

ASX Release

23 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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New Exploration Target at Quartz Circle VMS project and Koivu Development Update

- Recent drilling data and new EM geophysical modelling at the Quartz Circle Copper-Gold Project has highlighted a very large EM target, the Royal prospect, that presents an exciting exploration opportunity which merits drilling.
- Cove's drilling to date confirms encouraging results from previous explorers. A large copper-gold rich VMS replacement sulphide deposit may be present.
- The recent Cove drilling (announced 18 July 2012) delineated promising intercepts which included:
 - 17 metres at 2.43% Cu from 43 metres (including 7 metres at 3.67% Cu from 53 metres in CQCRC005)
 - 9 metres at 2.02% Cu from 41 metres in CQCRC023.
 - 8 metres at 5.34 g/t Au from 106 metres and 1 metre at 22.1 g/t Au from 60 metres in CQCRC008
 - 3 metres at 4.45g/t Au from 19 metres in CQCRC012 and
- Cove intends to test the Royal prospect through a two phase, 10 hole RC/diamond core drill-hole program with select downhole electro-magnetics. It anticipates commencing the 3 hole Phase 1 program in September.

Koivu Titanium Project - Update

- Cove has also made significant progress with the acquisition of its recently announced Koivu titanium project in Finland, and provides the following update:
 - Cove is currently finalising the Notice of Meeting in preparation for shareholder approval of the transaction, expected to be in early October.
 - The Company recently completed a Scoping Study on the Koivu project which demonstrated robust economics including an **NPV of \$131m** and **IRR of 32%** (see announcement dated 24/7/2012).
 - The acquisition elevates Cove beyond pure exploration and into a development and eventual production scenario, with discussions underway with potential off take partners.
 - A Bankable Feasibility Study at Koivu has commenced, and further opportunities within the region are being considered.

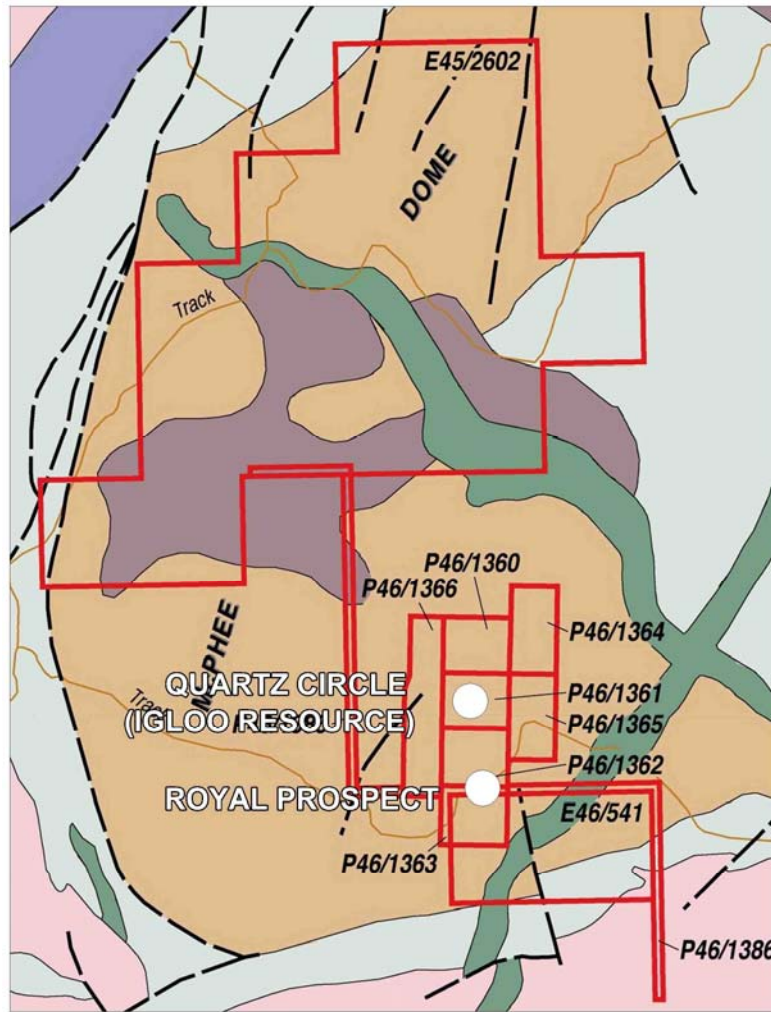


Figure 1: Location of the Royal EM anomaly within the Quartz Circle VMS Project, Pilbara Province, Western Australia

Cove Resources Limited (ASX: CVE & CVEO) is pleased to announce its intention to drill the large Royal EM anomaly located within the Quartz Circle VMS Project (80% CVE). The Quartz Circle project is located 220 kilometres southeast of Port Hedland in the Pilbara region of Western Australia (see Figures 1 and 2). It contains widespread copper, gold, silver, zinc, and lead with classical Volcanogenic Massive Sulphide (VMS) alteration and metal zonation.

Royal Gold Copper EM target.

Recent drilling results (Table 1) and new geophysical Electro-magnetic (EM) modelling by Cove have strengthened and confirmed the potential of the project to host large copper-gold bodies within the mineralised VMS system. Interpretation of the Cove drilling data also provided insights into the structural and geochemical features of known mineralised bodies. This information will be used to guide the drilling of the Royal anomaly. Cove drilling also confirmed that a number of prospects within the project contain open zones of mineralisation (Figure 2).

The EM anomaly at the Royal Prospect (Figure 2 & 3), lies to the south of the main Quartz Circle zones of mineralisation (including Igloo) and is over 1000 metres wide and extends to 500 metres depth. It is important to note that the Royal anomaly is much larger than the Igloo EM anomaly, which is the geophysical signature of a small Indicated Resource of 93,000 tonnes grading 2.92% Cu, (previously delineated and announced).

Also, the Royal anomaly has several drill holes above and to the west of the main anomaly's predicted source, with significant silver results (Figure 2). The Cove VMS Model for Quartz Circle predicts that silver mineralisation could occur as a halo around a copper-gold rich core.

Exploration is aimed to delineate clusters of Gold-Copper VMS deposits at Royal spatially related to the very large complex electro-magnetic ("EM") anomaly, coincident magnetic features and multiple gravity anomalies (Figure 3).

Given its size, extent and position within the large Quartz Circle VMS system, the EM anomaly warrants immediate drill testing. Cove intends to test Royal with a ten hole, two phase program which includes downhole electro-magnetics. Phase 1 of this program will be composed of an initial three holes drilled to test the main anomaly and examine alteration within the anomaly envelope.

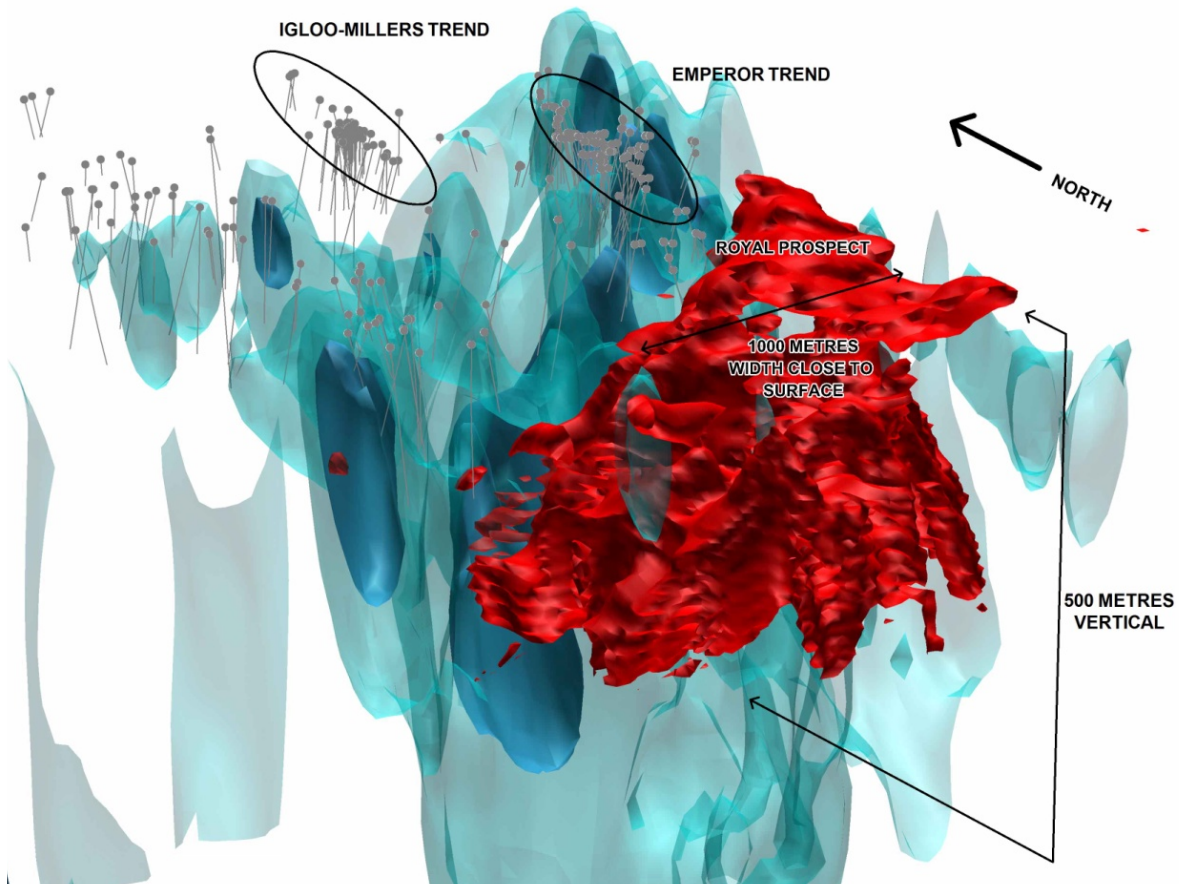


Figure 3: Three dimensional oblique view showing the Quartz Circle Royal EM target (red) with the inverted gravity (blue) and existing drilling (grey). The dimensions shown are broadly designed to show the size of the target.

Cove Resources Limited Company Background

Cove Resources listed on the ASX on 27 January 2011 to explore and evaluate mineral development opportunities in Western Australia and elsewhere and to evaluate complementary merger and acquisition opportunities. An important silver project in Queensland, Tally Ho, was added to the portfolio. The Quartz Circle VMS Project acquisition was completed in January 2012 along with the Mud Crab VMS project nearby and the Gidgee Iron Project.

In June 2012 the company has embarked on the process of acquiring the Koivu Ilmenite Project in Finland. This acquisition gives Cove a solid path to production. A Scoping Study has been completed and announced and Cove is proceeding with a Bankable Feasibility Study.

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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.

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Table 1: Significant split assay intercepts from the Quartz Circle drilling program

Quartz Circle Drilling - Significant Assay intercepts from 1 metre composite samples												
Prospect	Hole	EGPS_GDA94Z51	NGPS_GDA94Z51	RL	TD		From	To	m	Au (ppm)	Ag (ppm)	Cu(pct)
Igloo	CQCRC001	208951.5	7601317	365.5	60		0	2	2	1.81	0.5	0.06
							4	5	1	0.79	0.6	0.06
							11	12	1	1.63	2.6	0.06
							20	21	1	0.01	0.4	1.17
							24	31	7	0.08	0.8	0.82
						incl.	24	26	2	0.02	0.8	1.35
						and	29	31	2	0.19	0.7	1.13
							34	37	3	0.24	0.6	0.49
	39	42	3	0.16	1.1	0.75						
Igloo	CQCRC002	208899.5	7601336.5	368	80	No significant Intercepts						
Igloo	CQCRC003	208901	7601318.5	366.5	80		36	38	2	0.35	9.0	0.03
							43	44	1	4.73	0.1	0.00
Igloo	CQCRC004	208890	7601303	367.5	80	No significant Intercepts						
Igloo	CQCRC005	208922	7601324.5	366.5	60		28	35	7	0.06	0.5	1.44
							43	60	17	0.03	0.3	2.43
						incl.	43	49	6	0.01	0.4	2.23
	and	53	60	7	0.05	0.3	3.67					
Igloo	CQCRC006	208935.5	7601337.5	366.5	80		21	26	5	0.05	7.6	0.60
							31	32	1	0.02	0.3	0.61
							36	43	7	0.02	0.5	1.07
							47	50	3	0.02	0.3	1.56
							61	62	1	0.07	0.4	1.09
Igloo	CQCRC007	208984	7601384	368	60		0	3	3	0.28	0.6	0.02
							46	50	4	0.44	0.8	0.01
							54	55	1	0.57	2.2	0.02
Igloo	CQCRC008	208915.5	7601411	370	160		48	49	1	0.65	1.8	0.07
							60	61	1	22.10	3.0	0.01
							106	114	8	5.34	25.7	0.03
							146	148	2	1.19	3.0	0.04
Au4	CQCRC009	208301	7602160	382	90		6	7	1	0.75	1.5	0.03
							23	26	3	1.32	6.3	0.01
							34	35	1	0.34	4.3	0.01
							38	40	2	2.28	1.7	0.00
Au4	CQCRC010	208272	7602162	382	80		36	37	1	0.78	1.6	0.00
							40	41	1	1.91	2.6	0.00
Au4	CQCRC011	208297.5	7602081	382	80		12	13	1	0.39	8.3	0.01
Au4	CQCRC012	208273	7602081	382	80		19	22	3	4.45	1.2	0.00
							24	25	1	0.79	2.1	0.00
Au7	CQCRC013	209081	7601862	372	80		2	3	1	0.55	2.3	0.06
							5	6	1	0.25	1.50	0.04
							8	9	1	0.21	1.90	0.02
							11	13	2	19.00	18.85	0.58
							17	18	1	1.41	1.90	0.09
							76	80	4	0.05	4.8	0.44
Au7	CQCRC014	208855	7601117	372	60		18	19	1	0.55	1.9	0.03
Millers	CQCRC015	208838	7601076	372	50		8	9	1	1.02	0.4	0.12
							16	17	1	0.09	3.3	0.56

Table 1 Continued

Quartz Circle Drilling - Significant Assay intercepts from 1 metre composite samples												
Prospect	Hole	EGPS_GDA94Z51	NGPS_GDA94Z51	RL	TD		From	To	m	Au (ppm)	Ag (ppm)	Cu(pct)
Millers	CQCRC016	208879	7601077	378	130		No significant Intercepts					
Millers	CQCRC017	208852.5	7601022	378	70		22	23	1	0.2	0.3	0.02
Millers	CQCRC018	208840	7600977	378	59		No significant Intercepts					
Millers	CQCRC019	208862	7600980	378	59		No significant Intercepts					
Millers	CQCRC020	208877	7601123	372	60		No significant Intercepts					
Royal	CQCRC021	209041	7600067	364	80		No significant Intercepts					
Royal	CQCRC022	209047	7600049	364	120		No significant Intercepts					
Igluo	CQCRC023	208965	7601371	368	80		1	3	2	0.47	0.2	0.03
							24	29	5	0.01	3.5	0.64
							41	50	9	0.01	0.6	2.02
						incl.	46	49	3	0.01	1.0	2.46
						incl.	70	75	5	1.40	1.0	0.02
						78	79	1	0.43	0.4	0.01	
Au5	CQCRC024	208176	7600379	363	100		16	17	1	0.31	1.0	0.01
							50	52	2	5.31	4.2	0.01
Au5	CQCRC025	208219.5	7600314	363	100		4	12	8	0.33	1.0	0.01
							59	60	1	0.83	10.9	0.06
							77	78	1	1.20	4.1	0.02

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