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## **Annual Letter to the Shareholders**

June 12, 2018

Dear Shareholders,

The past year was a very positive and pivotal year for Constantine Metal Resources Ltd. (the “Company” or “Constantine”) and 2018 promises to be even better. In 2017, our Palmer exploration team had great success drilling much thicker-than-expected intersects on the west side of South Wall zones II and III, opening it up for further expansion and making a new discovery at Nunatak (now tagged as the “AG Zone”) after hitting the new zone with 10 out of 13 holes drilled. In 2017, road construction was extended to Constantine’s fee simple lands leased from the Alaska Mental Health Land Trust (“MHT”), and the road now provides an excellent base on which to enhance project safety and forward advanced exploration. Since the end of 2016, when our Japanese joint venture partner, Dowa Metals and Mining Alaska Ltd. (“Dowa”), completed its US\$22 million earn-in in Palmer, the project has been operating under “Constantine Mining LLC”, a new entity that we created last year with Constantine and Dowa as partners, owning 51% and 49%, respectively. Last year, Constantine funded its portion of the US\$7 million, 2017 Palmer budget through the sale of a small portion of its Timmin’s area gold assets for CDN \$4.5 million in January 2017.

Last month, Constantine closed the first tranche of a \$10 million private placement (see news release dated May 30, 2018), after a 4 for 1 share consolidation that became effective on May 18, 2018. The new equity was placed with strategic investors, existing shareholders and insiders. This included significant investments by the Electrum Strategic Opportunities Fund II L.P. (“Electrum”), an investment fund managed by The Electrum Group LLC, as well as participation by Altius Minerals Corporation and Mr. John Tognetti, a major shareholder and insider of Constantine. Following the closing of a planned second tranche of the private placement that is scheduled for July 2018 (see May 30, 2018 news release), Electrum will have completed a \$6,000,000 investment in the Company and will own approximately 20.6% of the outstanding shares of the Company.

### **Highlights of 2017**

The Company’s 2017 drill program had a dual focus of exploring for new deposits across the district-scale property while also expanding and upgrading the inferred resource. Road access was extended onto the MHT fee simple leased lands that provides access to the immediate deposit area. Environmental and geotechnical data collection continued to support ongoing evaluation of the Palmer mineral resource - 8.1 million tonnes grading 1.41% copper, 5.25% zinc, 0.30 g/t gold and 31.7 g/t silver (see news release dated May 11, 2015 for resource details).

Significant results of the 2017 program include:

- Wide intervals of high-grade copper and zinc mineralization intersected in Zone II and III resource expansion drilling at the South Wall Zone included an impressive **45.4 meters grading 2.5% copper, 7.4% zinc, 39 g/t silver, 0.3 g/t gold** in hole CMR17-82. The wide intervals of massive sulphide are within an area poorly tested by previous drilling and dramatically increase the width and grade of mineralization in this area and also indicate excellent potential for further expansion of South Wall Zones II and III to the west.
- The Company reported a new high-grade precious metal discovery in the first ever drillhole (**9.2 meters of massive barite-sulphide grading 312 g/t silver and 0.9 g/t gold**) to test the Nunatak prospect, located 3 kilometers from the South Wall resource. Nine of the twelve follow-up holes drilled to test the target intersected the newly discovered AG Zone over a vertical height of about 250 meters and a strike extent of about 275 metres and it remains wide open for expansion in 2018.
- An 800 meter extension of the road onto the MHT fee simple lease lands in the immediate deposit area was completed in September 2017 and highlights the excellent location and access of the Project, which is 40 miles by paved highway and logging road to the deep sea port town of Haines.

### **Current Activity and Plans for 2018**

Constantine Mining LLC partners, Constantine and Dowa, approved a US\$10 million budget for 2018, which includes a 10,000 meter drill program using two rigs that started work in early June.

The 2018 drill program will continue to have a dual focus of exploring for new deposits, while also systematically defining and expanding the South Wall & RW Zone mineral resources and expanding the new 2017 AG Zone discovery, which is located 3 kilometers from the South Wall mineral resource. Drilling will also test new exploration targets which coincide with areas of VMS style mineralization and hydrothermal alteration exposed at surface that have been prioritized by the 2017 airborne electromagnetic survey. Other activities include new metallurgical studies and an updated mineral resource estimate (was last updated in 2015). A Preliminary Economic Assessment planned for later in the year will incorporate the new resource estimate, including the viability of barite as a marketable commodity and the potential optimization of copper and zinc recoveries. Plans are also being advanced to initiate the permitting of underground exploration development.

Constantine's 51% share of the remaining Palmer budget to the end of this year is projected to be approximately US\$4.5 million.

## **New Director and Senior Management Appointments in 2018**

In February 2018, the Company announced the appointment of Mr. Ian Cunningham-Dunlop to the position of Vice President, Advanced Projects. Mr. Cunningham-Dunlop is a seasoned mining executive with more than 30 years of experience in domestic/international mineral exploration and project development. The appointment coincides with the transition to advanced stage exploration and evaluation work at the Company's high-grade Palmer Project, southeast Alaska. Ian holds a B.Sc. in Geological Engineering from Queen's University and has worked with the Company as a Senior Technical Adviser since 2014. He is a qualified person under NI 43-101 guidelines (see news release dated February 6, 2018).

Mr. Stuart Harshaw was appointed to the Company's Board of Directors on June 5, 2018, pursuant to the Company's investment agreement with Electrum. Mr. Harshaw is also a seasoned professional, with a distinguished 27-year career in the mining industry, mostly with Vale SA and Inco Ltd, where, among other things, he was in charge of operating six underground mines, a portfolio of processing and refining facilities, as well as marketing and sales of a broad range of concentrates worldwide. Mr. Harshaw earned a BSc. in Metallurgical Engineering from Queen's University and an MBA from Laurentian University (see news release dated June 6, 2018). Upon closing the proposed second tranche of the above private placement financing, Electrum will have the right to name one additional director to be appointed to the Board of Directors (for a total of two).

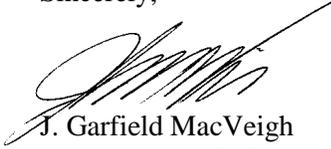
## **The Future**

The Company is now well-funded, and with the ongoing support of its joint venture partner Dowa and strategic financing partners, has the opportunity to recognize the real potential of the Palmer project by making new discoveries and advancing the project towards feasibility. At the same time there continues to be favourable longer term outlooks for both copper and zinc metals. Palmer's polymetallic character, attractive mining geometry, good metallurgy and proximity to a deep sea port, support the potential for it to be a high margin operation.

In conjunction with the financing news release dated May 1, 2018, the Company also announced the plan to spin-out its gold assets to allow the opportunity to acquire significant additional assets and advance the existing Timmins area gold projects, including the Munro Croesus and Golden Mile properties. This could add significant opportunity and value to our shareholders.

As it was in 2017 your Company is once again well positioned in 2018 with the necessary permits, partnerships and capital necessary to advance and build value for the future. On behalf of management, I wish to extend thanks and appreciation to our Board of Directors and our shareholders for their continued support.

Sincerely,



J. Garfield MacVeigh  
President and CEO

Note:

\* 8.125 million tonne inferred resource grading 1.41% copper, 5.25% zinc, 0.32 g/t gold and 31.7 g/t silver. See the Company's news release date May 11, 2015 and available on [www.sedar.com](http://www.sedar.com). Resource estimate utilizes an NSR cut-off of US\$75/t with assumed metal prices of US\$1200/oz for gold, US\$18/oz for silver, US\$2.75/lb for copper, and US\$1.00/lb for zinc. Estimated metal recoveries are 89.6% for copper, 84.9% for zinc, 75% for gold (61.5% to the Cu concentrate and 13.5% to the Zn concentrate) and 89.7% for silver (73.7% to the Cu concentrate and 16% to the Zn concentrate) as determined from metallurgical locked cycle flotation tests. An "Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure.

All scientific and technical information contained in this letter has been reviewed and approved by Darwin Green (P. Geo), the Vice President Exploration of the Company, who is a "qualified person" within the meaning of National Instrument 43-101 Standards of Disclosure for Mineral Projects.

*Forward looking statements: This letter includes certain "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively "forward looking statements").* Forward-looking statements include predictions, projections and forecasts and are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "forecast", "expect", "potential", "project", "target", "schedule", "budget" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions and includes the negatives thereof. All statements other than statements of historical fact included in this letter, including, without limitation, all statements regarding 2018 exploration and development plans at the Palmer project, and the proposed second tranche financing are forward-looking statements. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are based on a number of material factors and assumptions. Important factors that could cause actual results to differ materially from Company's expectations include actual exploration results, changes in project parameters as plans continue to be refined, results of future resource estimates, future metal prices, availability of capital and financing on acceptable terms, general economic, market or business conditions, uninsured risks, regulatory changes, defects in title, availability of personnel, materials and equipment on a timely basis, accidents or equipment breakdowns, delays in receiving government approvals, unanticipated environmental impacts on operations and costs to remedy same, and other exploration or other risks detailed herein and from time to time in the filings made by the Company with securities regulators. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ from those described in forward-looking statements, there may be other factors that cause such actions, events or results to differ materially from those anticipated. There can be no assurance that forward-looking statements will prove to be accurate and accordingly readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update forward-looking statements except as required by applicable law.