



Condensed Consolidated Interim Financial Statements of

CONSTANTINE METAL RESOURCES LTD.

(Expressed in Canadian Dollars)

For the nine months ended July 31, 2012 and 2011



Notice to Reader:

These condensed consolidated interim financial statements of Constantine Metal Resources Ltd. have been prepared by management and approved by the Audit Committee on behalf of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed consolidated interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.



Condensed Consolidated Interim Statements of Financial Position
 Unaudited – Prepared by Management
 (Expressed in Canadian dollars)

	July 31 2012	October 31 2011
		(Note 12)
Assets		
Current assets:		
Cash and cash equivalents	\$ 319,336	\$ 1,115,268
Amounts receivable	59,711	279,654
Available-for-sale investments (Note 4)	5,700	31,200
Advances and prepaid expenses (Notes 5d and 7)	-	20,070
	384,747	1,446,192
Deposits	40,855	40,855
Exploration and evaluation properties (Note 5)	16,801,504	15,889,773
Equipment	31,934	39,763
	\$ 17,259,040	\$ 17,416,583
Liabilities		
Current liabilities:		
Trade payables and accrued liabilities	\$ 23,156	\$ 149,963
Amount due to joint venture (Notes 5d and 7)	15,225	-
Amounts due to related parties (Note 7)	-	37,889
	38,381	187,852
Equity		
Share capital (Note 6)	20,110,825	19,598,178
Stock options reserve	1,221,687	1,089,213
Warrants reserve	432,941	432,941
Available-for-sale investments reserve (Note 4)	(29,700)	(4,200)
Deficit	(4,515,094)	(3,887,401)
	17,220,659	17,228,731
	\$ 17,259,040	\$ 17,416,583

Nature of Operations and Going Concern (Note 1)
 Commitments (Note 11)

On Behalf of the Board of Directors:

"J. Garfield MacVeigh"

Director

"G. Ross McDonald"

Director

See accompanying notes to condensed consolidated interim financial statements.



Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
 Unaudited – Prepared by Management
 For the three and nine months ended July 31, 2012 and 2011
 (Expressed in Canadian dollars)

	three months ended		nine months ended	
	July 31 2012	July 31 2011 (Note 12)	July 31 2012	July 31 2011 (Note 12)
Expenses:				
Amortization	\$ 2,612	\$ 3,324	\$ 7,828	\$ 9,758
Consulting	36,801	5,319	75,113	50,313
Foreign exchange loss	(231)	(20,762)	2,340	3,669
General and administrative	72,560	69,062	151,275	238,754
Insurance	4,618	6,270	17,087	19,884
Interest	-	(24,851)	-	6,673
Investor relations	-	49,308	10,383	112,193
Legal	102	8,823	3,182	38,466
Management fees	(18,000)	3,000	6,000	9,000
Professional fees – audit	-	5,000	9,750	26,900
Payroll expenses	59,878	37,758	162,722	126,902
Rent	12,884	14,109	37,420	24,123
Share-based payments (Note 6c)	-	-	132,474	-
Shareholder communications	919	903	1,339	4,256
Travel	7,285	12,003	22,329	28,816
Loss before other items	(179,428)	(169,266)	(639,242)	(699,707)
Other Items:				
Flow-through tax adjustment	-	-	3,546	-
Gain on sale of exploration and evaluation properties	-	(287)	-	98,727
Interest income	(1)	-	8,003	321
Loss for the period	\$ (179,429)	\$ (169,553)	(627,693)	\$ (600,659)
Other comprehensive income (loss)				
Unrealized income (loss) on available-for-sale investments (Note 4)	(4,500)	(8,000)	(21,000)	12,000
Comprehensive loss for the period	\$ (183,929)	\$ (177,553)	(648,693)	\$ (588,659)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	(0.00)	\$ (0.01)
Weighted average number of common shares outstanding	111,220,395	102,602,810	111,220,395	102,602,810

See accompanying notes to condensed consolidated interim financial statements.



Condensed Consolidated Interim Statements of Cash Flows
 Unaudited – Prepared by Management
 For the three and nine months ended July 31, 2012 and 2011
 (Expressed in Canadian dollars)

	three months ended		nine months ended	
	July 31	July 31	July 31	July 31
	2012	2011	2012	2011
		(Note 12)		(Note 12)
Cash and cash equivalents provided by (used in):				
Operations:				
Loss for the period	\$ (179,429)	\$ (169,553)	\$ (627,693)	\$ (600,659)
Amortization	2,613	3,324	7,829	9,758
Stock based compensation (Note 6c)	-	9,407	132,474	18,813
Changes in non-cash working capital accounts:				
Amounts receivable	34,916	(139,700)	219,951	(166,672)
Advances to Joint Venture	59,766	-	15,225	-
Trade payables and accrued liabilities	(1,710)	(13,153)	(126,807)	(74,833)
Amounts due to related parties	-	-	(37,889)	(6,440)
Advances and prepaid expenses (Notes 5d and 7)	5,938	(22,229)	20,070	(148,651)
	(77,906)	(331,904)	(396,840)	(968,684)
Investing activities:				
Mineral property expenditures (Note 5)	(267,095)	(1,204,204)	(908,281)	(2,514,958)
Purchase of equipment and fixtures	-	-	-	(8,460)
	(267,095)	(1,204,204)	(908,281)	(2,523,418)
Financing activities:				
Private placement proceeds Note 6a)	525,000	-	525,000	5,750,000
Share issuance costs	(17,434)	(565)	(15,811)	(549,168)
Warrants exercised	-	-	-	15,000
	507,566	(565)	509,189	5,215,832
Increase (decrease) in cash	162,565	(1,536,673)	(795,932)	1,723,730
Cash and cash equivalents, beginning of period	156,772	3,453,485	1,115,268	193,082
Cash and cash equivalents, end of period	\$ 319,337	\$ 1,916,812	\$ 319,336	\$ 1,916,812
Supplemental Disclosure of Non-Cash Investing and Financing Activities:				
Interest paid	\$ -	\$ -	\$ -	\$ 303
Interest received	\$ 4,055	\$ -	\$ 8,004	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -
Value of shares issued for mineral properties	\$ 3,450	\$ -	\$ 3,450	\$ 14,050
Warrants issued to agents and finders	\$ -	\$ -	\$ -	\$ 240,457

See accompanying notes to condensed consolidated interim financial statements.



Condensed Consolidated Interim Statements of Changes in Equity
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 For the three and nine months ended July 31, 2012 and 2011
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	Share Capital		Reserves				Total Equity
	Number of Shares	Capital Stock	Stock Options	Warrants	for-Sale Investments	Deficit	
Balance, November 1, 2010	80,115,522	\$ 14,577,852	\$ 1,071,194	\$ 192,084	\$ -	\$ (3,038,246)	\$ 12,802,884
Net loss for the period	-	-	-	-	-	(600,659)	(600,659)
Unrealized gain on available-for-sale investments	-	-	-	-	12,000	-	12,000
Private placement	15,333,334	2,300,000	-	-	-	-	2,300,000
Flow-through private placement	6,857,143	1,200,000	-	-	-	-	1,200,000
Flow-through private placement	7,500,000	2,250,000	-	-	-	-	2,250,000
Share issuance costs	-	(790,024)	-	240,857	-	-	(549,167)
Proceeds from exercise of warrants	50,000	15,000	-	-	-	-	15,000
Share-based payments	-	-	18,813	-	-	-	18,813
Shares for exploration and evaluation properties	60,000	14,050	-	-	-	-	14,050
Balance, July 30, 2011 (Note 12)	109,915,999	19,566,878	1,090,007	432,941	12,000	(3,638,905)	17,462,921
Net loss for the period	-	-	-	-	-	(248,496)	(248,496)
Unrealized loss on available-for-sale investments	-	-	-	-	(16,200)	-	(16,200)
Share-based payments	-	-	(794)	-	-	-	(794)
Shares for exploration and evaluation properties	270,000	31,300	-	-	-	-	31,300
Balance, October 31, 2011	110,185,999	19,598,178	1,089,213	432,941	(4,200)	(3,887,401)	17,228,731
Net loss for the period	-	-	-	-	-	(627,693)	(627,693)
Unrealized loss on available-for-sale investments	-	-	-	-	(25,500)	-	(25,500)
Private placement	4,200,000	525,000	-	-	-	-	525,000
Share issuance costs	-	(15,811)	-	-	-	-	(15,811)
Share-based payments (Note 6c)	-	-	132,474	-	-	-	132,474
Shares for exploration and evaluation properties (Note 6a)	50,000	3,450	-	-	-	-	3,450
Balance, July 31, 2012	114,435,999	\$ 20,110,817	\$ 1,221,687	\$ 432,941	\$ (29,700)	\$ (4,515,094)	\$ 17,220,651

See accompanying notes to condensed consolidated interim financial statements.



Notes to Condensed Consolidated Interim Financial Statements
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1. Nature of Operations and Going Concern

The Company is in the business of acquiring interests in resource properties that are considered to be sites of potential economic mineralization, and then subsequently developing such assets with a view to enhancing their value and to bringing on a major mining partner for development of the assets. The Company may sell property for an enhanced value or seek a major mining partner to advance one of its projects on a joint venture basis. Currently the Company is principally engaged in the exploration of mineral properties which cannot be considered economic until a commercial feasibility study has been completed. The Company has no sources of operating revenue and is dependent upon equity financing to maintain current operations and to ultimately develop a mineral property interest or interests which can be profitably sold or further developed and placed into successful commercial production.

The Company has not generated any revenue since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. As at July 31, 2012, the Company has incurred losses since inception and has an accumulated operating deficit of \$4,515,094. The continuation and long-term viability of the Company remains dependent upon its ability to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations.

To continue operations the Company will have to raise additional funds and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. These financial statements reflect no adjustments which may become necessary in the event that the Company is unable to continue as a going concern.

The head office and principal address of the Company is #320 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

2. Basis of Preparation

a) Basis of consolidation

These condensed consolidated interim financial statements are inclusive of the accounts of the Company and its wholly-owned Alaska subsidiary, Constantine North Inc. ("Constantine North").

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

b) Basis of presentation

The Company's condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 9, and are presented in Canadian dollars except where otherwise indicated.



Notes to Condensed Consolidated Interim Financial Statements
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c) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These are the Company’s third condensed consolidated interim financial statements prepared in accordance with IAS 34 and IFRS using accounting policies consistent with IFRS. The accounting policies have been selected to be consistent with IFRS as is expected to be effective on October 31, 2012, the Company’s first annual IFRS reporting date. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s first condensed consolidated interim financial statements prepared in accordance with IAS 34 and IFRS dated January 31, 2012 as well as the Company’s annual financial statements for the year ended October 31, 2011 prepared in accordance with previous Canadian generally accepted accounting principles (“Canadian GAAP”).

d) Approval of the financial statements

The condensed consolidated interim financial statements of the Company for the nine months ended July 31, 2012 and 2011 were approved and authorized for issue by the Board of Directors on September 26, 2012.

3. Significant Accounting Policies

a) Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. These estimates and underlying assumptions are reviewed on an ongoing basis.

Significant estimates where management’s judgment is applied include recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, the recoverability and measurement of deferred tax assets and liabilities, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

b) New and revised standards and interpretations

At the date of authorization of these financial statements, the IASB and IFRS Interpretations Committee (“IFRIC”) have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

- IFRS 9, *Financial Instruments: Classification and Measurement* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.



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- IFRS 10, *Consolidated Financial Statements* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11, *Joint Arrangements* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- IFRS 12, *Disclosure of Interests in Other Entities* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
- IFRS 13, *Fair Value Measurement* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

The Company has not early adopted these standards, amendments and interpretations; however, the Company is currently assessing the impact of these standards or amendments on the financial statements of the Company.

c) Comparative figures

Certain comparative figures have been reclassified to conform to current period’s presentation.

4. Available-for-sale Investments

In December 2010, the Company received 100,000 shares of Ocean Park Ventures Corp., pursuant to an option agreement on the Trapper property (Note 5c). The Company sold 40,000 of the shares in 2011. The following table is a summary of the Company’s available-for-sale investments:

	July 31, 2012			October 31, 2011		
	Number of Shares	Cost	Fair Value	Number of Shares	Cost	Fair Value
Ocean Park Ventures Corp.	60,000	\$ 35,400	\$ 5,700	60,000	\$ 35,400	\$ 31,200

For the nine months ended July 31, 2012, the Company recorded an unrealized loss of \$25,500 on its available-for-sale investments. As at July 31, 2012, the balance of the Company’s available-for-sale investment reserve is \$29,700.



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5. Exploration and Evaluation Properties

The following table is a summary of the Company's U.S. property interests:

	Balance, November 1 2010	For the year ended October 31 2011	Balance, October 31 2011	For the nine months ended July 31 2012	Balance July 31 2012
Palmer Property, Alaska, USA					
Acquisition costs	\$ 878,712	\$ -	\$ 878,712	\$ -	\$ 878,712
Advance royalty payments	207,939	43,091	251,030	21,409	272,439
Alaska labour	431,874	15,643	447,517	6,007	453,524
Property maintenance cost	18,714	-	18,714	-	18,714
Assaying and testing	185,721	2,031	187,752	6,657	194,409
Field transportation	2,517,673	10,007	2,527,680	1,947	2,529,627
Geophysics	334,616	1,051	335,667	-	335,667
Drilling	3,672,328	-	3,672,328	-	3,672,328
Property filing and maintenance fees	247,470	58,593	306,063	59,718	365,781
Geology and field support	1,500,107	37,426	1,537,533	10,733	1,548,266
Technical consulting	806,228	114,597	920,825	20,583	941,408
Travel	140,074	12,030	152,104	5,460	157,564
	10,941,456	294,469	11,235,925	132,514	11,368,439
Hornet Creek, Idaho, USA					
Acquisition costs	11,366	42,979	54,345	14,218	68,563
Assaying and testing	282	21,395	21,677	1,777	23,454
Field transportation	-	255	255	12,157	12,412
Geology and field support	-	-	-	2,461	2,461
Technical consulting	498	7,927	8,425	283	8,708
Travel	-	2,211	2,211	159	2,370
	12,146	74,767	86,913	31,055	117,968
Total U.S. Properties	\$ 10,953,602	\$ 369,236	\$ 11,322,838	\$ 163,569	\$ 11,486,407



Notes to Condensed Consolidated Interim Financial Statements
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The following table is a summary of the Company's Canadian property interests:

	Balance, November 1 2010	For the year ended October 31 2011	Balance, October 31 2011	For the nine months ended July 31 2012	Balance July 31 2012
Munro-Croesus Property, ON, Canada					
Acquisition costs	\$ 436,841	\$ 35,359	\$ 472,200	\$ 7,122	\$ 479,322
Assaying and testing	26,549	79,568	106,117	-	106,117
Drilling	424,201	699,279	1,123,480	4,260	1,127,740
Field transportation	9,308	6,031	15,339	4,483	19,822
Geophysics	95,129	54,317	149,446	-	149,446
Travel	26,972	23,285	50,257	5,593	55,850
Geology and field support	106,076	43,611	149,687	27,600	177,287
Technical consulting	184,579	94,492	279,071	22,852	301,923
	1,309,655	1,035,942	2,345,597	71,910	2,417,507
Four Corners Property, ON, Canada					
Acquisition costs	68,431	36,250	104,681	5,000	109,681
Assaying and testing	-	23,367	23,367	-	23,367
Drilling	34,235	208,686	242,921	550	243,471
Geophysics	46,030	10,863	56,893	-	56,893
Field Transportation	130	816	946	-	946
Travel	252	6,805	7,057	-	7,057
Technical consulting	24,744	41,775	66,519	11,825	78,344
Geology and field support	12,367	18,880	31,247	1,860	33,107
	186,189	347,442	533,631	19,235	552,866
Phoenix Gold Property, ON, Canada					
Acquisition costs	80,975	-	80,975	21,950	102,925
Assaying and testing	-	-	-	15,452	15,452
Field transportation	-	-	-	4,427	4,427
Geology and field support	-	-	-	26,931	26,931
Geophysics	-	-	-	216,846	216,846
Technical consulting	-	144	144	19,146	19,290
Travel	-	-	-	21,365	21,365
	80,975	144	81,119	326,117	407,236
Golden Mile Property, ON, Canada					
Acquisition costs	-	-	-	9,779	9,779
Geophysics	-	-	-	160,669	160,669
Project and exploration costs	-	-	-	58,998	58,998
	-	-	-	229,446	229,446
Total Ontario Properties	\$ 1,576,819	\$ 1,383,528	\$ 2,960,347	\$ 646,708	\$ 3,607,055

(continued on next page)



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	Balance, November 1 2010	For the year ended October 31 2011	Balance, October 31 2011	For the nine months ended July 31 2012	Balance July 31 2012
Ontario Properties (Balance forward)	\$ 1,576,819	\$ 1,383,528	\$ 2,960,347	\$ 646,708	\$ 3,607,055
Trapper Gold Property, B.C., Canada					
Acquisition costs	16,981	23,800	40,781	21,500	62,281
Assaying and testing	3,809	(585)	3,224	-	3,224
Field transportation	3,439	2,616	6,055	-	6,055
Geology and field support	11,439	745	12,184	-	12,184
Technical consulting	5,750	17,229	22,979	1,805	24,784
Travel	4,712	317	5,029	1,050	6,079
Cost recoveries	-	(90,252)	(90,252)	(21,500)	(111,752)
	46,130	(46,130)	-	2,855	2,855
Yukon, Canada					
Acquisition costs	-	15,300	15,300	36,574	51,874
Assaying and testing	-	184,795	184,795	12,222	197,017
Field transportation	-	470,388	470,388	5,695	476,083
Geology	-	151,196	151,196	28,992	180,188
Geochemistry	-	285,593	285,593	4,500	290,093
Technical consulting	-	50,399	50,399	10,920	61,319
Other	1,750	537,587	539,337	24,696	564,033
Write-off of property costs	-	(90,420)	(90,420)	-	(90,420)
Cost recoveries	-	-	-	(25,000)	(25,000)
	1,750	1,604,838	1,606,588	98,599	1,705,187
Total Canadian Properties	\$ 1,624,699	\$ 2,942,236	\$ 4,566,935	\$ 748,162	\$ 5,315,097
Total U.S. and Canadian exploration and evaluation properties				\$ 911,731	\$ 16,801,504

a) Palmer Property, Alaska, USA

The Palmer property is comprised of 340 federal mining claims subject to a 99 year mining lease, dated December 19, 1997, and 63 state mining claims located near Haines, Alaska. To maintain the lease, the Company is required to make annual advance royalty payments of US\$42,500 and pay Federal claim maintenance fees, which are US\$47,600 in 2012.

The lease is subject to a 2.5% net smelter return ("NSR") royalty. The Company has a right of first refusal to purchase the NSR or any portion thereof at any time during the term of the lease. The advance royalty payments are deductible from the NSR royalty.



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b) Ontario Gold Properties

i) Munro-Croesus Gold Property

On October 26, 2007, the Company completed an agreement to acquire 100% of the Munro-Croesus gold mineral property, including the former Munro-Croesus gold mine, consisting of 22 patented mining claims and leases (416 hectares), located 90 kilometers east of Timmins, Ontario.

The Company initially paid \$40,000 in cash and issued 500,000 shares at a value of \$0.70 in consideration of the property assets acquired. A further 250,000 shares were issued to the vendor on October 26, 2011, following confirmation of certain environmental conditions that were met, pursuant to the acquisition agreement. The vendor retains a 2% NSR production royalty of which 0.5% can be purchased by the Company for \$1,000,000, with a right of first refusal on the remaining 1.5% royalty.

The Munro-Croesus gold mineral property is subject to the terms of an option and preferential rights agreement signed by the Company in May 2012 (Note 5b(v)).

ii) Four Corners Croesus Gold Property

In February 2008, the Company entered into an option agreement to acquire a 100% interest in the 63 claim Four Corners property located east of Timmins, Ontario. In order to acquire the 100% interest, the Company agreed to make payments totaling \$75,000 (paid) and agreed to issue 100,000 shares over a 3 year period (issued). The vendors will retain a 2.5% NSR royalty of which 1.0% can be purchased by the Company at any time for \$500,000, with a right of first refusal on the remaining 1.5% NSR royalty.

The Four Corners property is subject to the terms of an option and preferential rights agreement signed by the Company in May 2012 (Note 5b(v)).

iii) Phoenix Gold Property

In May 2010, the Company signed an agreement to acquire an undivided 100% interest in 35 claims (519 units comprising approximately 8,304 hectares) located 75 kilometers south of the Timmins gold district. In order to acquire a 100% interest in the project, the Company must make cash payments totaling \$75,000 (\$35,000 paid to date) and issue 90,000 shares or pay \$90,000 in cash, at the Company's election, over a 4 year period. The vendor will retain a 2.5% NSR royalty of which 1.0% can be purchased by the Company at any time for \$500,000 with the Company retaining a right of first refusal on the remaining 1.5%.

On April 20, 2012, the Company paid \$20,000 and issued 30,000 shares of the Company in connection with the property option payment on the Phoenix gold property (Note 6).

The Phoenix gold mineral property is subject to the terms of an option and preferential rights agreement signed by the Company in May 2012 (Note 5b(v)).

iv) Golden Mile Gold Property

In March 2012 the Company announced that it had entered into an option agreement to acquire the Golden Mile property in northern Ontario, Canada. Under the terms of the agreement, which has an



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effective date of December 10, 2011, the Company must make payments of \$175,000 and issue 180,000 of the Company over a four year period commencing on December 10, 2012. The first payment will consist of \$15,000 and 36,000 shares of the Company.

The Golden Mile property is subject to the terms of an option and preferential rights agreement signed by the Company in May 2012 (Note 5b(v)).

v) Option and Preferential Rights Agreement with Teck Resources Ltd. (“Teck”)

Concurrent with a \$525,000 private placement completed on May 25, 2012 (Note 6a), the Company granted Teck an exclusive right to elect to option the Phoenix and Golden Mile properties, and a right of first offer/first refusal on certain claims in the Munro-Croesus Project area, referred to herein as the Munro Selection properties. Material terms of the option to joint venture, defined within separate memorandum of understanding agreements, and a preferential rights agreement are detailed below:

Golden Mile Property Option/Joint Venture Agreement: Teck has exercised its first option that allows Teck to earn a 51% interest in the Golden Mile property by incurring \$1,500,000 in exploration expenditures by September 30, 2015 and making \$25,000 annual cash payments to the Company. Teck may earn an additional 15% interest in the property, for a total interest of 66%, by incurring an additional \$3,500,000 in expenditures by September 30, 2019 and making \$50,000 annual cash payments to the Company (Note 5 b(iv)).

Phoenix Property Option/Joint Venture Agreement: Teck has until September 30, 2012 to take up the first option that allows Teck to earn a 51% interest in the Phoenix property by incurring \$1,200,000 in exploration expenditures by September 30, 2015. Teck may earn an additional 15% interest in the property, for a total interest of 66%, by incurring an additional \$3,300,000 in expenditures by September 30, 2019 (Note 5b(iii)).

Munro Selection Properties Preferential Rights Agreement: The Company grants Teck preferential rights, exercisable until the later of November 30, 2012 and 30 days after the date Constantine delivers to Teck the results of 2012 exploration work, for work the Company may complete prior to July 31, 2012 on certain Munro-Croesus project area claims. The preferential rights provide Teck with a right of first offer/first refusal to option or otherwise acquire an interest in the Munro Selection properties. The Munro Selection properties exclude ten claims within the Munro-Croesus property, which were retained by the Company (Note 5b(i)).

c) Trapper Gold Property, British Columbia, Canada

In May 2010 the Company signed an option agreement to acquire an undivided 100% interest in 9 contiguous mining claims (3,756 hectares) that comprise the Trapper gold property, located in the Atlin Mining Division in northern British Columbia. In order to acquire a 100% interest in the project, the Company must make cash payments totaling \$135,000 (\$55,000 paid to date) and issue 155,000 common shares (40,000 common shares issued to date) or pay \$155,000 in cash, at the Company's election, over a 4 year period. The vendor will retain a 2.5% NSR royalty of which 1.0% can be purchased by the Company at any time for \$500,000, with a right of first refusal on the remaining 1.5%.

On April 13, 2012, the Company paid \$20,000 and issued 20,000 shares of the Company in connection with the property option payment on the Trapper Gold property (Note 6a).



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In November 2010 the Company granted an option to Ocean Park Ventures Corp. (“Ocean Park”) on the Trapper gold property. Pursuant to the terms of the option agreement, Ocean Park paid \$100,000 and issued 100,000 common shares of its common stock to Constantine (Note 4). In order to maintain the option and earn a 50% interest in the property, Ocean Park must make cumulative exploration expenditures on the property totaling \$4,750,000 as follows: \$750,000 by December 15, 2011 (incurred), \$1,250,000 by second anniversary of the agreement, \$2,250,000 by the third anniversary and \$4,750,000 by December 15, 2014. In addition, Ocean Park must issue an additional 900,000 common shares to the Company as follows: 200,000 shares by the second anniversary, 300,000 shares by third anniversary and 400,000 shares by December 15, 2014.

After completing \$4,750,000 in exploration expenditures and issuing the share consideration to the Company to earn the 50% interest, Ocean Park may elect to extend the option and earn an additional 20% interest, for a total interest of 70%. To earn the additional 20% interest, Ocean Park must issue an additional 500,000 common shares by December 15, 2015 and incur an additional \$5,000,000 in exploration expenditures on the property by December 15, 2017, with a minimum annual expenditure of \$1,000,000.

In the event that the Ocean Park exercises the option, Ocean Park and the Company will enter into a joint venture to further develop the property, with each party contributing to their pro rata portion of the approved exploration program. If, at any time, a party’s interest in the joint venture is reduced to below 10%, it shall be deemed to have conveyed its remaining interest to the other party in consideration of the right to receive a 2% NSR on gold below US\$1,000/oz, and 3% if above. One-half of the NSR can be repurchased by the other party for \$2,500,000, and that party would also retain a right of first refusal over the remaining portion of the NSR.

d) Yukon Land Position and Joint Venture

Effective September 20, 2010, the Company entered into a joint venture agreement with Carlin Gold Corporation (“Carlin”). The Company and Carlin have staked an aggregate of 3,960 mineral claims in Yukon as part of a 50/50 joint venture. As at July 31, 2012, the Company’s net joint venture costs are \$1,705,187. As at July 31, 2012, the Company had a balance of \$15,225 in amount due to the joint venture (Note 7).

e) Hornet Creek Property, Idaho, U.S.A.

In January 2011, the Company entered into a 99 year lease agreement on a precious metals prospect in Adams County, Idaho, USA. The property consists of 44 federal lode claims totaling approximately 909 acres.

In order to acquire a 100% leasehold right to the 44 claims that comprise the property, the Company must make cash payments totaling US\$155,000 (US\$35,000 paid) over a four year period. Under the terms of the agreement, the Company may elect to pay half of the remaining US\$120,000 cash payments in common shares of the Company. The lessor will retain a 2% NSR, half of which can be purchased by the Company at any time for US\$1,000,000, with a right of first refusal on the remaining 1% NSR.

During the term of the agreement, the Company will be responsible for annual land holding costs, currently estimated at \$6,600 per year.

Under the terms of the agreement, the Company must make a one-time \$500,000 cash payment upon a making commercial production decision.



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6. Share Capital

a) Common Shares

Authorized: unlimited common shares without par value

Issued and outstanding: 114,435,999 common shares

On April 13, 2012, the Company issued 20,000 shares valued at \$1,500 related to the Trapper Gold property (Note 5c).

On April 20, 2012, the Company issued 30,000 shares valued at \$1,950 related to the Phoenix Gold property (Note 5b(iii)).

On May 25, 2012, the Company completed a \$525,000 private placement agreement with Teck Resources Limited that includes certain rights regarding several of Constantine's Ontario gold properties (Note 5b(v)). The private placement consisted of 4,200,000 units priced at \$0.125. Each unit consists of one common share of the Company and one-half non-transferable common share purchase warrant. Each warrant is exercisable to acquire one common share at an exercise price of \$0.16 for a period of 24 months from the closing date.

b) Warrants

As at July 31, 2012, the following share purchase warrants and agent warrants were outstanding:

	Nine months ended July 31, 2012		Year ended October 31, 2011	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of period	16,598,066	\$ 0.22	3,826,250	\$ 0.30
Exercised	-	-	(50,000)	0.30
Expired	(3,558,750)	0.22	(217,500)	0.30
Granted	2,100,000	0.16	13,039,316	0.20
Balance, end of period	15,139,316	\$ 0.21	16,598,066	\$ 0.22
Weighted average fair value of warrants and agent warrants granted		\$ -		\$ 0.12
Weighted average remaining life of warrants outstanding, July 31, 2012				0.8 years
Weighted average remaining life of warrants outstanding, October 31, 2011				0.9 years



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A summary of the Company's warrants and agent warrants (compensation options) outstanding as at July 31, 2012 is as follows:

Expiry Date	Exercise Price	Number of warrants and agent warrants
December 13, 2012	\$ 0.20	12,589,316
March 17, 2013	\$ 0.30	450,000
May 25, 2014	\$ 0.16	2,100,000
		15,139,316

The fair value cost of warrants and agent warrants included in private placement issuance costs was estimated using the Black-Scholes Pricing Model using the following range of assumptions:

	July 31, 2012	October 31, 2011
Risk-free interest rate	-	1.69%
Expected life (in days)	-	730
Annualized volatility	-	106%
Dividend rate	-	-

c) Stock Options

The Company has established a stock option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date. Options begin vesting on the grant date based on a schedule outlined in the share purchase option plan. The maximum number of options to be granted under the plan is 10% of the Company's issued capital.

On March 5, 2012, the Company granted 1,925,000 stock options to purchase 1,925,000 shares of the Company at an exercise price of \$0.11 per share, expiring March 5, 2017. The stock options were being issued to directors, officers and employees of the Company and are subject to approval by regulatory authorities.

A summary of the status of the Company's stock options at July 31, 2012 and October 31, 2011 and changes during the periods therein is as follows:



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	Nine months ended July 31, 2012		Year ended October 31, 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	3,515,000	\$ 0.24	5,190,000	\$ 0.28
Granted	1,925,000	0.11	250,000	0.27
Exercised	-	-	-	-
Expired	-	-	(1,425,000)	0.40
Cancelled	(250,000)	0.27	(500,000)	0.24
Balance, end of period	5,190,000	\$ 0.24	3,515,000	\$ 0.24
Weighted average fair value of options granted		\$ 0.19		\$ 0.10

Weighted average remaining life of options outstanding, July 31, 2012 **2.5 years**

Weighted average remaining life of options outstanding, October 31, 2011 2.5 years

A summary of the Company's stock options outstanding as at July 31, 2012 is as follows:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Number of Options Exercisable
February 18, 2013	\$ 0.57	390,000	0.6	390,000
January 12, 2014	\$ 0.13	1,175,000	1.5	1,175,000
October 27, 2014	\$ 0.235	1,700,000	2.3	1,700,000
March 5, 2017	\$ 0.11	1,925,000	4.7	1,925,000
		5,190,000	2.5	5,190,000



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A summary of the Company's stock options outstanding as at October 31, 2011 is as follows:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Number of Options Exercisable
February 18, 2013	\$ 0.57	390,000	0.8	390,000
January 12, 2014	\$ 0.13	1,175,000	1.8	1,175,000
February 20, 2014	\$ 0.27	250,000	1.8	250,000
October 27, 2014	\$ 0.235	1,700,000	2.5	1,700,000
		3,515,000	2.7	3,515,000

The fair value cost of share purchase options was estimated using the Black-Scholes Pricing Model using the following range of assumptions:

	July 31, 2012	October 31, 2011
Risk-free interest rate	1.12%-2.15%	1.24% - 2.15%
Expected life (in days)	640 - 1,799	730 - 1,095
Annualized volatility	86% - 117%	86% - 117%
Dividend rate	-	-

The fair value computed using the Black-Scholes model is only an estimate of the potential value of the individual options and the Company is not required to make payments for such transactions.

For the nine month period ended July 31, 2012, the Company recorded \$132,474 (2011 - \$18,813) of share-based payments related to stock options granted during the period.

7. Related Party Transactions

The following represents the details of related party transactions paid or accrued for the nine months ended July 31, 2012 and 2011:

For the nine months ended July 31,	2012	2011
Management and technical fees paid or accrued to companies owned by directors	\$ 21,225	\$ 34,752
Consulting fees paid to officers	63,374	96,444.00
Accounting and administration fees paid or accrued to a company 50% owned by an officer	54,000	54,000
Share-based payments to key management	96,344	-
	\$ 234,943	\$ 185,196

The above amounts represent short-term benefits to key management personnel for the nine months ended July 31, 2012 and 2011. Key management is defined as the officers and directors of the Company.

At July 31, 2012, the Company had an amount of \$15,225 (October 31, 2011 – \$(34,662)) due to Carlin, a company related by common directors and officers, for the Company's portion of mineral property expenditures relating to the Yukon joint venture (Note 5d).



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8. Management of Capital

The Company manages its cash, common shares, stock options and warrants (Note 6) as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject. There were no significant changes in the Company's approach or the Company's objectives and policies for managing its capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

9. Financial Instruments

a) Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, amounts receivable, available-for-sale investments, trade payables and amounts due to related parties.

The fair values of cash and cash equivalent, amounts receivable, available-for-sale investments, trade payables and amounts due to related parties approximate their book values because of the short-term nature of these instruments.

b) Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

The Company's only exposure to credit risk is on its cash and cash equivalents. Cash and cash equivalents are with a Canadian Schedule 1 bank and a US bank for its subsidiary. The Company has no asset-backed commercial paper.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. A portion of the Company's cash is invested in business accounts which are available on demand.



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Market Risk

The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its marketable securities portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates and fluctuations.

Exchange Risk

As at July 31, 2012, the majority of the Company's cash was held in Canada in Canadian dollars. The Company's significant operations are carried out in Canada and in Alaska, USA. As a result a portion of the Company's cash and cash equivalents, amounts receivable, and trade payables are denominated in United States dollars and are therefore subject to fluctuations in exchange rates.

c) Fair Value Measurements

The carrying value of financial assets and financial liabilities at July 31, 2012, and October 31, 2011 is as follows:

As at	July 31, 2012	October 31, 2011
Financial Assets		
<i>FVTPL, measured at fair value</i>		
Cash and cash equivalents	\$ 319,336	\$ 1,115,268
<i>Loans and receivables, measured at amortized cost</i>		
Amounts receivable	\$ 59,711	\$ -
<i>Available-for-sale, measured at fair value</i>		
Available-for-sale investments	\$ 5,700	\$ 31,200
Financial Liabilities		
<i>Other liabilities, measured at amortized cost</i>		
Trade payables	\$ 23,156	\$ 149,963
Amounts due to related parties	\$ -	\$ 37,889

The fair value hierarchy of financial instruments measured at fair value is as follows:

As at	July 31, 2012	October 31, 2011
	Level 1	Level 1
Cash and cash equivalents	\$ 319,336	\$ 1,115,268
Available-for-sale investments	\$ 5,700	\$ 31,200

The Company does not use Level 2 or Level 3 valuation inputs.

10. Segmented Information

The Company has one operating segment, which is exploration and evaluation of its mining properties.



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At July 31, 2012, the Company operates in two geological areas, being Canada and the United States. The following is an analysis of net loss, current assets and non-current assets by geographical area:

	Canada	United States	Total
Net Loss			
For the nine months ended July 31, 2012	\$ (622,079)	\$ (5,614)	\$ (627,693)
For the nine months ended July 31, 2011	\$ (593,578)	\$ (7,081)	\$ (600,659)
Current Assets			
As at July 31, 2012	\$ 378,629	\$ 6,110	\$ 384,739
As at October 31, 2011	\$ 1,444,801	\$ 1,391	\$ 1,446,192
Deposits			
As at July 31, 2012	\$ 40,855	\$ -	\$ 40,855
As at October 31, 2011	\$ 40,855	\$ -	\$ 40,855
Exploration and Evaluation Properties			
As at July 31, 2012	\$ 5,315,097	\$ 11,486,407	\$ 16,801,504
As at October 31, 2011	\$ 4,566,935	\$ 11,322,838	\$ 15,889,773
Equipment			
As at July 31, 2012	\$ 31,934	\$ -	\$ 31,934
As at October 31, 2011	\$ 39,763	\$ -	\$ 39,763

11. Commitments

The Company has a lease agreement for the rental of office space, which expires on May 31, 2016. The minimum lease obligation for the lease for the remainder of this fiscal year is \$20,257.

The future minimum lease obligations under the lease are as follows:

	Amount
2012 fiscal year	\$ 10,411
2013 fiscal year	42,469
2014 fiscal year	44,452
2015 fiscal year	46,435
2016 fiscal year	27,762
	<u>\$ 171,529</u>

The Company currently rents out a portion of its office space on a month-to-month basis for \$2,000 per month.

12. Transition to International Financial Reporting Standards

The Company has adopted IFRS with a transition date of November 1, 2010 (the "Transition Date"), the details of which are described in the condensed interim financial statements for the three months ended January 31, 2012. Under IFRS 1, *First-time adopted of International Financial Reporting Standards*, the IFRS are applied retrospectively at the Transition Date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to deficit unless certain exemptions are applied.



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a) Share-based Payment Transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the Transition Date. The Company elected not to apply IFRS 2 to equity instruments that vested prior to the Transition Date.

b) Flow-through Shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP, the Company accounted for the issue of flow-through shares in accordance with the provisions of CICA Emerging Issues Committee Abstract 146, *Flow-through Shares*. At the time of issue, the funds received are recorded as share capital. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company recorded a deferred tax liability with a charge directly to shareholders' equity. Also under Canadian GAAP, a portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statements of operations.

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through liability and included in trade payables and accrued liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability is reversed, with any difference charged to the statements of operation as deferred tax expense. A portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will reduce the deferred tax liability and record a deferred tax recovery.

The change in accounting policy related to flow-through shares resulted in an increase in share capital and a corresponding increase in deficit of \$155,500 as at the Transition Date and a further increase in share capital and a corresponding increase in deferred tax expense of \$300,000 for the year ended October 31, 2011.

c) Reclassification within Equity sections

Under Canadian GAAP, "Contributed surplus" was used to record the issuance of stock options and share purchase warrants. Upon adoption of IFRS, the balances in "Contributed surplus" have been reclassified to "Stock option reserve" and "Warrants reserve". In addition, the Company reclassified the balance of the "Accumulated other comprehensive income" that existed under Canadian GAAP into "Available-for-sale investments reserve".



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Reconciliation of Consolidated Statement of Financial Position as at July 31, 2011:

<i>As at July 31, 2011</i>	Note	Canadian GAAP	IFRS Adjustments	IFRS
Assets				
Current assets				
Cash and cash equivalents		\$ 1,916,812	\$ -	\$ 1,916,812
Amounts receivable		245,096	-	245,096
Advances to joint venture		133,961	-	133,961
Prepaid expenses		43,112	-	43,112
Available-for-sale investments		71,000	-	71,000
		2,409,981	-	2,409,981
Non-current assets				
Exploration and evaluation properties		15,048,309	-	15,048,309
Equipment		43,087	-	43,087
Total assets		\$ 17,501,377	\$ -	\$ 17,501,377
Liabilities				
Current liabilities				
Trade payables and accrued liabilities		\$ 38,456	\$ -	\$ 38,456
Amounts due to related parties		-	-	-
Total liabilities		38,456	-	38,456
Equity				
Share capital	12(b)	19,411,378	155,500	19,566,878
Contributed surplus	12(c)	1,522,948	(1,522,948)	-
Accumulated other comprehensive income	12(c)	12,000	(12,000)	-
Stock options reserve	12(c)	-	1,090,007	1,090,007
Warrants reserve	12(c)	-	432,941	432,941
Available-for-sale investments reserve	12(c)	-	12,000	12,000
Deficit	12(b)	(3,483,405)	(155,500)	(3,638,905)
Total equity		17,462,921	-	17,462,921
Total liabilities and equity		\$ 17,501,377	\$ -	\$ 17,501,377



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***Reconciliation of Consolidated Statement of Loss and Comprehensive Loss
For the three and nine months ended July 31, 2011***

The Company did not identify any differences from Canadian GAAP to IFRS. As a result, the consolidated statement of loss and comprehensive loss for the three months and nine months ended July 31, 2011 represents IFRS standards.

***Reconciliation of Consolidated Statement of Cash Flows
For the three and nine months ended July 31, 2011***

The Company did not identify any differences from Canadian GAAP to IFRS. As a result, the consolidated statement of cash flows for the three months and nine months ended July 31, 2011 represents IFRS standards.



Management Discussion and Analysis
For the nine months ended July 31, 2012
(Expressed in Canadian dollars)

General

The information in this Management's Discussion and Analysis, or MD&A, is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial conditions of Constantine Metal Resources Ltd. (the "Company" or "Constantine"). This MD&A should be read in conjunction with the unaudited interim financial statements of the Company, including the notes thereto, for the nine months ended July 31, 2012 and 2011, the audited financial statements of the Company for the year ended October 31, 2011 and 2010 and the MD&A of such financial statements, and other information relating to the Company on file with the Canadian provincial securities regulatory authorities on SEDAR at www.sedar.com. The Company's interim financial statements for the nine months ended July 31, 2012 are prepared in accordance with International Financial Reporting Standards ("IFRS"), and the annual audited financial statements for the year ended October 31, 2011 have been amended to reflect adjustments identified as a result of the conversion to IFRS. This MD&A has taken into account information available up to and including September 26, 2012.

Constantine is a junior exploration company engaged in the exploration and development of a polymetallic (copper-zinc-gold-silver) massive sulphide exploration project in southeast Alaska known as the Palmer Project, its principal project, and gold properties in Ontario, British Columbia and the Yukon. The company's principal Ontario gold project is the Munro-Croesus project, which includes the past-producing high-grade Croesus gold mine located east of the Timmins gold camp.

The Company is a reporting issuer in British Columbia and Ontario and trades on the TSX Venture Exchange under the symbol CEM.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations. The Company is currently engaged in exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties. The amounts shown as mineral properties represent net costs to date and do not necessarily represent present or future values.

Teck Resources Ltd. Financing

On May 28, 2012, Teck Resources Limited ("Teck") invested \$525,000 in Constantine at a premium to market, with the proceeds of the financing intended to fund exploration on the Company's Ontario gold properties and general working capital. Concurrent with the private placement, Constantine entered into agreements that grants Teck the exclusive right to elect to option the Phoenix and Golden Mile properties (Phoenix and Golden Mile Farm-in agreements), and a right of first offer/first refusal (Preferential Rights Agreement) on certain claims in the Munro-Croesus Project area, referred to as the Munro Selection properties.

Highlights of Exploration Activity

1. Horseshoe Zone Discovery on Munro Croesus Property - A new gold showing area, referred to as the "Horseshoe Zone", has been identified by Constantine and is located west and on trend to Lake Shore Gold's Fenn-Gib deposit (1.3 million ounces indicated and 0.75 million ounces inferred) that



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indicates the potential for significant expansion of the Fenn-Gib deposit along trend to the west across the southern part of Constantine's Horseshoe claims. The new "Horseshoe Zone" is exposed in an area of very limited outcrop and as currently defined consists of several small isolated outcrops protruding through muskeg over an approximately 75 meter long (north-south) by 55 meter wide (east-west) area. Similarities with the Fenn-Gib deposit include the bulk-tonnage tenor of the gold mineralization (0.5 to 1.5 grams per tonne gold), an approximately 1:1 gold to silver ratio and gold primarily associated with disseminated pyrite in altered variolitic volcanics.

- **Munro Croesus Surface Gold Results** – Sample results from three different areas yielded significant gold assay results. Nine samples of the historic #2 Vein, on the Munro Selection part of the Munro Croesus property yielded seven plus one gram gold assays over a strike length of approximately 400 meters, with a high value of 15.9 g/t gold. The #2 vein lies along the same structural trend as the former producing high-grade Croesus Mine.
- Thirteen rock samples results from two areas in the northwest part of the Munro Croesus project area (1.6 km to 2.5 km northwest of the Croesus Mine), including a new surface gold showing on the JM property, produced nine samples greater than 1.0 g/t gold, including four samples greater than 10.0 g/t gold with a high value of 15.0 g/t gold.

2. Golden Mile Option Exercised – based on its initial surface field work and assessment of the Golden Mile property, Teck elected to take-up its option on the Golden Mile property at the end of July 2012. Since exercising the First Option an approximate \$100,000 soil survey has been completed (late August and early September) for which results are pending.

Base Metal Projects

Palmer project (southeast Alaska, USA)

Overview

The Company's principal asset is the 100% controlled Palmer polymetallic massive sulphide project in Alaska. The next phase of exploration on the project requires a minimum \$5,000,000 exploration program and the project was inactive during the 2012 summer field season except for some geotechnical work and geological studies due to challenging market conditions. The project is logistically well situated within 3 miles of a paved highway and 35 miles north of the deep-sea port of Haines. The Palmer project consists of a 340 federal claim property that is subject to certain annual advanced royalty payments and a net smelter royalty payment to the lessor should the property reach commercial production and 63 state claims that are owned outright by Constantine, but subject to an Area of Interest net smelter return and certain Alaska State payments to maintain them in good standing. The property includes a large number of precious metals-enriched volcanogenic massive sulfide ("VMS") prospects distributed along two sub parallel trends and within two or more stratigraphic horizons along a combined 14.5 kilometer (9 mile) strike length of volcanic-sedimentary stratigraphy. Extensive zones of quartz-sericite-pyrite alteration that link many of the occurrences are interpreted to be indicative of a very large mineralized system. Palmer project highlights are itemized below.

- The 64 square kilometer property encompasses numerous underexplored VMS prospects located within large scale hydrothermal alteration zones. In addition to the immediate opportunity to expand the current RW and South Wall resources, excellent potential exists to discover other new deposits on the property.



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- Constantine completed the first NI 43-101 compliant resource (see news release dated January 20, 2010) on the Palmer property. Using an NSR cut-off of \$50 per tonne an inferred resource of 4.75 million tonnes grading 1.84 percent copper, 4.57 percent zinc, 0.28 grams per tonne gold, and 29.1 grams per tonne silver has been estimated.
- Mineralogical studies and metallurgical benchmarking demonstrated coarse grained mineralogy and the likelihood, through further test work, that the Palmer mineralization will yield good recoveries with high grade concentrates at relatively low milling cost.
- The resource area could likely be accessed by short lateral development.
- The Company believes that the geometry of the currently defined, wide, steeply dipping South Wall sulphide mineralization is favourable for low cost underground mining methods.
- The project has a favourable location with good logistics, including direct access to Pacific Rim concentrate markets via 60 kilometers of existing road connecting the project to the deep sea port at Haines, Alaska.

To advance the Palmer project, a \$5,000,000 exploration program is recommended for the next phase of exploration. The focus will be to test extensions of the RW and Southwall Zones with 2 drills and one drill to test other prospects that may include the Cap, Nunatak, HG and MHC drill targets. Additional surface, down-hole and possibly airborne geophysical surveys will be included in the program.

No work was carried out on the Palmer property during the third fiscal quarter. The Company will require additional funds or a partner to carry out the proposed next phase of exploration work.

Gold Projects

Constantine controls 100% interest in four gold projects, the Munro Croesus, Phoenix, Golden Mile and Trapper projects. The Munro Croesus project includes the famous high-grade past-producing Croesus Gold Mine located along the north side of the Porcupine Destor Fault zone associated with the Pipestone Fault and approximately 75 kilometers east of the center of the Timmins gold camp. The Golden Mile Project is also along the Pipestone Fault, a splay of the Porcupine Destor Deformation Zone and located 30 kilometers east of Timmins and 9 kilometers northeast of Goldcorp's multi-million ounce Hoyle Pond Gold Mine. The Phoenix Gold project is in the south Timmins area, and the Trapper Gold project is in northern British Columbia. The Trapper Project is optioned to Ocean Park Ventures Corp. who can earn a 70% interest in the project by completing \$9.75 million in work expenditures and issuing certain cash and share payments to Constantine. The Company also has a 50% interest in 3,960 mineral claims in Yukon, in a 50/50 joint venture with Carlin Gold Corporation, a company which is focused on exploration for Carlin-style gold deposits.

Constantine completed a \$525,000 financing with Teck in May 2012, proceeds from which have been used to fund Ontario gold exploration and provide general working capital. Concurrent with the private placement, Constantine granted Teck an exclusive right to elect to option the Phoenix and Golden Mile properties (Phoenix and Golden Mile Farm-in Agreements), and a right of first offer/first refusal (Munro Selection Properties - Preferential Rights "MSPPR") on certain claims in the Munro-Croesus Project area, referred to as the Munro Selection properties.



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Munro-Croesus Project (Ontario)

The Munro-Croesus Project comprises the following properties: Munro-Croesus property, the Four Corners Property and the JM Property.

The MSPPR Agreement signed on May 3, 2012 provides Teck with a right of first offer/first refusal until November 30, 2012, to option or otherwise acquire an interest in the Munro Selection properties which include the non-excluded part of the Munro Croesus property, the Four Corners property and the JM property. The MSPPR Agreement specifically excludes ten claims ("the Exclusion Claims") that are part of the Munro Croesus property identified as the two Croesus shaft area claims at the historic high-grade Croesus mine, and a contiguous block of eight claims located immediately adjacent and along strike to the west of the 2.1 million ounce Fenn-Gib deposit that are part of the Munro Croesus property. Recent sampling and prospecting results are described below under the headings of the "Exclusion Claims" and the "Munro Selection" properties.

Munro Croesus Project – Surface Results on "Exclusion Claims"

Eight strategic Munro Croesus property claims that are excluded from the Teck Preferential Rights lie adjacent to the Fenn-Gib property which was acquired by Lake Shore Gold Corp. ("Lake Shore Gold") from Barrick Gold Corporation for \$60 million. Since acquiring the Fenn-Gib property, Lake Shore Gold has drilled four resource confirmation/expansion holes prior to completing a NI 43-101 resource calculation. The new resource estimate is reported by Lake Shore Gold to include a total of 40.8 million tonnes grading 0.99 grams per tonne ("gpt") for a total of 1.30 million contained gold ounces in the Indicated category and 24.5 million tonnes at 0.95 gpt for a total of 0.75 million ounces gold in the Inferred category. Lake Shore has subsequently initiated a drilling program at Fenn-Gib and has announced mineralized intercepts confirming expansion potential of Lake Shore's resource to the west (Lakeshore news release May 1, 2012) towards Constantine's eight "Exclusion Claims" referred to as the Horseshoe claims.

Constantine's 100% owned "Horseshoe claims" are located within 300 meters west and along trend from the Fenn-Gib gold resource. Recent sampling and prospecting of these claims resulted in the discovery of the Horseshoe Zone that indicates the potential for significant expansion of the Fenn-Gib deposit along trend to the west across the southern part of Constantine's Horseshoe claims. The new "Horseshoe Zone" is exposed in an area of very limited outcrop and as currently defined consists of several small isolated outcrops protruding through muskeg over an approximately 75 meter long (north-south) by 55 meter wide (east-west) area. Outcrops are pervasively gold mineralized and silica-pyrite+/-albite+/-magnetite altered. The character of the alteration and mineralization are similar to that described in the 43-101 technical report for the neighbouring Fenn-Gib deposit. Similarities with the Fenn-Gib deposit include the bulk-tonnage tenor of the gold mineralization (0.5 to 1.5 grams per tonne gold), an approximately 1:1 gold to silver ratio and gold primarily associated with disseminated pyrite in altered variolitic volcanics. Nine representative character samples collected by Constantine range from 0.14 to 1.27 grams per tonne gold.

The two Croesus shaft claims that are also excluded from the MSPPR Agreement with Teck include the formerly producing Croesus mine, known to have produced some of the highest grade gold ever mined in Ontario. Three drilling programs (8,414 meters) have been carried out by Constantine on the property since it was acquired in 2007, The previous drilling located high-grade Croesus type gold veins in the south offset fault block of the Croesus Mine vein and identified a new footwall zone (200 Zone) of high-



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grade gold mineralization (12.2 g/t gold over 0.46m) at depth under the historic mine workings. The 2011 drill program (5,550 meters) tested the 200 Zone footwall target and identified 2 shallow high grade vein structures in the immediate footwall and hanging wall of the inclined Croesus shaft. In late 2011, the crown pillar at the Croesus Mine was cleaned off to evaluate the geology and structure and provide information on crown pillar stability. The Croesus vein structure exposed in the pillar is a complex multi-vein structure up to 8 meters wide. A 750 meter short hole drill program is recommended to test high grade vein structures in the immediate hanging wall of the Croesus shaft that were intersected for the first time in the 2011 drill program.

Munro Croesus Project - Surface Gold Sample Results on "Munro Selection" Properties

Prospecting and sampling was carried out on parts of the Munro Selection properties during the reporting quarter, with some encouraging results from several areas.

Nine samples of the historic #2 Vein, on the Munro Selection part of the Munro Croesus property yielded seven plus one gram gold assays over a strike length of approximately 400 meters, with a high value of 15.9 grams per tonne gold. The #2 Vein is a northeast trending vein structure with observed widths to 12 meters, located to the southwest and along the same structural trend as the former producing high-grade Croesus Mine, and has seen no diamond drill exploration. Thirteen rock samples results from two areas in the northwest part of the Munro Croesus project area (1.6 km to 2.5 km northwest of the Croesus Mine), including a new surface gold showing on the JM property, produced 9 samples greater than 1 g/t gold, including 6 samples greater than 3 g/t and 4 samples greater than 10 g/t gold with a high value of 15 g/t gold. The mineralization in both areas is hosted in altered and mineralized variolitic basalt.

The above described gold zones are located within 500 meters of the Pipestone fault, an important structure known to control gold mineralization at several gold deposits within the region, including the neighbouring 2.1 million ounce Fenn-Gib gold deposit. Constantine's Munro-Croesus project area covers an approximately seven kilometer length of this key structural corridor.

Four Corners Property (Munro Croesus Project – part of the Teck Munro Selection Property)

The Four Corners property is included under the terms of the MSPPR Agreement with Teck, described under the Munro Croesus Project introduction above.

Constantine has fulfilled the terms of the underlying Four Corners option agreement (subject to annual advanced royalty payments of \$5,000/year and a 2.5% Net Smelter Return Royalty) to acquire a 100% interest in the 63 claim Four Corners property that forms part of the Munro-Croesus project. The Property is located 1.2 kilometers east of the Munro Croesus property, with Lake Shore Gold's Fenn-Gib property located in between. The Four Corners property straddles an area between the prolific Porcupine Destor Fault Zone (PDDZ), the Pipestone Fault Zone and the Munro Break, and within the same structural corridor that hosts the high-grade Croesus Mine to the west and the >2.0 million ounce combined production from the past producing Holt-McDermott and Holloway Mines located 25 kilometers to the east. The geological setting at Four Corners shares many similarities to classic Archean gold systems.

Since acquiring the Four Corners property in 2008, the Company has previously reported on the drilling of 3 holes (1,079 meters) on the Perry Pond prospect (2009 and 2011) and trenching and drilling of 3 holes (949 meters) in the Canamax zone area (2010 and 2011).



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JM Gold Property (Munro Croesus Project – part of the Teck Munro Selection Property)

The JM Gold property is included under the terms of the MSPPR Agreement with Teck, which is described under the Munro Croesus Project introduction above.

The JM property was acquired by staking in August 2010 and consists of 2 claims (4 units, 65 hectares) immediately to the north of the Munro Croesus property. The property covers the projected extension of the favourable Croesus mine stratigraphy to the northwest of the Croesus Mine. Geological mapping and sampling was carried out for assessment work and six samples from a new gold showing yielded 5 assays greater than 3 g/t gold with a high value of 15 g/t gold.

Phoenix Gold Project (Ontario)

The Teck Financing agreement provides for Teck to take up the first option by September 30, 2012 to earn a 51% interest in the Phoenix gold property by incurring \$1,200,000 in exploration expenditures by September 30, 2015. Teck may earn an additional 15% interest in the property, for a total interest of 66%, by incurring an additional \$3,300,000 in expenditures by September 30, 2019. On September 23, 2012, The Company was advised by Teck that they will not elect to take up the First Option on the Phoenix property.

The Company conducted a Geotech VTEM Airborne magnetic and electro-magnetic survey over the property in late April and early May that was funded by the Teck Financing. A first pass prospecting, geology and selective soil sampling program was carried out in May. Additional work will be based on the results of this initial program.

The underlying Phoenix Gold property agreement signed in April 2010 allows Constantine to earn a 100% interest in 35 claims (519 units ~8,304 hectares) located 75 kilometers south of the Timmins gold camp. The claims were staked based on Ontario geological survey airborne magnetic maps that indicate possible westerly extensions of the Matachewan-Kirkland-Larder Lake Break that is associated with Matachewan and Kirkland-Larder Lake gold camps. Favourable Tisdale Group volcanic rocks underlie the property, including several areas of ultramafic rocks that may play an important part in localizing gold deposits near and along fundamental structural breaks or deformation zones. The project is located in the very active North Shining Tree gold area and approximately 10 kilometers south of the new SGX Resources Gold discovery that was announced on January 26, 2012 and highlighted by drillhole SL-11-36 that encountered 69 meters of 1.27 g/t gold.

Golden Mile Property Acquisition (Ontario)

As provided in the Golden Mile Farm-in Agreement, at the end of July, 2012 Teck elected to take up the First Option to earn a 51% interest in the Golden Mile property, by incurring \$1,500,000 in exploration expenditures by September 30, 2015 and making \$25,000 annual cash payments to Constantine. Teck may earn an additional 15% interest in the property, for a total interest of 66%, by incurring an additional \$3,500,000 in expenditures by September 30, 2019 and making \$50,000 annual cash payments to Constantine. During the earn-in period Teck also assumes all underlying property cash payment obligations.



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Prior to the decision by Teck to elect to take up the First Option, the Company conducted a Geotech VTEM airborne magnetic and electro-magnetic survey over the property in March 2012 that was funded by the Teck Financing and carried out a soil sampling program in May-June 2012 on two favourable geological and geophysical targets. Since taking up the First Option, an approximate \$100,000 soil program has been completed for which results are pending. Compilation of historical work is ongoing and additional work will depend on targets identified by the compilation in combination with the geophysical results and new soil sampling results.

The Golden Mile Property covers the important Pipestone Fault System where it crosses the "Porcupine Giant Mine Corridor" that has produced more than 55 million ounces of gold. This structural intersection, which contains excellent targets within the Kidd-Munro volcanic sequence and adjacent Porcupine sediments, is overburden covered and has seen very limited drill testing for gold. The 423 claim unit, 68 square kilometer Golden Mile property is located 9 kilometers northeast of Goldcorp's multimillion ounce Hoyle Pond deposit and is comparable in size to the West Timmins and Main Camp holdings of the major gold production companies operating in the Timmins Gold Camp.

To acquire a 100% interest in the Property, Constantine must make payments totaling \$175,000 and 180,000 shares over a 4 year period commencing on December 10th, 2012 (effective agreement date is December 10, 2011). During the currency of Golden Mile Farm-In Agreement, Teck will reimburse Constantine for any such property payments. The Vendors will receive a \$10,000 annual advanced royalty payment commencing on December 10, 2017 and retain a 3.0% NSR royalty of which 1.0 % can be purchased by Constantine at any time for \$1,000,000 with a right of first refusal on the remaining 2.0% NSR royalty.

Constantine-Carlin Gold Yukon JV Project

The Constantine-Carlin 50/50 Joint Venture (the "JV") was formed in fall 2010 specifically to target and explore for Carlin-type gold deposits in the Yukon's Selwyn Basin. The JV moved quickly to establish a large land position in this emerging gold frontier, acquiring areas with permissive geology and drainages with strong geochemical anomalies. The JV now controls a total of 3,960 claims in 13 properties comprising approximately 800 square kilometers (310 square miles), which represents one of the largest property positions in this new district. A \$1.8 million summer field program was initiated in late June 2011 and completed in mid-September 2011 after collecting approximately 13,000 soil, silt and rock samples. The results of this work are summarized in the Company's 2011 Annual Report.

On February 27, 2012, the Company announced the signing of a letter of intent to spin-out the Yukon properties into a new company. The terms within which enter into a definitive agreement subsequent expired on April 15, 2012 without the completion of an agreement. The Company continues to pursue a variety of opportunities to advance the Yukon projects in a manner that maximizes shareholder value.

Trapper Gold Project (British Columbia)

The 100% partner-funded 2011 program included 8,581 meters of drilling in 42 holes. The work was completed by Ocean Park Ventures Corp. ("Ocean Park") who can earn a 70% interest in the project by spending \$9.75 million in work expenditures and issuing certain cash and share payments to Constantine. Ocean Park has not yet completed the required expenditures to earn their initial 51% interest in the Project. Results and a discussion of the 2011 exploration program are summarized in the 2011 year-end report. Some highlights of the 2011 Phase 1 drill program include:



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- Recognition of a large porphyry gold-copper complex with at least two porphyry centres, including associated hydrothermal breccias
- Drilling of a dense, multi-kilometre gold-mineralized structural network including core zones of gold-rich sulfide stockworks that are locally semi-massive in character
- Drill discovery of gold-mineralized feldspar porphyry dykes and sills with gold grade enrichment at the margins
- Discovery of at-or-near-surface copper-mineralized feldspar porphyry.

None of the drilling planned by Ocean Park (Ocean Park Ventures news release, January 17, 2012) early in 2012 was carried out.

Results of Operations

Exploration and Evaluation Property Expenditures and Acquisitions

In the nine months ended July 31, 2012 the Company incurred net expenditures of \$911,731 on its exploration and evaluation properties. The largest component of these expenditures (\$555,563) was spent on airborne geophysics and surface exploration program that was jointly conducted on the Company's Phoenix and Golden Mile properties in Ontario. An amount of \$91,145 was spent on the Company's Munro-Croesus and adjacent Four Corners property, and an amount of \$163,569 was spent on the Company's U.S. properties during the nine months ended July 31, 2012.

In April 2012, the Company paid \$20,000 and issued 20,000 shares of the Company in order to maintain its option on the Trapper Gold property in British Columbia, Canada; and, paid \$20,000 and issued 30,000 shares of the Company in order to maintain its option on the Phoenix gold property in Ontario, Canada.

In March 2012, the Company entered into an option agreement to acquire the Golden Mile property in Ontario (see news release dated March 5, 2012).

Operating Costs

The Company recorded operating expenses of \$639,242 for the nine months ended July 31, 2012, compared to \$699,707 for the same period last year. Payroll expenses were higher in 2012, due to more personnel time allocated to general and administrative functions during the period. The Company also recorded \$132,474 in non-cash share-based payments expense, for the fair value of 1,925,000 stock options issued in March 2012. General and administrative costs for the nine months ended July 31, 2012 were significantly lower than last year (2011-\$238,754) primarily due to lower conference, trade show and advertising cost. General and administrative costs for the nine months ended July 31, 2012 consisted of:

General and Administrative expenses	Amount
Conferences, trade shows and advertising	\$ 31,819
Accounting and administration	64,239
Office expenses	35,987
Transfer agent, listing and filing fees	14,772
Other	4,458
Total	\$ 151,275



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Summary of Quarterly Results

In the three months ended July 31, 2012 the Company incurred net expenditures of \$267,095 on its exploration and evaluation properties. The Company's Phoenix and Golden Mile properties in Ontario received most of the exploration expenditures during the period, where an airborne geophysics program was completed. A total of \$190,932 was incurred on exploration costs for the Company's Canadian properties, and an amount of \$76,163 was incurred on exploration costs for the Company's U.S. properties during the three months ended July 31, 2012.

In March 2012, the Company entered into an option agreement to acquire the Golden Mile property in Ontario (see news release dated March 5, 2012). In April 2012, the Company paid \$20,000 and issued 20,000 shares of the Company in order to maintain its option on the Trapper Gold property in British Columbia, Canada and paid \$20,000 and issued 30,000 shares of the Company in order to maintain its option on the Phoenix gold property in Ontario, Canada.

The Company's operating expenses for the three months ended July 31, 2012 were \$179,428 (2011-\$169,266). Payroll expenses of \$59,878 (2011-\$37,758) were higher than for the same period last year due to a greater amount of personnel time allocated to general and administrative functions during the quarter.

The following is a summary of certain consolidated financial information of the Company for the past eight quarters:

For Quarter Ended	Income (Loss)	Income (Loss) per share
July 31, 2012	\$ (179,429)	(0.00)
April 30, 2012	(308,657)	(0.00)
January 31, 2012	(147,208)	(0.00)
October 31, 2011	51,504	0.00
July 31, 2011	(169,553)	(0.00)
April 30, 2011	(330,016)	(0.00)
January 31, 2011	(101,090)	(0.00)
October 31, 2010	(123,953)	(0.01)

The July 31, 2012 and 2011, April 30, 2012 and 2011 and January 31, 2012 and 2011 figures in the above Summary of Quarterly Results have been prepared in accordance with IFRS. All other figures in the table have been prepared in accordance with Canadian GAAP.

Liquidity and Capital Resources

The Company is not in commercial production on any of its mineral properties and accordingly, it does not generate cash from operations. The Company finances its activities by raising capital through the equity markets.

The Company's cash position at July 31, 2012 was \$319,316 (2011-\$1,916,812) and its working capital at



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July 31, 2012 was \$346,366 (2011-\$2,371,525). The Company's cash position as of the date of this report is approximately \$112,000.

During the nine months ended July 31, 2012, the Company incurred the remaining Canadian Exploration Expenditure spending obligations it had left in regard to a \$2.3 million flow-through private placement which closed in December 2010.

The Company is dependent on equity capital to fund exploration and development of its mineral properties. Constantine will require additional working capital in the near term to fund further exploration work and ongoing operating costs. Actual funding requirements may vary from those planned due to a number of factors, including the timing and progress of exploration activities.

At this time, the Company has no material contractual commitments for capital expenditures.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet financing arrangements.

Changes in Accounting Policies – Initial Adoption

Adoption of International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board declared that International Financial Reporting Standards is to replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on or after January 1, 2011.

In order to produce the required financial statements in accordance with IAS 34, the Company used accounting policies consistent with IFRS as issued by the IASB and interpretations of IFRIC.

The condensed interim financial statements for the three and six month periods ended July 31, 2012 are the Company's second condensed interim financial statements prepared in accordance with IAS 34 using accounting policies consistent with IFRS. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's first condensed interim financial statements prepared in accordance with IAS 34 and IFRS dated January 31, 2012.

The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out in the Company's financial statements have been applied consistently to all periods presented.

Transition to IFRS

The Company has adopted IFRS with a transition date of November 1, 2010. Under IFRS 1, First-time Adoption of International Financial Reporting Standards, the Company elected to take the following IFRS 1 optional exemption:

Share-based Payment – IFRS 1 encourages, but does not require, first time adopters to apply IFRS 2, Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before January 1, 2010. The



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Company elected not to apply IFRS 2 to equity instruments that vested prior to January 1, 2010.

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. In order to allow users to better understand these changes, the Company has provided the reconciliations between Canadian GAAP and IFRS in Note 16 to the condensed interim financial statements.

Canadian GAAP to IFRS differences:

(a) Flow-through shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP, the Company accounted for the issue of flow-through shares in accordance with the provisions of CICA Emerging Issues Committee Abstract 146, Flow-through Shares. At the time of issue, the funds received are recorded as share capital. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company recorded a deferred tax liability with a charge directly to shareholders' equity. Also under Canadian GAAP, a portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statements of operations.

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through liability and included in trade payables and accrued liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability is reversed, with any difference charged to the statements of operation as deferred tax expense. A portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will reduce the deferred tax liability and record a deferred tax recovery.

The change in accounting policy related to flow-through shares resulted in an increase in share capital and a corresponding increase in deficit of \$155,500 as at the Transition Date and a further increase in share capital and a corresponding increase in deferred tax expense of \$300,000 for the year ended October 31, 2011.

(b) Reclassification within Equity section

Under Canadian GAAP, "Contributed surplus" was used to record the issuance of warrants and stock options. Upon adoption of IFRS, the balances in "Contributed surplus" have been reclassified to "Stock options reserve" and "Warrants reserve". In addition, the Company reclassified the balance of the "Accumulated other comprehensive income" that existed under Canadian GAAP into "Available-for-sale investments reserve".

Detailed schedules of the impact of these changes are included in Note 12 of the interim financial statements for the nine months ended July 31, 2012.



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Related Party Transactions

Certain directors and officers of the Company provided specific services to the Company during the nine months ended July 31, 2012 as follows:

For the nine months ended July 31,	2012	2011
Management and technical fees paid or accrued to companies owned by directors	\$ 21,225	\$ 34,752
Consulting fees paid to officers	63,374	96,444.00
Accounting and administration fees paid or accrued to a company 50% owned by an officer	54,000	54,000
Share-based payments to key management	96,344	-
	\$ 234,943	\$ 185,196

The above amounts represent short-term benefits to key management personnel for the nine months ended July 31, 2012 and 2011. Key management is defined as the officers and directors of the Company.

At July 31, 2012, the Company had an amount of \$15,225 (October 31, 2011 – \$(34,662)) due to Carlin, a company related by common directors and officers, for the Company's portion of mineral property expenditures relating to the Yukon joint venture.

Management of Capital

The Company manages its cash, common shares and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.



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Use of Proceeds from Financings

<i>Planned Use of Proceeds as Previously Disclosed</i>	<i>Actual Use of Proceeds to July 31, 2012</i>
December 2010 Financing:	
<ul style="list-style-type: none"> \$2.3 million to be used on exploration of the Palmer project and for general and administrative and working capital purposes 	<ul style="list-style-type: none"> Cost of this financing and two flow-through financings \$ 549,169 Palmer project 363,277 Hornet Creek project 92,807 Canadian projects 110,322 Fixed assets 8,461 Working capital items <u>1,019,242</u> <li style="text-align: right;">\$ 2,143,278 Amount still to be spent \$ 156,722
March 2011 Flow-Through Financing:	
<ul style="list-style-type: none"> \$2,250,000 to be used to incur eligible Canadian exploration expenditures ("CEE") on the Company's Canadian gold projects. 	<ul style="list-style-type: none"> CEE spent to date \$2,250,000 As at July 31, 2012, the entire balance of CEE has been expended on the Company's exploration properties.

Summary of Outstanding Shares Data

On July 31, 2012, the Company had 114,435,999 shares outstanding.

The following warrants and stock options were outstanding at July 31, 2012:

		Price per Share	Expiry Date
Warrants	12,589,316	\$0.20	December 13, 2012
Warrants	2,100,000	\$0.16	May 25, 2014
Compensation Options	450,000	\$0.30	March 17, 2013
Stock options	390,000	\$0.57	February 13, 2013
Stock options	1,175,000	\$0.13	January 12, 2014
Stock options	1,700,000	\$0.235	October 27, 2014
Stock options	1,925,000	\$0.11	March 5, 2017
	20,329,316		

Corporate Governance

Management of the Company is responsible for the preparation and presentation of the interim and annual financial statements and notes thereto, MD&A and other information contained in this MD&A. Additionally, it is management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.



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The Company's management is held accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the annual audited financial statements and MD&A. Responsibility for the review and approval of the Company's unaudited interim financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

Risk Factors

Companies operating in the mining industry face many and varied kind of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company.

Industry

Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is not feasible or practical to proceed. The Company monitors its risk based activities and periodically employs experienced consulting, engineering, insurance and legal advisors to assist in its risk management reviews.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Metal Prices

The principal activity of the Company is the exploration and development of precious metal and base metal resource properties. The feasible development of such properties is highly dependent upon the price of gold, silver, copper lead and zinc. A sustained and substantial decline in precious metal and base metal commodity prices could result in the write-down, termination of exploration and development work or loss of its interests in identified resource properties. Although such prices cannot be forecasted with certainty, the Company carefully monitors factors which could affect precious metal and base metal commodity prices in order to assess the feasibility of its resource projects.



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Political Risk

The resource properties on which the Company is actively pursuing its exploration and development activities are located in Alaska, USA and in British Columbia and Ontario, Canada. While the political climate in Alaska, Idaho, British Columbia and Ontario is considered by the Company to be stable, there can be no assurances that this will continue indefinitely. To alleviate such risk, the Company funds its operations on an as-needed basis. The Company does not presently maintain political risk insurance for its foreign exploration projects.

Environmental

Exploration and development projects are subject to the environmental laws and regulations of the state of Alaska, Idaho and of the United States of America (Palmer Project and Hornet Creek Project) and the environmental laws and regulations of Canada and the province of Ontario (Munro-Croesus, Golden Mile and Phoenix Gold Projects), British Columbia (Trapper Gold property) and Yukon (Constantine-Carlin JV). As such laws are subject to change, the Company monitors proposed and potential changes and management believes the Company remains in compliance with current environmental regulations in the relevant jurisdictions.

Constantine has assumed the environmental liability at the Croesus minesite on the Munro Croesus property. To date the Company has not incurred any costs and does not expect that the final costs will be material, however it does remain an uncertain liability. The Ontario government requires a closure plan if the claims are abandoned or become inactive and the requirements of the plan may require some environmental reclamation costs. The previous owner completed remediation of what the Company considers to be the major liabilities, which included capping the Walsh and Croesus shafts. The Croesus minesite was visited by a mines inspector in September 2010 and an inspection report received from the Ministry of Northern Development, Mines and Forestry (Ontario) in early 2011. The summary of field observations and recommendations in the Inspection Report are near surface stope stability concerns and recommendation for a crown pillar stability assessment. There is a specific near-term recommendation to secure the location of a small raise to surface that is filled with waste rock with a fence and signs. The bedrock around the small raise to surface that is filled with waste rock and the crown pillar at the Croesus shaft has been cleared of surface rubble by an excavating program in October 2011. The small raise area has been fenced and cautionary signage has been put in place. A preliminary evaluation of the near surface stope stability and a crown pillar stability assessment has been completed by a qualified engineer, independent of the Company. The initial conclusion based on historic data and new information from drill data through the old workings and the recent excavation work is that the "old workings will stand for a long time" and that "surface subsidence would be minimal at the down-dip edge of the zone and could be as much as 1 meter near the upper edge." Now that the crown pillar is exposed, a site visit by the engineer is planned for 2012 and formal reporting of the conclusions will be made to the Ministry of Northern Development, Mines and Forestry (Ontario). Surface water samples upstream and downstream of the site have been recommended to determine water quality issues.

There may be environmental liabilities related to the prior historical workings of the recently acquired Hornet Creek property in Idaho, U.S.A.



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Operational

Exploration development projects require third party contractors for the execution of certain activities. The availability and cost of third party contractors is subject to a competitive environment for their use, which is beyond the control of the Company.

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the balance sheet and arises from the Company's cash and receivables.

The Company's cash is held primarily through a Canadian chartered bank, which is a high-credit quality financial institution. The credit risk in receivables is considered low by management as it consists primarily of amounts owing for Canadian government sales tax credits.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At July 31, 2012, the Company had a cash balance of \$319,336 to settle current liabilities of \$38,381. All of the Company's financial liabilities have maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is insignificant and therefore does not hedge its foreign exchange risk.

Sensitivity analysis

The carrying value of cash, receivables, accounts payable, and amounts due to related parties closely approximate their fair values in view of the relatively short periods to maturities of these financial instruments.



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Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

Disclosure Controls and Procedures

Management is responsible for the design, establishment and maintenance of disclosure controls and procedures over the public disclosure of financial and non-financial information regarding the Company and internal control over financial reporting to provide reasonable assurance regarding the integrity of the Company's financial information and reliability of its financial reporting. Management maintains appropriate information systems, procedures and controls to ensure integrity of the financial statements and to ensure that information used internally and disclosed externally is complete and reliable.

Effectiveness of Disclosure Controls

The Chief Financial Officer and Chief Executive Officer have evaluated the effectiveness of the Company's disclosure controls as of July 31, 2012. They have concluded that the Company's disclosure controls and procedures provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company, particularly during the period during which this report was being made.

Forward-Looking Statements

Forward-looking statements include, but are not limited to statements regarding the use of proceeds, costs and timing of the development of new deposits, statements with respect to success of exploration and development activities, permitting time lines, currency fluctuations, environmental risks, unanticipated reclamation expenses, and title disputes or claims.

Forward-looking statements often, but not always are identified by the use of words such as "plans", "seeks", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "targets", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "should", "could", "would", "might", "will", or "will be taken", "occur" or "be achieved".

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These statements are based on a number of assumptions and factors, including assumptions regarding general market conditions; future prices of gold and other metals; possible variations in ore resources, grade or recovery rates; actual results of current exploration activities; actual results of current reclamation activities; conclusions of future economic evaluations; changes in project parameters as plans continue to be refined; failure of plant, equipment, or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; risks related to joint venture operations; timing and receipt of regulatory approvals of operations; the ability of the Company and other relevant parties to satisfy regulatory requirements; the availability of financing for proposed transactions and programs on reasonable terms; the ability of third-party service providers to deliver services on reasonable terms and in a timely manner; and delays in the completion of development or construction activities. Other factors that could cause the actual results to differ include market prices, results of exploration, availability of capital and financing on acceptable terms, inability to



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obtain required regulatory approvals, unanticipated difficulties or costs in any rehabilitation which may be necessary, market conditions and general business, economic, competitive, political and social conditions. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, there may be other factors which cause actual results to differ. Significant additional drilling is required by the Company at its Palmer property to fully understand the system size before a meaningful resource can be calculated and completed. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.

Approval

Darwin Green, Vice-President Exploration for Constantine, and a qualified person as defined by Canadian National Instrument 43-101, has reviewed the technical information contained in this MD&A and has also verified the analytical data for drill core samples disclosed in this release by reviewing the blanks duplicates and certified reference material standards and confirming that they fall within limits as determined by acceptable industry practice.

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

Additional disclosures pertaining to the Company's technical reports, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.