COVE RESOURCES LIMITED

Tel: +61 (8) 9322 8341
Email: perth.office@coveresources.com.au

708 Murray Street, West Perth, WA 6005 | PO Box 810, West Perth, WA 6872

ASX Release **24 July 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

Cash in Bank: $2.5M (@31.3.2012)

Board of Directors

Winton Willesee
Non-Executive Chairman

Garry R Hemming
Managing Director

Grant Freeman
Non-Executive Director

Greg Miles
Non-Executive Director

Contact Us

www.coveresources.com.au

Grant Freeman
Director
Ph: +61 8 9322 8341
E: info@coveresources.com.au

James Moses
Media & Investor Relations
Ph: +61 420 991 574
james@mandatecorporate.com.au

Koivu Titanium Project Scoping Study Results

Company immediately progressing to Bankable Feasibility Study

HIGHLIGHTS

- Study results confirm the technical and financial viability for the proposed development of the Koivu Titanium Project in Finland.
- Demonstrates existing resources can support a **1.6M tpa** operation over a **20 year** operational life.
- Confirms the ability to produce titanium concentrate at 250,000 tpa and magnetite at 48,000 tpa plus apatite.
- Estimated direct capital expenditure of US$57.6 million.
- **NPV of US$131 million** and an **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 Ilmenite Concentrate after magnetite by-product credits.
- Annual operating margin of **A$28.63 million**.
- Development of Koivu Project will position Cove as a significant, long-term supplier of quality Titanium concentrate into European markets.

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Australian resource development company, Cove Resources Limited (ASX: CVE), is pleased to announce the results of the Scoping Study completed on the recently acquired Koivu Titanium Project located in Finland (ASX Release dated 10 July 2012).

The independent study has produced very positive results, demonstrating the potential of the Koivu Titanium Project to be a viable long term project with a 20 year operational life. See Figure 1 for location of the Koivu project.

The Scoping Study (-15%/+35% accuracy) demonstrates the robust nature of the Koivu Project, and, based on the results, Cove is pleased to confirm that it is immediately commencing a Bankable Feasibility Study (BFS) with completion planned for Q2, 2013. Also, discussions with potential titanium off-take partners have commenced.

The development of the Koivu Titanium Project will position the company as a significant, long-term supplier of quality Titanium concentrate into the European Market. Cove will have a significant competitive advantage on a CIF basis due to the low freight costs for delivery of titanium pigment concentrate into Europe versus distant suppliers from Australia, India and Africa.

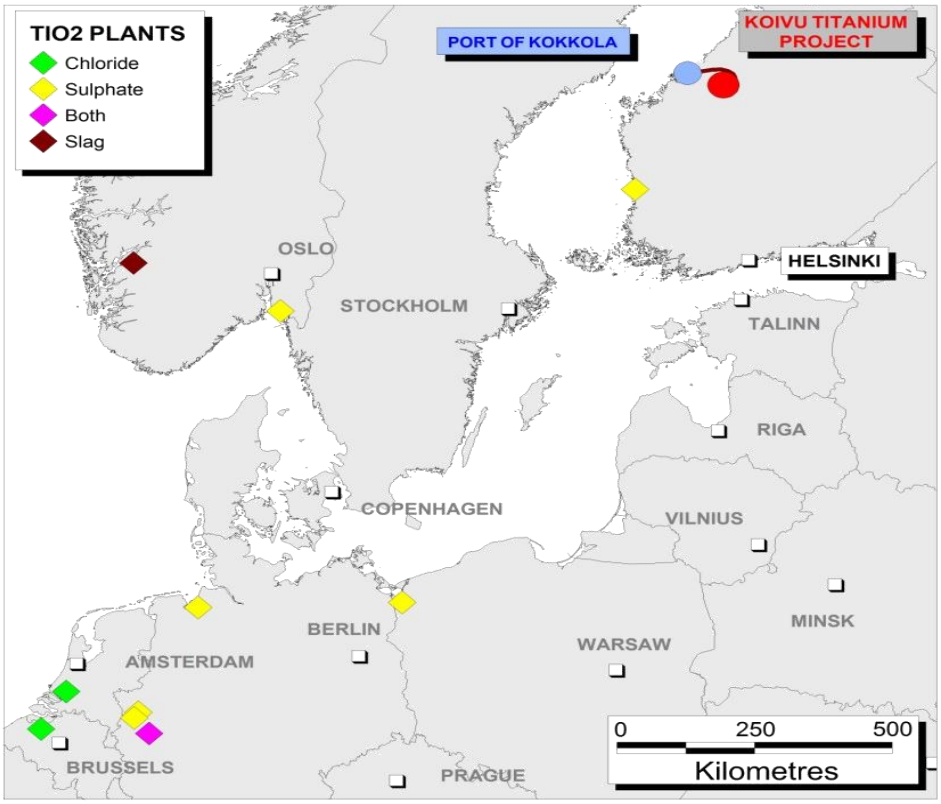

Figure 1: Koivu Titanium Project location and Titanium Plants in Europe

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The following independent parties were involved in the Scoping Study;

Role	Consultant
Project Manager and Lead Engineer	Engenium
Mining	Hard Rock
Processing	Nagrom
Resources	Micon
Environmental	Micon
Finnish Legal Counsel	Roshier
Australian Legal Counsel	Pointon Partners

Cove Managing Director, Garry Hemming commented:

"The Scoping Study which has essentially been completed during the Due Diligence period for the acquisition of the Koivu Titanium Project confirms the viability of the project and its genuine runway to production. The independent study has been completed using leading industry companies and consultants, and confirms the technically and financially viability of the Koivu Titanium Project. The project is forecast to have strong operating margins that should deliver significant cash flow to the company over a long operating life."

Financial Summary

Operating Cost Estimate Summary

The following Table summarises the operating costs for the 1.6mtpa plant to produce 250,000tpa of Ilmenite concentrate which is the base case for the Scoping Study.

		Total US$m / annum	Total Cost per Tonne Ilmenite Concentrate
A - Mining Operations	Sub Total	11.10	44.40
B1 Processing		11.35	45.41
B2 Apatite Leaching		0.07	0.28
B - Processing	Sub Total	11.41	45.69
C – Logistics & Transport	Sub Total	3.37	13.50
D- Port Handling & Shipping	Sub Total	3.70	14.81
E - Indirect Costs & Overheads	Sub Total	0.56	2.22
	Total $m	**30.15**	**120.62**
Less Magnetite Credits	Subtotal	(2.53)	(10.12)
	Total $m	**27.62**	**110.50**

*Note: Forecast Magnetite Production is 48,000tpa. The by product credits for the magnetite sales have been applied across the total planned Ilmenite production. Table subject to rounding.

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Capital Cost Estimate Summary

The following Table summarises the capital costs for the 1.6mpta Ilmenite Plant.

Allocation	Details	Total US$m
Mine	Mine Pre-strip	2.5
Processing Plant	Plant Site Preparation	10.9
	Dry Processing	13.5
	Wet Processing	22.4
	Processing Plant Facilities	1.2
	Processing Plant Services	5.7
Transport / Logistics	Road Haulage	0.5
Project Infrastructure	Water Supply	1.0
Total Direct Capital Costs		**57.6**
Indirect Costs	Owners Costs (4%)	2.3
	EPCM (12%)	6.9
	Contingency (35%)	20.2
Total Indirect Capital Costs		**29.4**
Total Capex		**87.0**

*The table is subject to rounding

PROJECT KPI SUMMARY

	US$ (unless stated)
Ilmenite Concentrate Price	225/t
Magnetite Price	80/t
Net Product Cost per Tonne (FOB)	110.5/t
Total Revenue	1,171.8m
EBITDA	578.4m
Direct Capital	57.6m
Indirect Capital	29.4m
Sustaining Capital	36.0m
IRR	24%
NPV10	131.4m
Mine Life	20 years
Mining – Ore	31.2mt
Mining – Waste	54.4 mt
LOM Strip Ratio	1.74:1
Production – Ilmenite	4.875mt
Production – Magnetite	0.936mt

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Mining

The Scoping Study is based on the processing plant producing 250,000tpa of Ilmenite concentrate, plus by-products of magnetite and apatite concentrates, from the resources already defined (to varying levels of confidence).

The deposits within the project area considered in the mining plan are:

- Koivu (divided up into south, central and north zones);
- Kaire;
- Pera; and
- Riutta.

Figure 2 below shows the location of the above referenced deposits with respect to the proposed plant location.

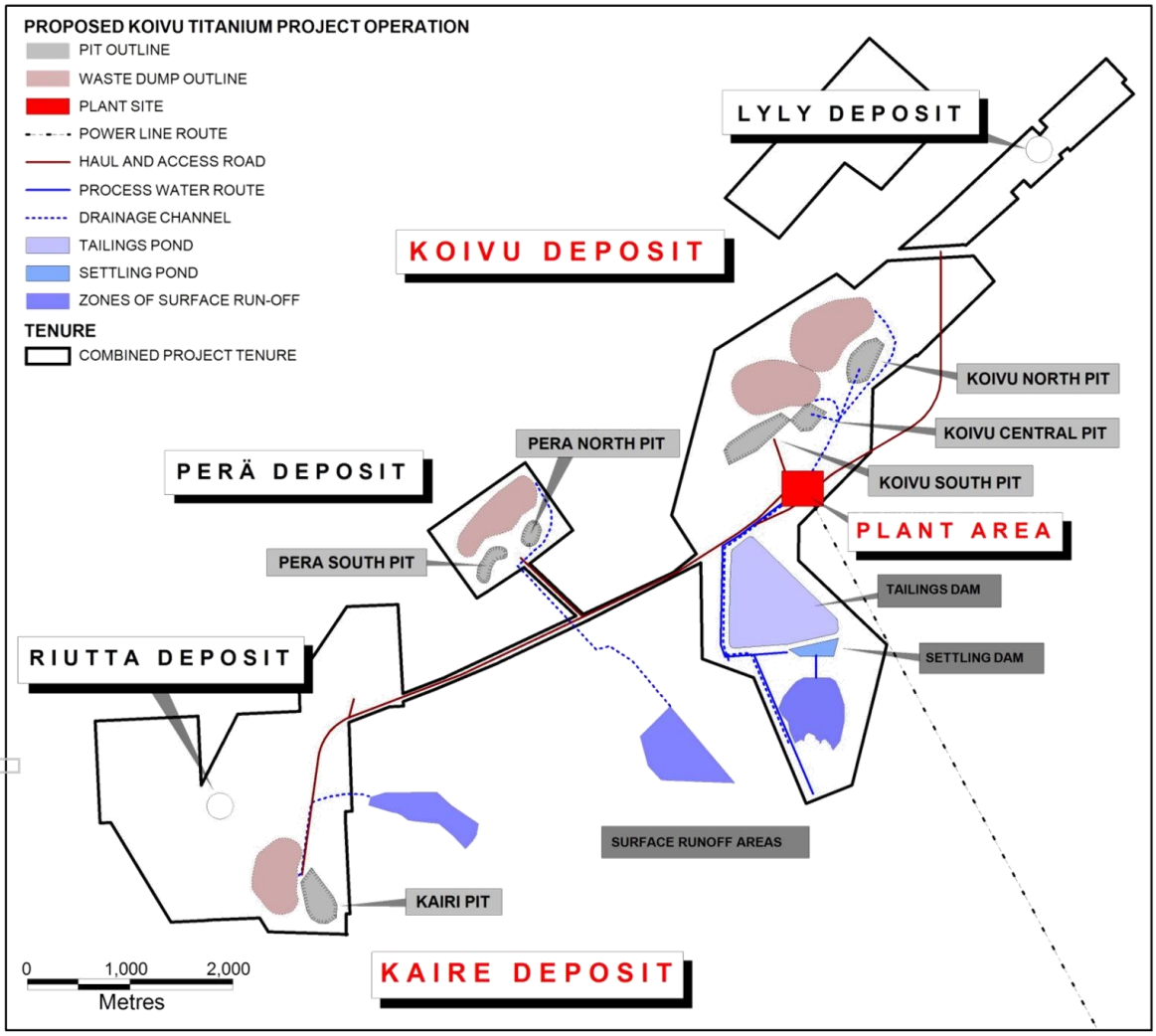

Figure 2: Proposed Koivu Titanium Project Plant and Deposits

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The Resource estimates of the mineralisation that underpins the mining plan are summarised in Appendix A.

Block models were originally produced in 2003 by Outukumpu for the Koivu, Kaire, Pera and Riutta deposits. In 2005 Micon International Co. Limited re-estimated the Koivu and Kaire Resources and this later estimate has been used by Cove in the scoping study. The Micon block models have 10 metre cubic blocks with interpolations conducted for TiO_2, Magnetite (through Satmagan Analysis), Fe_2O_3, P_2O_5, Cr_2O_3 and V. The 2003 estimates conducted by Outukumpu for Pera and Riutta were not considered JORC compliant and therefore cannot be utilised in this study. See Figures 3 and 4 below.

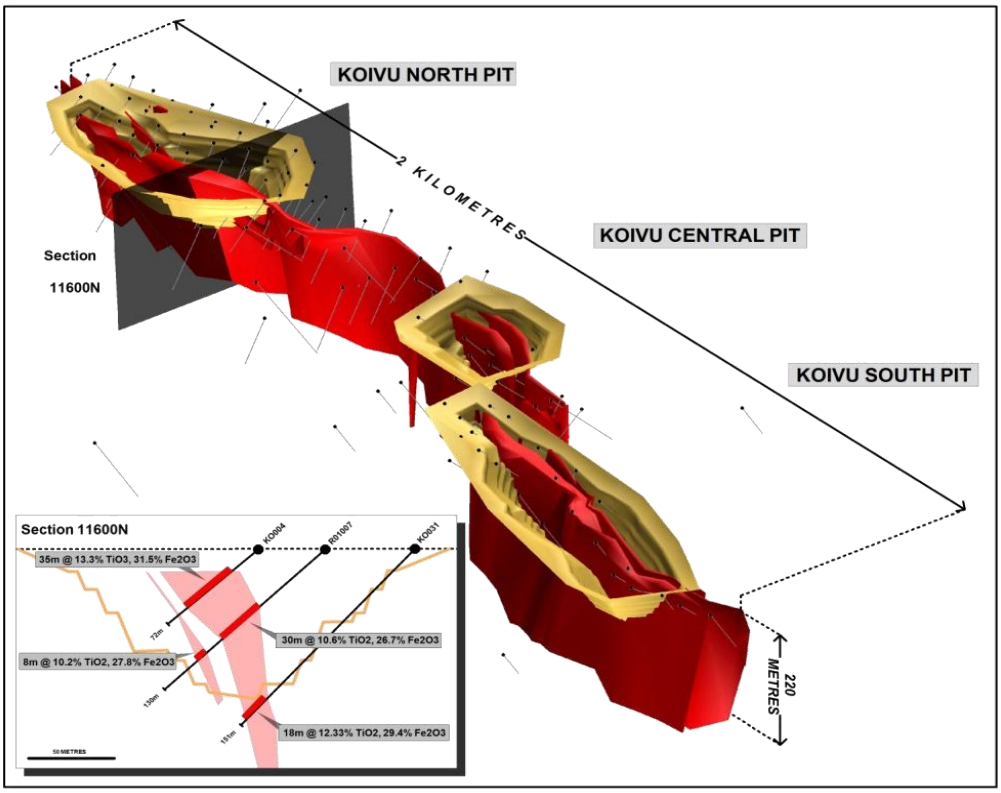

Figure 3: Koivu Deposit Pit Shell and Cross Section

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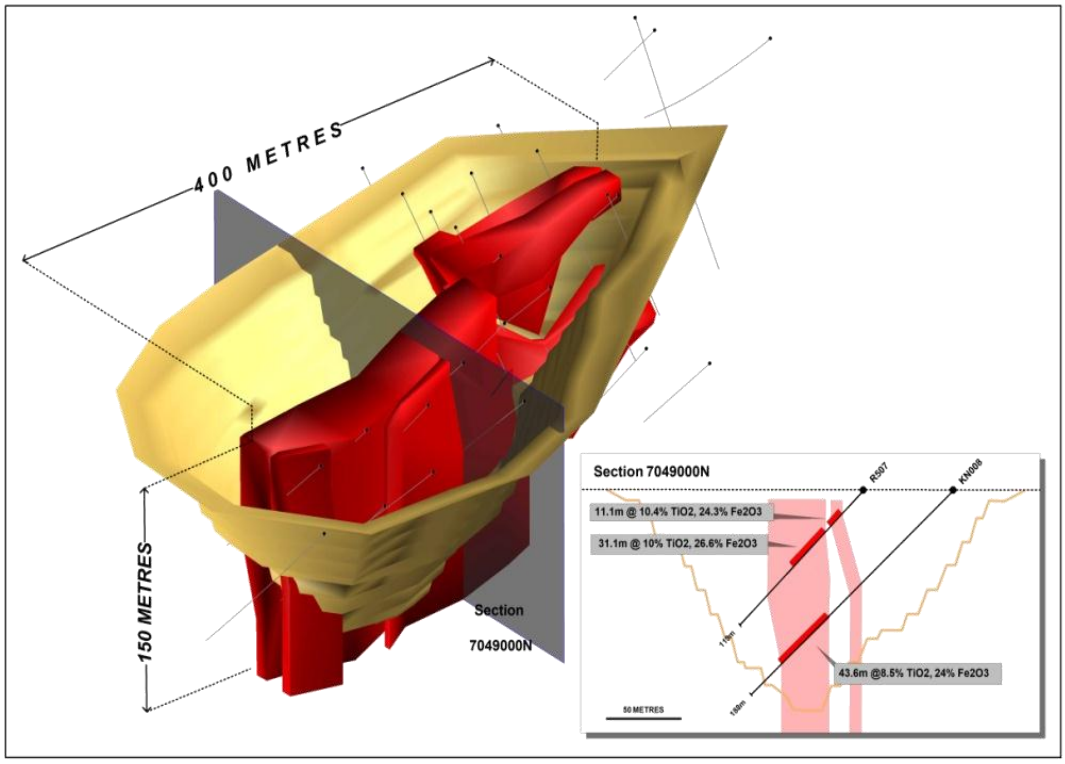

Figure 4: Kaire Deposit Pit Shell and Cross Section

Process Description

The study proposed that ore will be taken from the ROM pad by front end loaders or tipped directly by trucks into a ROM bin before passing over a grizzly feeder, which allows naturally fine material to bypass the primary crusher, with the coarse material being crushed by the primary crusher. The bypassed fines and crushed ore would re-combine on the primary crusher discharge conveyor.

The crushed material would be screened on a double deck screen and material over 45mm in size would be crushed in a secondary crusher, and returned to the screen. Material less than 45mm would be conveyed to the High Pressure Grinding Rolls (HPGR) screen to remove material less than 5mm. The material over 5mm would be crushed in a HPGR unit, with the crushed material returning to the HPGR screen.

A Low Intensity Magnetic Separation (LIMS), as a primary cobbing separator, would treat the HPGR Screen fines to pull a magnetite rich concentrate from the ore. The coarse cobbing unit operates wet, so the non-magnetic fraction from the unit would be pumped to the Ball Mill Discharge Hopper.

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The cobbing tail stream would be further reduced to 80% passing 75 microns in a Ball Mill, in closed circuit with cyclones, before treatment by the LIMS unit. The LIMS unit would produce a magnetite rich concentrate to be treated with the coarse cobbing concentrate in a dedicated operation.

The LIMS tailing stream would be treated by a Rare Earth Magnetic Separation (REMS) unit to remove the mildly magnetic ilmenite stream and reject the non-magnetic material to the tailings. The tailings would be dewatered in a thickener and then pumped to the Tailings Storage Facility (TSF).

The REMS concentrate would be conditioned and subjected to flotation to remove the sulphide minerals that reduce the quality of the concentrate. This sulphide concentrate could be further treated to recover any valuable minerals it contains. (This has not been considered as part of the Scoping Study).

The de-sulphidised slurry would be de-slimed and subjected to ilmenite flotation to make a concentrate of over 40% TiO_2 grade.

This concentrate would then be leached of apatite, dewatered and stored in a product shed awaiting despatch to the customer base.

See Figure 5 for a diagrammatic of the flow sheet.

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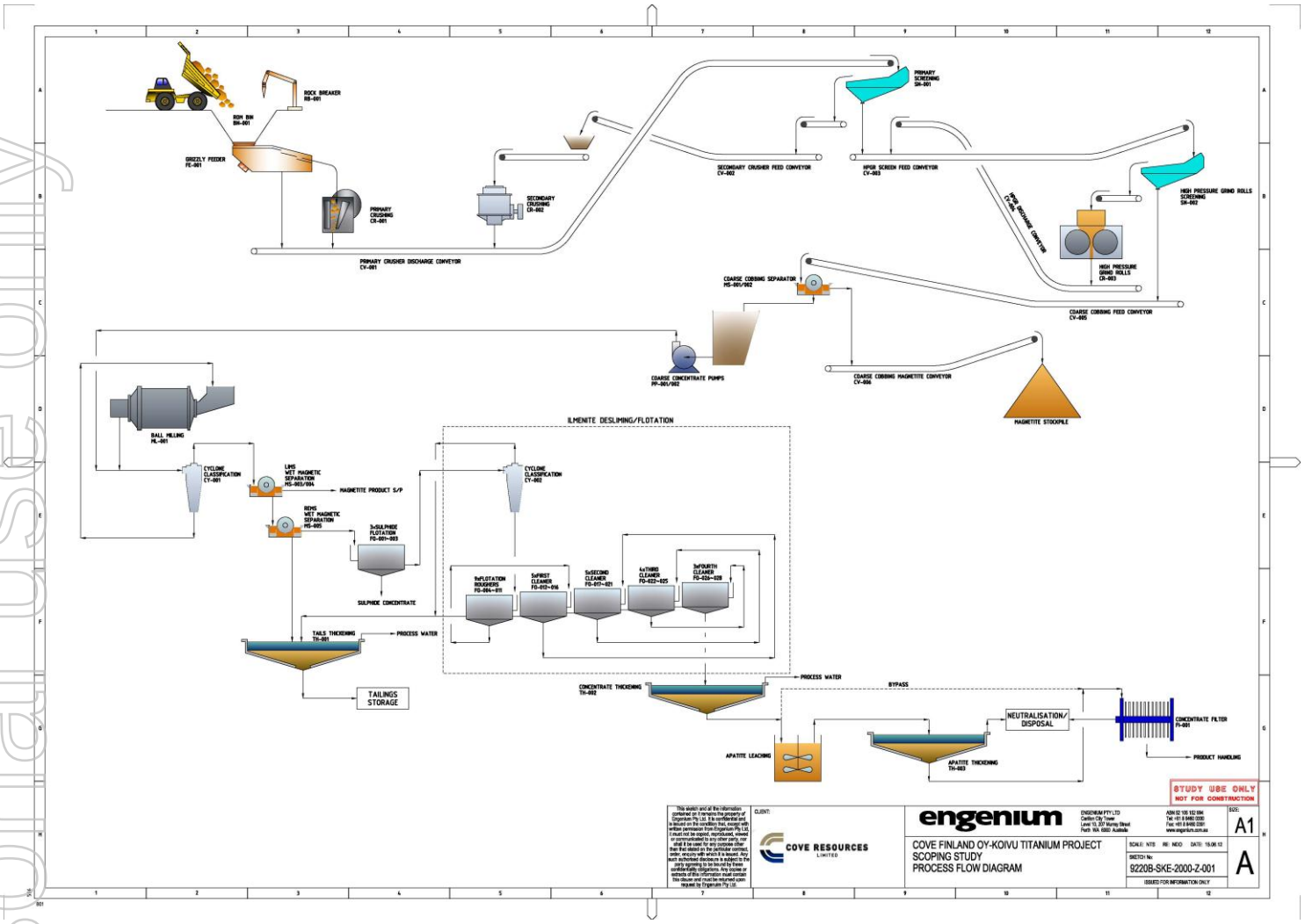

Figure 5: Flow Sheet

ENDS

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For further details please contact

Mr. Garry Hemming
Managing Director
Cove Resources Limited

Grant Freeman
Director
Cove Resources Limited

www.coveresources.com.au

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.

The information in this release that relates to resource estimates has been compiled by Mr Stanley Bartlett, Managing Director of Micon International Co. Limited ("Micon"). Micon conducted this work for Kalvinit Oy. Mr Bartlett, Micon and Kalvinit Oy all have given their consent to the inclusion in this report of the contained technical information in the form and context in which it appears.

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Appendix A: Koivu Titanium Project JORC Resource Tabulation (as of 1 January 2006)

KOIVU TITANIUM PROJECT - RESOURCES BY JORC CATEGORY						
JORC Category	Deposit	Tonnage (Mt)	TiO_2 (%)	Magnetite (%)	Metal Content (kt)	
					TiO_2	Magnetite
Indicated	Koivu	32.16	7.8	5	2,494	1,617
	Kaire	6.44	10	9.8	645	630
	Sub Total	**38.6**	**8.1**	**5.8**	**3,139**	**2,247**
Inferred	Koivu	29.99	6.7	4.5	1,998	1,358
	Kaire	0.1	7.3	7.3	8	8
	Sub Total	**30.09**	**6.7**	**4.5**	**2,005**	**1,366**
Total		**68.69**	**7.5**	**5.2**	**5,144**	**3,613**

KOIVU TITANIUM PROJECT - RESOURCES BY DEPOSIT						
Deposit	JORC Category	Tonnage (Mt)	TiO_2 (%)	Magnetite (%)	Metal Content (kt)	
					TiO_2	Magnetite
Koivu	Indicated	32.16	7.8	5.0	2,494	1,617
	Inferred	29.99	6.7	4.5	1,998	1,358
	Sub Total	**62.15**	**7.3**	**4.8**	**4,492**	**2,975**
Kaire	Indicated	6.44	10.0	9.8	645	630
	Inferred	0.10	7.3	7.3	8	8
	Sub Total	**6.54**	**10.0**	**9.8**	**653**	**638**
Total		**68.69**	**7.5**	**5.2**	**5,145**	**3,613**

Notes to accompany the tabulations
1. Mt and kt mean million metric tonnes and thousand metric tonnes respectively. Some rounding issues may be apparent with the metal content totals
2. The mineral resources were estimated above a 4% TiO_2 cut-off grade.
3. Data is stored in an Access database with results cross checked from original certificates and hard copies.
4. Geological Interpretation was based on the drill hole database and geological maps.
5. Inverse distance squared method was used to interpolate grades.
6. Bulk density was calculated using a correlation equation derived from SG determinations and the Fe_2O_3% and TiO_2% content.
7. Indicated mineral resources are defined as those resources calculated using 3 to 6 composites from at least 2 drill holes within a 75 metre search radius of the block centre. Inferred mineral resources are defined as those resources that satisfy the search criteria beyond the 75 metre search radius but within a 300 metre radius.
9. The mineral resource has been calculated following the guidelines of the JORC Code. Data was supplied by Kalvinit Oy and verified by Micon International Co. Limited. The competent person responsible for the mineral resource estimate is Mr. Stanley C Bartlett, PGeo., Senior Economic Geologist and Managing Director of Micon International Co. Limited, Norwich, UK.
10. This estimate was conducted in 2005 and it is reported here with the permission of Kalvinit Oy, Micon International Co. Limited and its Managing Director, Mr. Stanley Bartlett.