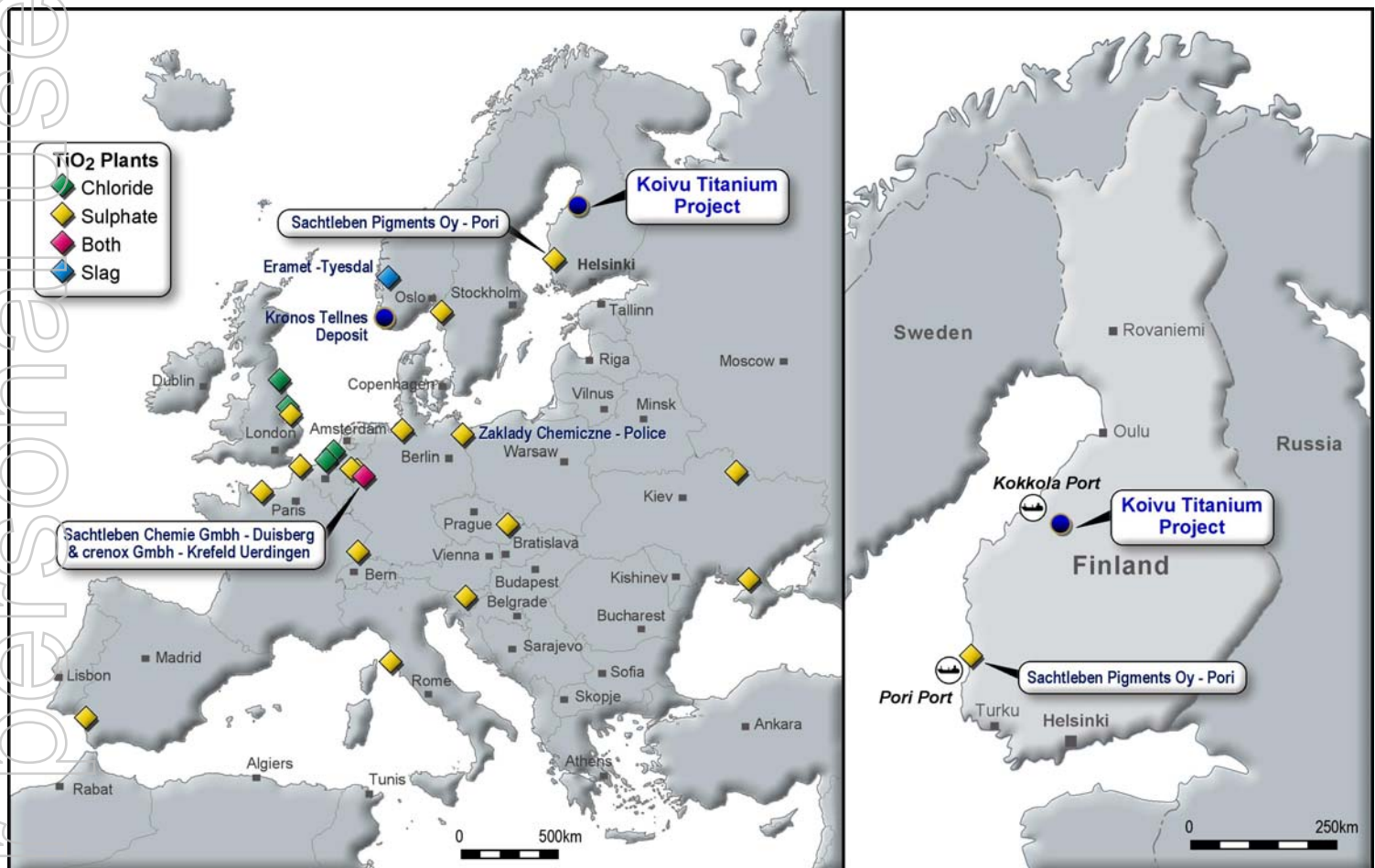


Figure 1: Location of the Koivu Titanium Project relative to the Sachtleben Pigments Oy, Pori Plant and other key plants in Europe.

During the BFS, Cove will work with Sachtleben and develop the relationship with a view of executing a long term titanium feedstock supply contract. The achievement of a foundation customer will be a significant milestone for Cove in the development of the Koivu Project.

Sachtleben is a subsidiary of Sachtleben GmbH, which is the world's number one producer of pigment (anatase) titanium dioxide (TiO₂). Sachtleben & Co was established in 1878 and has been producing TiO₂ at its Pori plant since 1961. Pori, on the west coast of Finland, is the closest Sachtleben pigment plant to Koivu (See Figure 2). As part of the BFS, Transport modelling is examining routes to Pori and other Sachtleben plants in Germany.

The ports of Kokkola (See Figure 3) and Pori are currently used for bulk cargo, and discussions with port authorities indicate that excess capacity is present.

The Koivu Titanium Project

Cove acquired the Koivu Titanium Project from Endomines Oy in July (see ASX Release dated 10 July 2012). It is a significant, advanced-stage project, located 60km southeast of the city of Kokkola in the western region of the country (Figure 1).

The LOI builds on the recently completed successful scoping study on the project (ASX Release dated 24 July 2012) and Cove is progressing a BFS, which is scheduled for completion in Q2 2013.

Highlights of the Koivu Scoping Study include:

- Project's existing resources may support a **20 year, 1.6M tpa** operation, which equates to a 250,000tpa production rate.
- Project has an estimated **NPV of US\$131 million** and **IRR of 32%** (pre-tax, 10% real discount rate, 100% equity, direct and indirect capital costs plus 35% capital expenditure contingency).
- Operating Costs of **\$110.50** per tonne of titanium pigment after magnetite by-product credits.
- Annual operating margin of **A\$28.63 million**.

Cove's goal is to develop the project into a large scale mining operation producing a high quality titanium pigment feedstock concentrate, supplying European markets, with first full year production planned for 2015. The development of the Koivu Project will position Cove as a globally significant, long-term supplier of quality titanium feedstock.

Titanium Feedstock (Ilmenite concentrate)

Titanium feedstock is used in the manufacture of titanium dioxide. Titanium Dioxide has the ability to impart brilliant whiteness and brightness, in addition to being an excellent opacifier and UV reflector. For this reason it is widely used in paint, plastic, paper and cosmetics industries. Pure Titanium metal is valued for its strength to weight ratio and resistance to oxidation. As a result it is widely used in the aerospace, medical implant and sporting goods industries.

About Sachtleben Chemie GmbH

Sachtleben Pigments Oy is a subsidiary of Sachtleben GmbH, which is one of the world's largest producers of pigment titanium dioxide (TiO₂) and functional additives. Sachtleben was established in 1878 and is headquartered in Duisburg, Germany. The Company is jointly owned by two major listed specialty chemical companies; Rockwood Holdings, Inc. (NYSE: ROC) and Kemira Oyi (Helsinki: KRA1V).

Sachtleben employs 2,200 people in total and has total annual production capacity of 340,000 tonnes of titanium dioxide (sulfate process) and 100,000 tonnes of functional additives. Its turnover in 2011 was approximately EUR 835 million.

The Company recently announced its intention to expand its titanium dioxide production capacity via the acquisition of crenox GmbH's production assets and inventories. This includes crenox's 100,000tpa titanium dioxide plant which is located in close proximity to Sachtleben's plant in Duisburg.



Figure 2: Pori Port showing the location of the Sachtleben Pori Plant

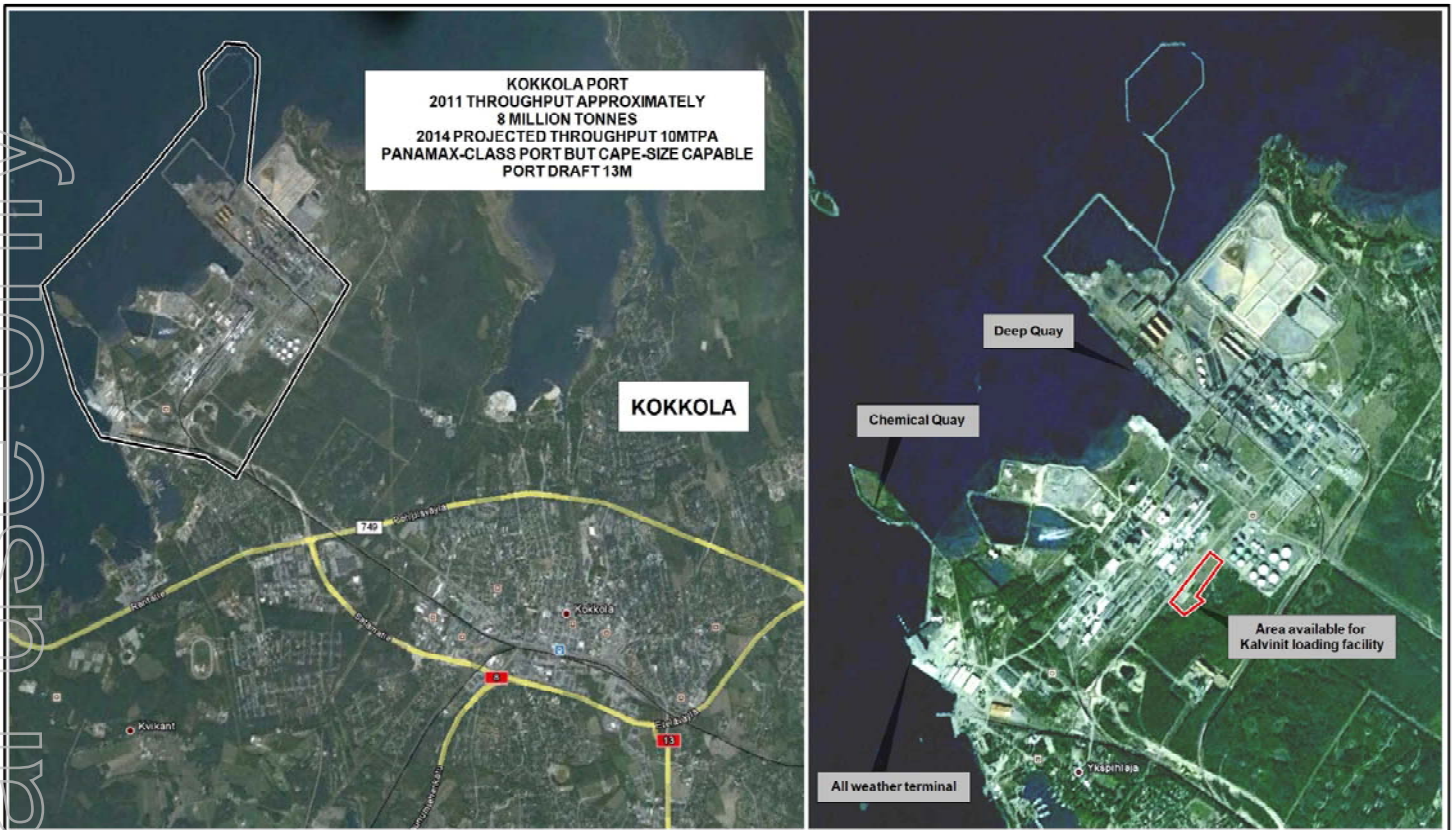


Figure 3: Kokkola Port

Cove Resources Limited Company Background

Cove Resources listed on the ASX on 27 January 2011 to explore and evaluate gold development opportunities (Figure 4) and to evaluate complementary merger and acquisition opportunities.

In line with Cove's strategy to pursue appropriate merger and acquisition opportunities, the Company announced the acquisition of the Koivu Titanium Project in Finland, in July 2012. This acquisition is positioned to give Cove a solid path to production.

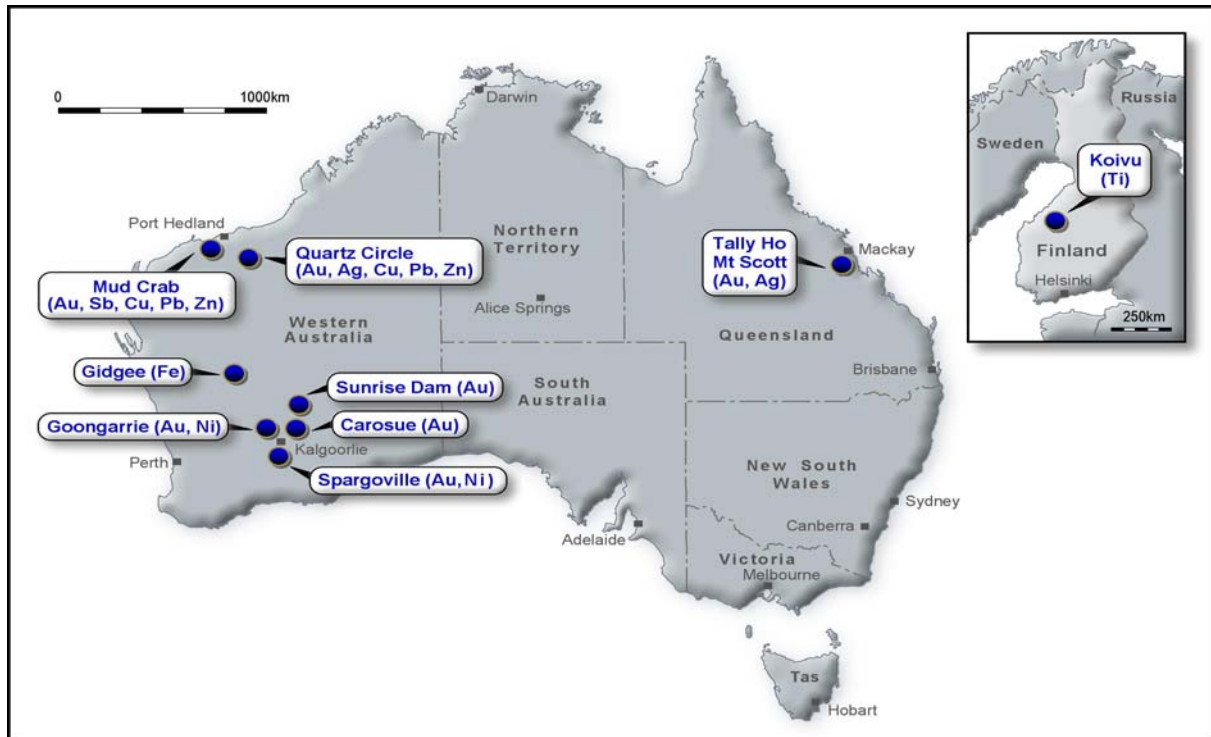


Figure 4: Location of Cove Resources Limited Projects

ENDS

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Competent Person Statement

Information in this release that relates to exploration results and geological interpretation has been compiled by Mr Mark Whittle MSc (Geol), MAusIMM, (CVE Exploration Manager) and Mr Garry Hemming, BAppScAppGeol, MAusIMM, (CVE Managing Director). Both Mr Whittle and Mr Hemming are Members of the Australian Institute of Mining and Metallurgy and have sufficient experience with the style of mineralisation and types of deposits under consideration, and to the activities undertaken, to qualify as competent persons as defined in the 2004 Edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Both Mr Whittle and Mr Hemming consent to the inclusion in this report of the contained technical information in the form and context in which it appears.

Sachtleben Pigments Oy has given its consent for its name to be utilised in this release.