

DECEMBER 2020 QUARTERLY REPORT

Constellation Resources Limited ("Constellation" or "Company") is pleased to present its Quarterly Report for the period ended 31 December 2020. The Company's focus is on the Orpheus Project in the Fraser Range of Western Australia, in addition to identifying and evaluating new opportunities in the resource sector.

During the quarter, the Company successfully completed a 16-hole infill program at one of five promising nickel-copper-cobalt-platinum group elements ("Ni-Cu-Co-PGE") anomalies that have been established on E28/2403. The program achieved several important early-stage milestones to underscore the underlying nickel sulphide prospectively within its Fraser Range tenements.

HIGHLIGHTS DURING AND SINCE THE QUARTER END

- AC drilling results to date have defined a highly prospective Ni-Cu-Co-PGE geochemical target that is interpreted to be **over three kilometres in strike and up to 400 metres wide** – named the Eyre Anomaly.
- Optical petrological examination from selected air-core ("AC") samples in three infill drillholes (KAC0124, KAC0131 and KAC0135) has indicated the presence of trace magmatic nickel sulphides in favourable peridotite and pyroxenite (both olivine bearing) host rocks (Refer to the Company's ASX Announcement dated 8 December 2020 for further information).
- Infill assay results returned further encouraging Ni-Cu-Co-PGE regolith anomalism. Key results included;
 - **KAC0124: 18m @ 0.21% Ni, 0.02% Cu and 0.05% Co, 14 ppb (Pt+Pd) from 87m includes: 2m @ 0.47% Ni, 0.26% Cu and 0.08% Co, 11 ppb (Pt+Pd) from 97m**
- KAC0124 is approximately 145 metres from KAC0091 which **intersected 21m @ 0.21% Ni, 0.08% Cu and 0.03% Co, 52ppb (Pt+Pd) from 93m to bottom of hole ("BOH")**.
- Strong evidence for magmatic nickel sulphides as being the source of the Eyre Anomaly which supports the prospectivity of the other established Ni-Cu-Co-PGE anomalies as a pathfinder to nickel sulphides in the basement intrusive.
- High priority follow-up infill AC drilling planned in the coming months to improve definition of the grade distribution at each of the established Ni-Cu-Co-PGE geochemical footprints, with the northern Eyre Anomaly being a priority.
- Cash at bank of \$3.46 million and no debt as of 31 December 2020, well-funded for planned activities.

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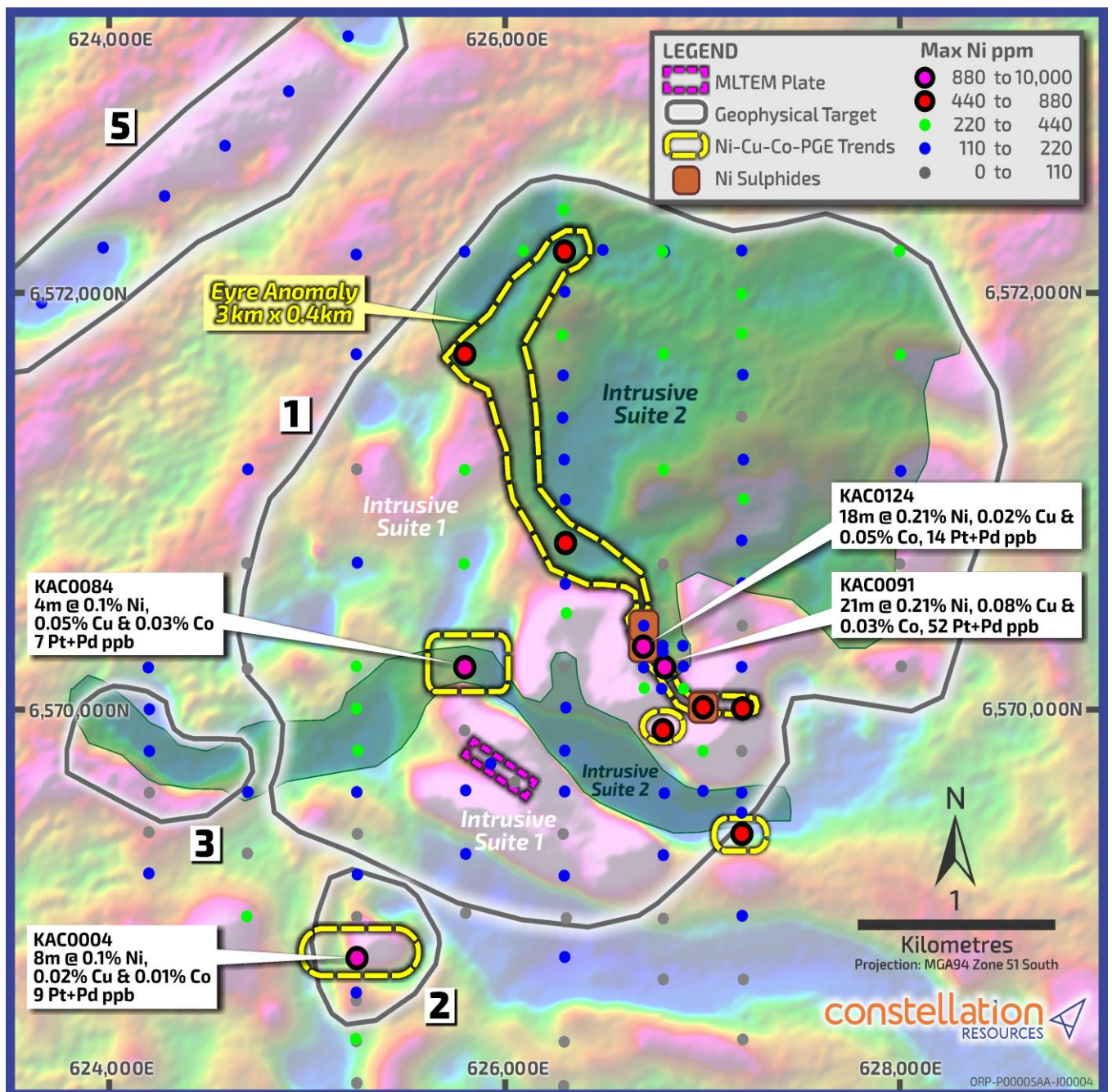


Figure 1: AC drill results including Eyre Anomaly, geochemical footprints, MLTEM anomaly over first derivative aeromagnetics.

EXPLORATION WORK PROGRAM RESULTS

Analysis of Drill Results

The intersections from the latest infill drilling program in conjunction with the previously reported reconnaissance AC hole results defines a highly promising Ni-Cu-Co-PGE geochemical anomaly that is interpreted to be over three kilometres in strike and up to 400m wide – named the Eyre Anomaly. The Eyre Anomaly resides in within Geophysical Target 1 ("Target 1"), one of the largest mafic intrusions in the area (3.6 kilometres by 3.6 kilometres) (Figure 1).

Early comparative geochemical analysis of key discriminator elements has indicated the presence of two separate mafic intrusions suites within the Target 1 intrusion (See ASX Announcement 19 January 2021).

Samples analysed were sourced at the blade refusal metre into the basement rocks. The BOH sample is relatively fresh, and the effects of weathering on the geochemical signatures are therefore minimised in the geochemical analysis.

The comparative analysis of the for Company's BOH samples uses the same normalised discrimination plots as reported by the Geological Survey of Western Australia (GSWA) Record 2016/8¹. The analysis suggests the Intrusive Suite 1 is analogous to the main Fraser Main Gabbro Suite and Intrusive Suite 2, is interpreted to be a younger more prospective intrusive that is potentially comparable to Nova Gabbro for nickel sulphides. Of particular interest, is that the Eyre Anomaly location and other geochemical footprints appear to be related to the edges of the younger interpreted mafic Intrusive Suite 2 (Figure 1).

The presence of nickel sulphides in peridotite/olivine pyroxenite host rocks and pathfinder geochemistry demonstrates the nickel sulphide fertility of the intrusions and prospectivity to potentially host an economically viable deposit in tenement area.

Phase 2 Moving Loop Electromagnetic (MLTEM) Survey

A second phase low frequency (~0.125Hz), high power MLTEM survey was completed over geophysical Targets 6, 8 and 10 (Figure 2). The small reconnaissance survey comprised 140 MLTEM stations over 12.6 line kilometres over ten traverses. The traverse spacing were between 175-200m, station spacing of 100m with loop square layout of 300m.

Moderate – strong conductive overburden responses were observed at each of the surveyed areas. No clear, discrete bedrock conductors that are analogous to a highly conductive massive sulphide body were identified within the surveyed areas. The high conductive responses of the overburden may mask more subtle, less conductive sulphide bodies of interest, if they exist.

FUTURE WORK PROGRAMS

High Priority AC Drilling Program

High priority follow-up infill AC drilling will be undertaken to improve the definition of the grade distribution at each of the established Ni-Cu-Co-PGE geochemical footprints, with the northern Eyre Anomaly being a priority due to the current lack of drilling. The drill program will aim to infill each anomaly

¹ GSWA Record 2016/8 "The Evolution of Mafic and Ultramafic Rocks of the Mesoproterozoic Fraser Zone, Albany–Fraser orogen, and Implications for Ni–Cu Sulfide Potential of the Region" By WD Maier, RH Smithies, CV Spaggiari, SJ Barnes, CL Kirkland, O Kiddie, and MP Roberts.

to approximately 100m centres in the first instance with the potential need for tighter patterns in certain areas. The Company aims to commence the infill drilling program this quarter, subject to rig availability.

The processed AC results will be utilised in conjunction with existing results to optimise the locations of an anticipated Reverse Circulation drilling program.

The Company intends to undertake Downhole Electromagnetic ("DHEM") survey on future Reverse Circulation ("RC") drillholes. DHEM has proven to be the most effective tool to vector towards improved sulphides in areas by peer companies in the area experiencing similar levels of conductive overburden.

Petrology Samples

Optical Petrological analysis will be expanded beyond the initial 17 reconnaissance holes that have been assessed to date. The additional five holes selected for petrology analysis are all within a number of the Ni-Cu-Co-PGE geochemical anomalies that have been established. The information obtained will advance the understanding of basement lithologies and increase the potential for the further identification of nickel sulphides.

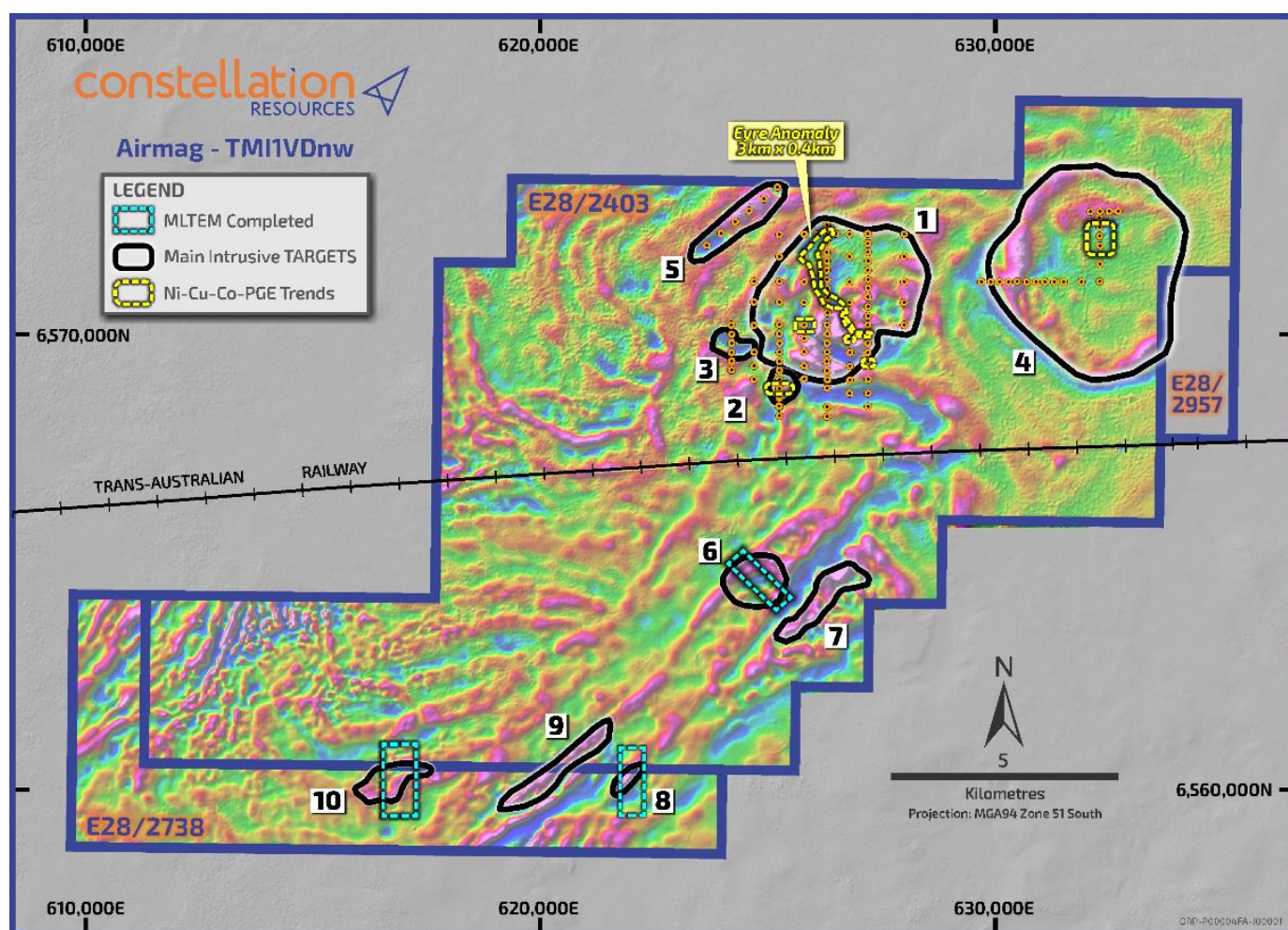


Figure 2: Geophysical targets over magnetic image including Eyre Anomaly and location of MLTEM survey.

ABOUT THE FRASER RANGE TENEMENTS

The Company manages the Orpheus Project (Figure 3), comprising six tenements covering approximately 558km² in the Fraser Range province of Western Australia. In the Fraser Range, certain Proterozoic mafic/ultramafic 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 (E63/1695). 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 two exploration licences (E28/2738 and E28/2957).

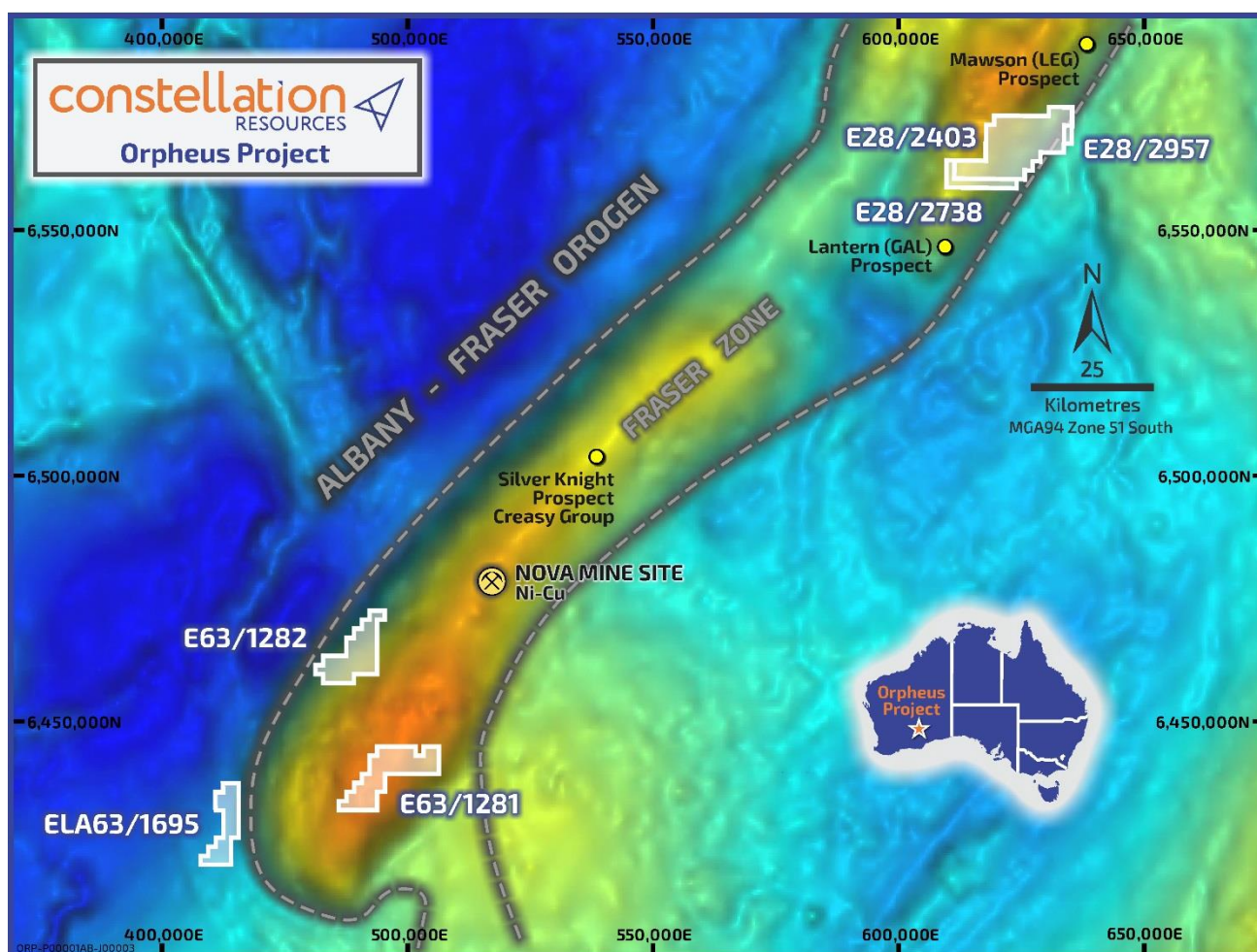


Figure 3: Tenement Plan – Orpheus Project

CORPORATE

Constellation is in a strong financial position with cash at bank of approximately \$3.46 million and no debt as at 31 December 2020.

As at 31 December 2020, the Company has the following securities on issue:

| Security Type | Number |
|---|------------|
| Fully Paid Ordinary Shares | 35,016,766 |
| Listed options exercisable at \$0.20 each on or before 31 July 2021 | 14,649,736 |
| Unlisted options exercisable at \$0.25 to \$0.60 each with expiration dates from 9 April 2021 to 30 June 2023 | 2,300,000 |

COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results is extracted from announcements dated 19 January 2021, 8 December 2020, 14 July 2020 and 20 January 2020. These announcements are available to view at the Company's website on www.constellationresources.com.au. The information in the original ASX Announcements that related to Exploration Results was based on, and fairly represents information compiled by Peter Muccilli, a Competent Person who is a Member of the Australasian 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 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 31 December 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% | Granted |

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

Summary of Mining Exploration Activities Expenditure

| Activity | Amount (\$A'000) |
|---|------------------|
| Drilling | (43) |
| Consultants – Geophysical and Drilling Field Team | (36) |
| Geophysical Surveys | (55) |
| Field Supplies, Equipment Hire, Vehicles | (18) |
| Exploration Software | (10) |
| Tenement Maintenance, Rents and Rates | (2) |
| Travel, Accommodation and Other | (17) |
| Total as reported in Appendix 5B | (181) |

Related Party Payments

During the quarter ended 31 December 2020, the Company made payments of \$203,000 to related parties and their associates. These payments relate to existing remuneration arrangements (executive salaries, director fees and superannuation of \$173,000) and provision of a serviced office (\$30,000).

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")

31 December 2020

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (181) | (541) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (174) | (275) |
| | (e) administration and corporate costs | (15) | (112) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 8 | 18 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | 12 | 67 |
| 1.8 | Other – Business development costs | - | (7) |
| 1.9 | Net cash from / (used in) operating activities | (350) | (850) |

| | | | |
|-----------|---|---|-----|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | (6) |
| | (d) exploration & evaluation | - | - |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|---|------------------------------------|--|
| 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) | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | (6) |

| | | | |
|-------------|---|----------|----------|
| 3. | Cash flows from financing activities | | |
| 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 |
| 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) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | 3 |

| | | | |
|-----------|--|-------|-------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 3,811 | 4,314 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (350) | (850) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | (6) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 3 |

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

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|------------------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 3,461 | 3,461 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|-----|--|----------------------------|-----------------------------|
| 5.1 | Bank balances | 54 | 42 |
| 5.2 | Call deposits | 3,407 | 3,769 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 3,461 | 3,811 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----|---|----------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 203 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

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 <i>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.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|-----|---|---|--|
| 7.1 | Loan facilities | - | - |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | - | - |
| 7.4 | Total financing facilities | - | - |
| 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. | | |
| | | | |

| 8. | Estimated cash available for future operating activities | \$A'000 |
|---|--|----------------|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (350) |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | - |
| 8.3 | Total relevant outgoings (item 8.1 + item 8.2) | (350) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 3,461 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 3,461 |
| 8.7 | Estimated quarters of funding available (item 8.6 divided by item 8.3) | 10 |
| <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | | |
| 8.8 | If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 | 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 | |
| 8.8.2 | 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 | |
| 8.8.3 | 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 | |
| <i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i> | | |

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: 28 January 2021

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

Notes

1. 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.
2. 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.
3. 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.
4. 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

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

[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".

5. 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.