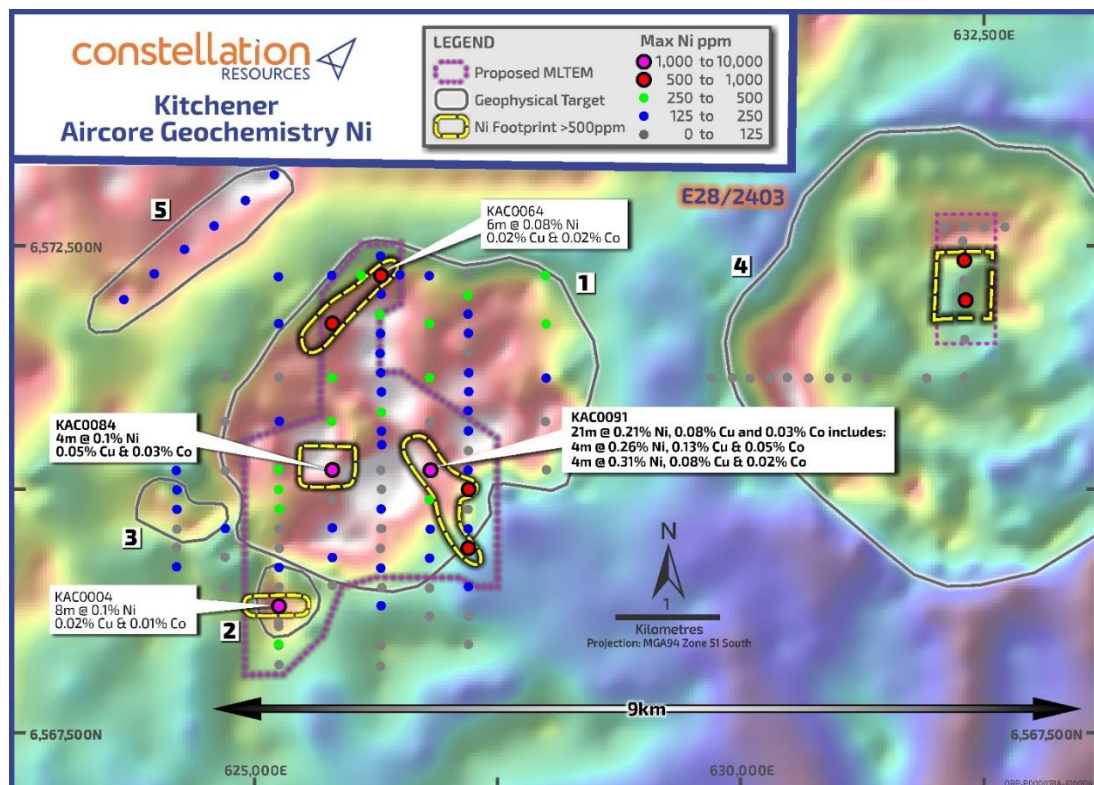


## JUNE 2020 QUARTERLY REPORT

**Constellation Resources Limited ("Constellation" or "Company")** is pleased to present its Quarterly Report for the period ended 30 June 2020. The Company's focus is on the Orpheus Project in the Fraser Range, in addition to identifying and evaluating new opportunities in the resource sector. The positive results from the Company's early stage drilling programs on its Transline tenements has further demonstrated the underlying nickel sulphide prospectivity of its ground holdings.

### HIGHLIGHTS DURING AND SINCE THE QUARTER

- Air-core drilling program over Targets 1 to 5 (Figure 2) identified five discrete nickel, copper, cobalt ("Ni-Cu-Co") geochemical anomalies over the Targets 1, 2 and 4 (Figure 1). Best results:
  - KAC0091: 21m @ 0.21% Ni, 0.08% Cu and 0.03% Co to bottom of hole and includes:**
    - 4m @ 0.26% Ni, 0.13% Cu and 0.05% Co; and**
    - 4m @ 0.31% Ni, 0.08% Cu and 0.02% Co.**
- Identification of Ni-Cu-Co anomalous zones with positive bottom of hole characteristics supports the potential for nickel sulphides to be hosted within mafic intrusions in the area.
- The Company has since approved high priority follow up electromagnetic surveys over the Targets.
- Experienced nickel executive Peter Muccilli appointed as Technical Director.
- Cash at bank of \$4.3 million and no debt as at 30 June 2020, well-funded for planned activities.



**Figure 1: E28/2403 (Constellation (70%), Enterprise Metals Limited (30%, ASX: ENT)) air-core Ni results, geochemical footprints and planned EM over gravity image.**

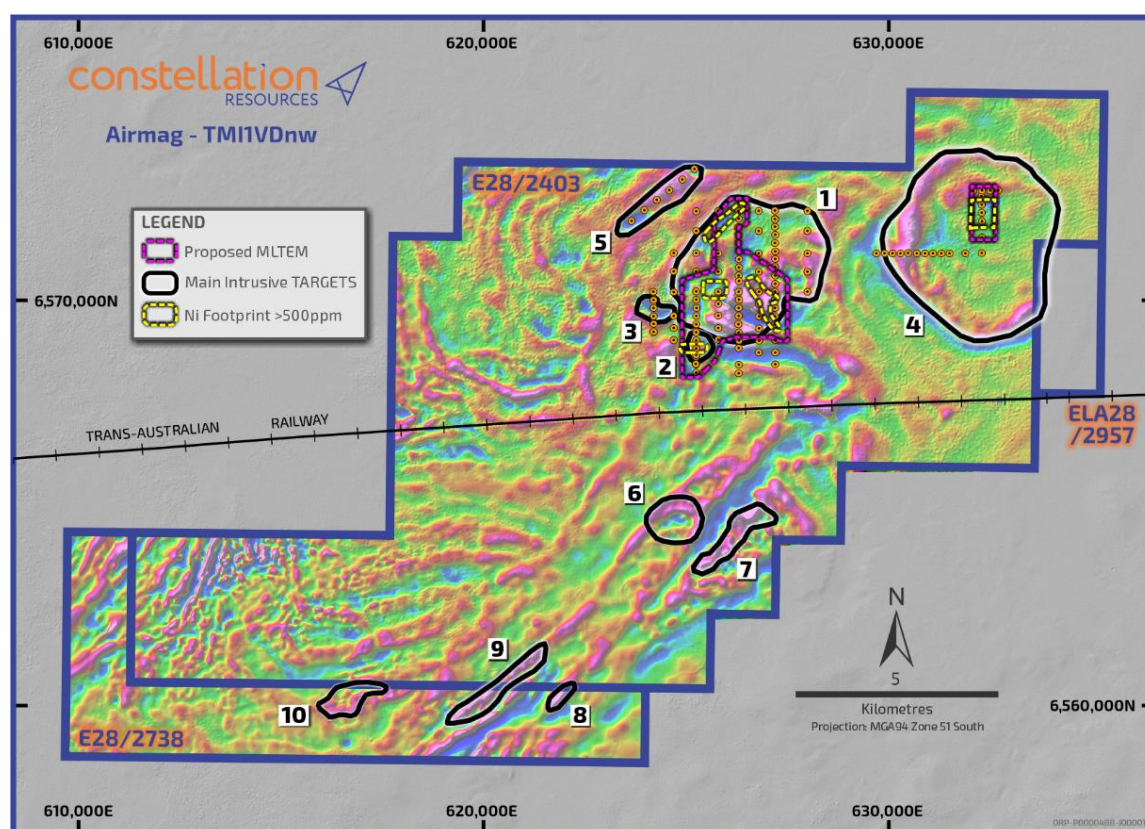
## AIRCORE DRILLING PROGRAM

The maiden reconnaissance program comprising 121 holes totalling 15,102m was undertaken on five of ten high priority geophysical targets (Figure 2) that were identified across the Company's northern tenements. The program was designed on a broad 500m x 400m grid pattern with selected traverses, reduced to 200m centres and was successful in reaching the targeted Proterozoic basement and ended in fresh rock.

Assay results returned from the drilling (Table 1) have highlighted five discrete Ni-Cu-Co geochemical footprints over geophysical Targets 1, 2 and 4 with a cumulative area of over 1.4km<sup>2</sup> (Figures 1 and 2). The identification of Ni-Cu-Co anomalous zones along with an interpreted intrusive suite of olivine gabbros, pyroxenites and ultramafic rocks intersected at the bottom of hole, is considered highly promising. The positive results support the potential for Ni-Cu-Co sulphides to be hosted within mafic intrusions in the area (Refer to ASX announcement on the 14/7/2020 for further details).

Hole ID	Depth From	Depth To	Interval m	Ni%	Cu%	Co%	Ag ppm	BOH Geology
KAC0091	93	114	21	0.21	0.08	0.03	0.02	Pyroxenite
Including	93	97	4	0.26	0.13	0.05	0.01	
Including	109	113	4	0.31	0.08	0.02	0.01	
KAC0004	73	81	8	0.1	0.02	0.01	0.08	Pyroxenite
KAC0084	98	102	4	0.1	0.05	0.03	0.15	Olivine Gabbro

**Table 1: Summary of Air-Core Drill Results (>0.1% Ni bottom cut).**



**Figure 2: E28/2403, E28/2738 & ELA 28/2957 geophysical targets over magnetic image.**



## CURRENT AND PLANNED WORK PROGRAMS

### Moving Loop Electromagnetic Survey ("MLTEM")

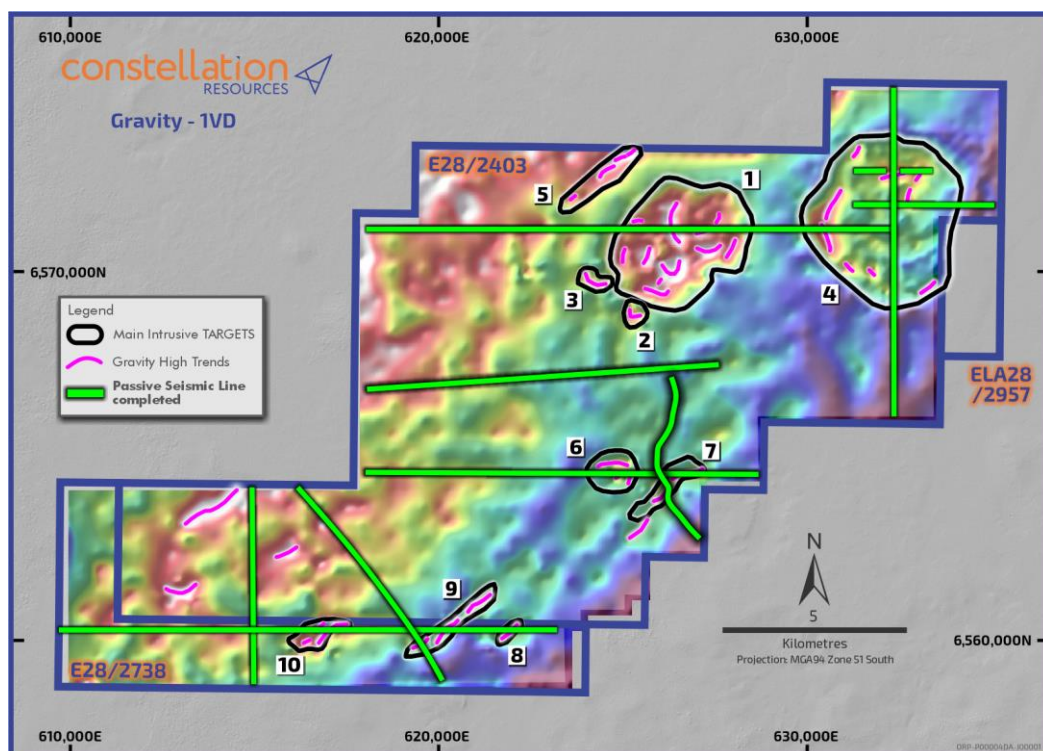
In response to the encouraging results received, Russell Mortimer from Southern Geoscience Consultants who has guided and coordinated the Company's geophysical targeting to date, has designed a Low Frequency ( $\sim 0.125\text{Hz}$ ) MLTEM survey over all of the target geochemical footprints (Targets 1, 2 and 4) previously identified. The aim of the MLTEM survey is to search for basement conductors that may be linked to the geochemical footprints (dispersions). See Figure 1 for the planned EM survey boundary. Subject to crew availability, the Company intends to complete the survey during the September quarter.

If basement conductors are identified, deeper drilling (reverse circulation and/or diamond) is then warranted to determine whether the conductor source is due to the presence of massive nickel sulphides.

### Passive Seismic Survey

The Company has completed a passive seismic survey totalling 80km across its Transline tenements (Figure 3). In conjunction with the existing drill data, the passive seismic information is currently being processed to estimate the subsurface locations of the top of basement/ fresh rock surfaces and the thickness of the cover sequence.

A key benefit of the passive seismic information obtained is it allows for the reprocessing of semi-regional gravity and aeromagnetic geophysical datasets with the cover sequence influences removed. The interpretation of the reprocessed datasets allows for a review of the current target ranking and/or the potential for new targets to be generated. The cover thickness estimate also allows for both the optimising and budgeting for future drill programs.



**Figure 3: Passive seismic survey lines over gravity image.**

## APPOINTMENT OF TECHNICAL DIRECTOR

Subsequent to quarter end, the Company announced the appointment of Mr Peter Muccilli as a Technical Director. Mr Muccilli is a Geologist with over 28 years of extensive exploration, development and operational experience in the resources sector, particularly nickel, gold, zinc and lead. Mr Muccilli was the former Managing Director and Chief Executive Officer for Mincor Resources NL ("Mincor"). During his 15 years at Mincor, Mr Muccilli also held the role of Kambalda Exploration Manager where he led the team that was responsible for much of Mincor's nickel exploration success, including the high-grade Greenfield Cassini Discovery.

Since Mincor, Mr Muccilli has established Unearthed Geological Consulting where he has been consulting to several ASX listed and private companies. Mr Muccilli has been integral in the identification of Constellation's drill targets across its tenements in the Fraser Range and the analysis and interpretation of results from its recently completed maiden air-core drilling program.



**Figure 4: Air-core drill samples in the Fraser Range.**

## EXPLORATION INCENTIVE SCHEME GRANT

The Department of Mines, Industry, Regulation and Safety of Western Australia has awarded Constellation an Exploration Incentive Scheme ("EIS") grant under its Co-Funded Government Industry Drilling Program. The Company intends to utilise the EIS grant for a proposed drilling program over targets 6-10 (Figure 1) located at the southern portion of its tenements whereby 50% of the direct drilling costs will be co-funded. The reconnaissance air-core drilling is planned subject to requisite clearances and is aimed at identifying concealed mafic-ultramafic complexes and potential pathfinder geochemical anomalism in the regolith.

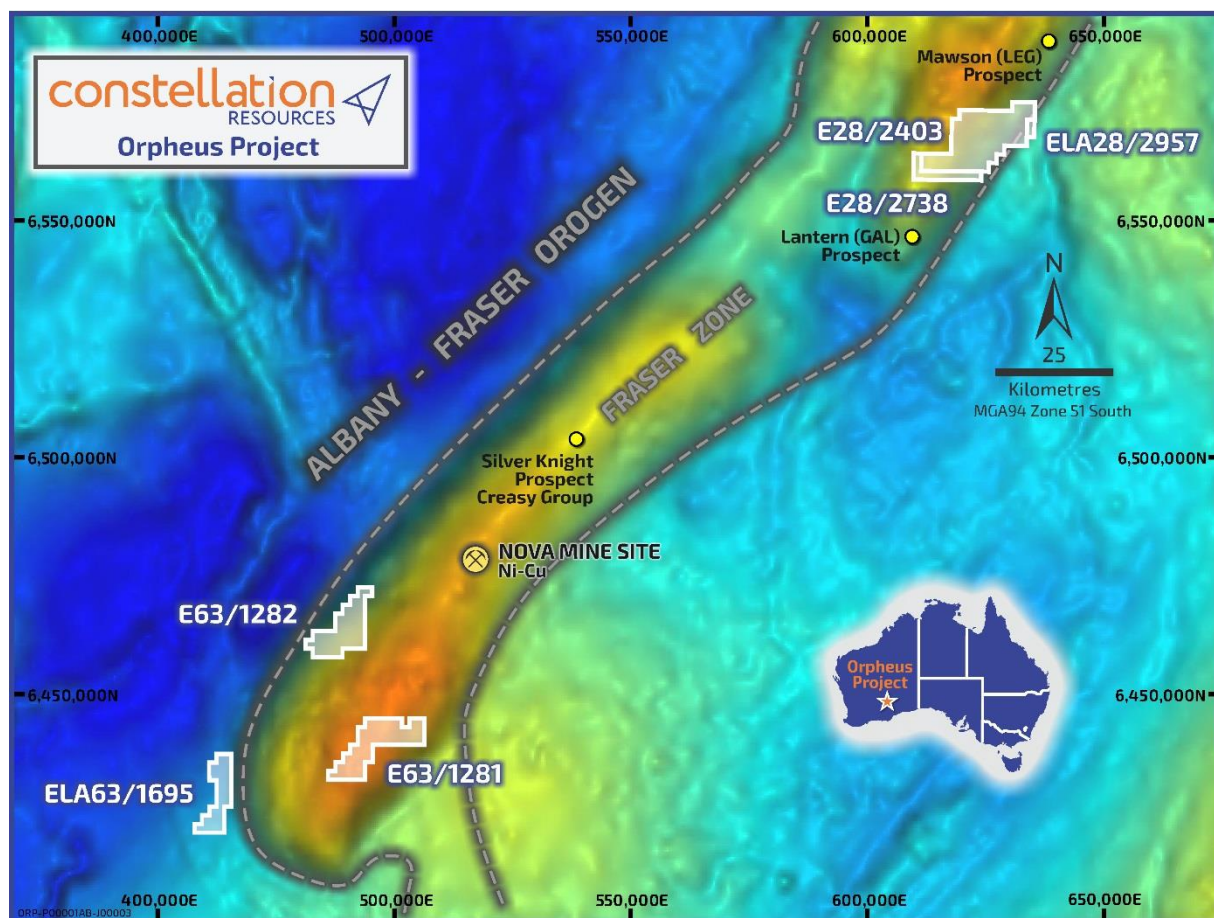


## ABOUT THE FRASER RANGE TENEMENTS

The Company manages the Orpheus Project (Figure 5), comprising six tenements covering approximately 558km<sup>2</sup> in the Fraser Range province of Western Australia. In the Fraser Range, certain Proterozoic mafic intrusion suites are prospective to host nickel-copper sulphide mineralisation. The region is currently experiencing high levels of exploration activity for nickel following the Nova, Silver Knight, Mawson and Lantern discoveries.

The Orpheus Project includes a 70% interest in three mineral exploration licences (E28/2403, E63/1281 and E63/1282) and one mineral exploration licence application (ELA63/1695). The granted exploration licences form part of a joint venture between the Company (70%) and Enterprise Metals Limited ("Enterprise") (30%, ASX: ENT). Pursuant to the joint venture agreement, the Company is responsible for sole funding all joint venture activities on the tenements, which form part of the joint venture, up to completion of a bankable feasibility study.

Additionally, the Company has further 100% interests in exploration licence (E28/2738) and application (E28/2957).



**Figure 5: Tenement Plan – Orpheus Project**

## CORPORATE

Constellation is in a strong financial position with cash at bank of approximately \$4.3 million and no debt as at 30 June 2020.

As at 30 June 2020, the Company has the following securities on issue:

Security Type	Number
Fully Paid Ordinary Shares	35,000,100
Listed options exercisable at \$0.20 each on or before 31 July 2021	11,666,402
Unlisted options exercisable at \$0.20 each on or before 31 July 2021	3,000,000*
Unlisted options exercisable at \$0.25 to \$0.60 each with expiration dates from 9 April 2021 to 9 April 2022	1,000,000

\*Quotation will be sought for these options on 30 July 2020.

### For further information, please contact:

**Peter Woodman**

Managing Director

Tel: +61 8 9322 6322

## COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results is extracted from announcements dated 20 January 2020 and 14 July 2020. These announcements are available to view on [constellationresources.com.au](http://constellationresources.com.au). The information in the original ASX Announcements were based on information compiled by Peter Muccilli, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy. Mr Muccilli is a Technical Director of Constellation Resources Limited and a holder of options in Constellation Resources Limited. Mr Muccilli has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

## FORWARD LOOKING STATEMENTS

Statements regarding plans with respect to Constellation's project are forward-looking statements. There can be no assurance that the Company's plans for development of its projects will proceed as currently expected. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.

*This announcement has been authorised for release by the Company's Managing Director, Peter Woodman.*

## Appendix 1: Disclosures in accordance with ASX Listing Rule 5.3

### Summary of Mining Tenements

As at 30 June 2020, the Company has an interest in the following projects:

Project Name	Permit Number	Percentage Interest	Status
Fraser Range, Western Australia	E63/1281	70%	Granted
	E63/1282	70%	Granted
	E28/2403	70%	Granted
	E63/1695	70%	Application
	E28/2738	100%	Granted
	E28/2957	100%	Application*

\*Granted 22 July 2020.

No interests in mining tenements were acquired or disposed of during the quarter.

### Use of Funds Statement

The Company was admitted to the official list of the ASX on 26 July 2018 with official quotation occurring 30 July 2018 and as such, the quarterly report for the period ended 30 June 2020 is covered by the "Use of Funds Statement" include in the Company's Prospectus. The analysis below reflects 23 months from date of listing.

Allocation of Funds*	Actual \$A'000	Prospectus \$A'000	Variance \$A'000	Notes
Exploration & evaluation	1,265	3,280	2,015	1
Business development and activities on ungranted tenements (as at date of prospectus)	40	470	430	2
Staff costs (including Director Fees)	677	1,027	350	3
Administration and corporate costs	476	495	19	
Costs of the Initial Public Offering	368	320	(48)	
Repayment of working capital facility	100	100	-	
<b>Total</b>	<b>2,926</b>	<b>5,692</b>	<b>2,766</b>	

\*Note categories included in the Company's Prospectus have been amended to align with the disclosures made in the Appendix 5B.

Note 1 - Exploration and evaluation expenditure on tenements E28/2403 and E28/2738 has increased in the previous three quarters including the Company's recently completed maiden air-core drill program. Exploration programs prior to the air-core program which were predominately geophysical work to identify potential targets has increased prospectivity and therefore resulted in more exploration expenditure being budgeted to be deployed in these areas.

The Company's Use of Funds Statement anticipated significant exploration work and programs on tenements E63/1281 and E63/1282 which did not eventuate. Several surface geophysical, mainly MLEM Moving Loop Electromagnetic (MLEM) surveys conducted over E63/1281 returned moderate anomalism that did not warrant drilling and therefore planned drilling programs were postponed resulting in a significant reduction in planned expenditure. A reverse circulation drilling program on the gold anomaly on E63/1282 did not return any significant results and therefore planned follow up diamond drilling did not occur.

Note 2 - The Company's Use of Funds Statement anticipated expenditure of \$219,000 in relation to the two tenements the Company had under application as at the date of its Prospectus, E28/2738 (since granted) and ELA63/1695 (remains under application) and \$251,000 on new project opportunities. Refer to Note 1 regarding variances in anticipated exploration and evaluation expenditures. No direct costs have been incurred on business development activities. Activities related to the identification and evaluation of new opportunities are undertaken utilising the Company's existing resources.

Note 3 - The Company's Use of Funds Statement anticipated the employment of an Exploration Manager which has not occurred, although a Technical Director was appointed on 22 July 2020 who will undertake similar duties.

### **Related Party Payments**

During the quarter ended 30 June 2020, the Company made payments of \$133,000 to related parties and their associates. These payments relate to existing remuneration arrangements (executive salaries, director fees and superannuation of \$113,000) and provision of a serviced office (\$20,000).



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

CONSTELLATION RESOURCES LIMITED

ABN

57 153 144 211

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(434)	(797)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(112)	(366)
	(e) administration and corporate costs	(48)	(236)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	17	91
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	33	33
1.8	Other	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(544)</b>	<b>(1,275)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	<b>4,858</b>	<b>5,589</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(544)	(1,275)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,314</b>	<b>4,314</b>

5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	53	8
5.2	Call deposits	4,261	4,850
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,314</b>	<b>4,858</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

133

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility  
amount at quarter  
end  
\$A'000**

**Amount drawn at  
quarter end  
\$A'000**

-

-

-

-

**7.5 Unused financing facilities available at quarter end**

-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.



<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(544)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(544)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	<b>4,314</b>
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	<b>4,314</b>
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>8</b>

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 July 2020

Authorised by: Company Secretary  
(Name of body or officer authorising release – see note 4)

## Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.