



Consolidated Financial Statements of

CONSTANTINE METAL RESOURCES LTD.

(Expressed in Canadian Dollars)

For the years ended October 31, 2017 and 2016

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Constantine Metal Resources Ltd.,

We have audited the accompanying consolidated financial statements of Constantine Metal Resources Ltd. ("the Company"), which comprise the consolidated statements of financial position as at October 31, 2017 and 2016 and the consolidated statements of income (loss) and comprehensive income (loss), cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Constantine Metal Resources Ltd. as at October 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.



CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
February 26, 2018



Consolidated Statements of Financial Position

As at October 31, 2017 and 2016

(Expressed in Canadian dollars)

	2017	2016
Assets		
Current assets:		
Cash	\$ 1,780,392	\$ 567,673
Amounts receivable (Note 7)	203,232	24,119
Advances and prepaid expenses	44,193	47,670
	<u>2,027,817</u>	<u>639,462</u>
Exploration and evaluation properties (Note 5)	14,456,587	13,031,273
Performance bonds	32,465	33,528
	<u>\$ 16,516,869</u>	<u>\$ 13,704,263</u>
Liabilities		
Current liabilities:		
Trade payables and accrued liabilities	\$ 553,519	\$ 225,880
Deferred recovery of exploration costs	-	91,272
Amounts due to related parties (Note 7)	-	15,072
	<u>553,519</u>	<u>332,224</u>
Equity		
Share capital (Note 6)	20,360,239	20,360,239
Stock options reserve (Note 6b)	1,936,756	1,722,623
Warrants reserve	432,941	432,941
Accumulated deficit	(6,766,586)	(9,143,764)
	<u>15,963,350</u>	<u>13,372,039</u>
	<u>\$ 16,516,869</u>	<u>\$ 13,704,263</u>

Nature of Operations (Note 1)

Commitments (Note 12)

Event Subsequent to the End of the Period (Note 13)

On Behalf of the Board of Directors:

"J. Garfield MacVeigh"

Director

"G. Ross McDonald"

Director

See accompanying notes to the consolidated financial statements.



Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended October 31, 2017 and 2016

(Expressed in Canadian dollars)

	2017	2016
Expenses:		
Amortization	\$ -	\$ 2,968
Consulting	55,404	70,313
General and administrative	119,492	168,140
Insurance	92,646	27,052
Legal	422,846	9,383
Professional fees	27,675	19,260
Rent (net)	12,962	69,354
Salaries, wages and benefits	53,929	76,638
Shareholder communications	18,303	4,774
Share-based payments (Note 6b)	214,133	187,191
Travel	10,537	2,252
Loss from operations	(1,027,927)	(637,325)
Other Items:		
Interest income	\$ 651	-
Gain (loss) on foreign exchange	(46,164)	15,145
Gain on available-for-sale investments	-	4,177
Gain on sale of exploration and evaluation properties (Note 5(b)(i))	3,455,719	-
Write-off of exploration and evaluation properties	(5,101)	-
Net income (loss) for the year	2,377,178	(618,003)
Other comprehensive income :		
Change in available-for-sale investments	-	95,953
Comprehensive income (loss) for the year	\$ 2,377,178	\$ (522,050)
Basic and diluted income (loss) per share	\$ 0.02	\$ (0.01)
Weighted average number of common shares outstanding	117,429,468	117,429,468

See accompanying notes to the consolidated financial statements.



Consolidated Statements of Cash Flows
For the years ended October 31, 2017 and 2016
(Expressed in Canadian dollars)

	2017	2016
Cash provided by (used in):		
Operations:		
Net income (loss) for the year	\$ 2,377,178	\$ (618,003)
Items not affecting cash:		
Amortization	-	2,968
Share-based payments (Note 6b)	214,133	187,191
Write-off of exploration and evaluation properties (Note 5c)	5,101	-
Gain on available-for-sale investments (Note 4)	-	(4,177)
Gain on sale of exploration and evaluation properties (Note 5)	(3,455,719)	-
Changes in non-cash working capital accounts:		
Amounts receivable	(13,476)	15,846
Deposits	-	19,887
Trade payables and accrued liabilities	360,803	(7,200)
Exploration costs recoverable from partner (Note 5a)	(256,909)	329,606
Reclamation bonds	1,063	(840)
Amounts due to related parties (Note 7)	(15,072)	11,873
Advances and prepaid expenses	3,477	(26,640)
	(779,421)	(89,489)
Investing activities:		
Exploration and evaluation properties (Note 5)	(5,444,831)	(5,004,626)
Proceeds from sale of exploration and evaluation properties (Note 5)	4,500,000	-
Recovery of exploration and evaluation property expenditures (Note 5a)	2,936,971	5,134,515
Proceeds from sale of available-for-sale investments (Note 4)	-	131,204
	1,992,140	261,093
Increase in cash	1,212,719	171,604
Cash, beginning of year	567,673	396,069
Cash, end of year	\$ 1,780,392	\$ 567,673
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Value of shares issued for success fee on Palmer option agreement	\$ -	\$ 30,624
Accounts payable related to exploration and evaluation properties	182,932	216,096
Value of shares issued for mineral properties (Note 5a)	-	3,600

See accompanying notes to the consolidated financial statements.



Consolidated Statements of Changes in Equity

For the years ended October 31, 2017 and 2016

(Expressed in Canadian dollars)

	Share Capital		Reserves				Total Equity
	Number of Shares	Capital Stock	Stock Options	Warrants	Available-for-Sale Investments	Deficit	
Balance, October 31, 2015	116,846,001	\$ 20,326,015	\$ 1,535,432	\$ 432,941	\$ (95,953)	\$ (8,525,761)	\$ 13,672,674
Net loss for the year	-	-	-	-	-	(618,003)	(618,003)
Unrealized gain (loss) on available-for-sale investments	-	-	-	-	95,953	-	95,953
Share-based payments	-	-	187,191	-	-	-	187,191
Shares issued for exploration and evaluation properties (Note 6a)	497,483	34,224	-	-	-	-	34,224
Balance, October 31, 2016	117,343,484	\$ 20,360,239	\$ 1,722,623	\$ 432,941	\$ -	\$ (9,143,764)	\$ 13,372,039
Net income for the year	-	-	-	-	-	2,377,178	2,377,178
Share-based payments (Note 6b)	-	-	214,133	-	-	-	214,133
Balance, October 31, 2017	117,343,484	\$ 20,360,239	\$ 1,936,756	\$ 432,941	\$ -	\$ (6,766,586)	\$ 15,963,350

See accompanying notes to the consolidated financial statements.



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

1. Nature of Operations

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, except for cash flow generated from exploration management fees, property option fees and sale of available-for-sale investments, 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. With the exception of the current year, the Company has incurred losses since inception and has an accumulated operating deficit of \$6,766,586. 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.

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) Statement of Compliance

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies, methods of computation and presentation applied in these financial statements are consistent with those of the previous financial year.

b) Consolidated Financial Statements

These consolidated financial statements of the Company for the years ended October 31, 2017 and 2016 were approved and authorized for issue by the Board of Directors on February 26, 2018.

These consolidated financial statements include the accounts of the Company, its 100% controlled entity, Constantine North Inc. (an Alaska corporation), and its 51% interest in Constantine Mining LLC ("CML") (a Delaware corporation, registered in the state of Alaska). The Company records its proportionate interest in the assets, liabilities and expenses of CML in its consolidated financial statements.

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



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

3. Significant Accounting Policies

a) Judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant areas requiring the use of estimates relate to the determination of impairment of exploration and evaluation properties, determination of mineral reserves, and provision for closure and reclamation.

A significant judgment applicable to the financial statements of the current year relates to the determination of the appropriate accounting treatment for the Company's investment in Constantine Mining LLC. Refer to Notes 3m and 5a.

b) Foreign currency translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss, except for differences on the retranslation of available-for-sale instruments, which are recognized in other comprehensive loss.

c) Exploration and Evaluation Properties

Costs directly related to the exploration and evaluation of resource properties are capitalized once the legal rights to explore the resource properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Resource properties are reviewed for impairment at each reporting date.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition of mineral property.



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

3. Significant Accounting Policies (continued)

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and 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 and non-compliance with regulatory requirements.

d) Impairment of Non-current Assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

e) Provision for Closure and Reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of resource properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

f) Income Taxes

The Company uses the balance sheet method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

3. Significant Accounting Policies (continued)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g) Share-based Payments

The Company has a stock option plan that is described in Note 6c. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to stock options reserve. Consideration received on the exercise of stock options is recorded as share capital and the related stock options reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from stock options reserve.

h) Loss per Share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the year. For all years presented, the loss available to common shareholders equals the reported loss. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share, as the effects of including all outstanding options and warrants would be anti-dilutive.

i) Financial Instruments and Comprehensive Income

i) Financial Assets

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through profit or loss. Cash is included in this category of financial assets.

3. Significant Accounting Policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables comprise amounts receivable.

Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. AFS assets include investments in marketable securities.

Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as AFS are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit or loss.

ii) Financial Liabilities

The Company classifies its financial liabilities in the following categories:

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of loss and comprehensive loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade payables and accrued liabilities, amounts due to joint venture partner and amounts due to related parties.

iii) Fair Value Hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

3. Significant Accounting Policies (continued)

j) Share Capital

The Company records proceeds from share issuances, net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

k) Valuation of Equity Units Issued in Private Placements

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

l) Accounting standards adopted, or issued but not yet effective

The Company adopted no material new accounting standards during its current fiscal year, and is unaware of any applicable, but not-yet-adopted standards that are expected to materially affect the financial statements of future periods.

m) Joint Arrangements

The Company conducts exploration work jointly with other parties in joint ventures and other related legal entities in circumstances where neither party can be said to authoritatively control the entity. Such arrangements are considered, for accounting purposes, to be joint ventures when a separate legal entity exists and where the Company's investment is substantially related only to the net assets of that entity. The Company's interests in a joint venture are accounted for on the equity basis, reflective of the Company's net investment at cost plus the Company's proportionate share of the entity's subsequent income, less its share of any losses incurred.

In circumstances where the Company's interest is considered to substantially relate to the development of a particular asset or assets, such an arrangement is considered to be a joint operation and the Company's proportionate interest in the accounts of that entity are consolidated on a line by line basis with those of the Company in the financial statements of the Company.

n) Comparative figures

Certain comparative figures have been reclassified in accordance with the current year's presentation.

4. Available-for-Sale Investments

In August 2016, the Company sold all of its available-for-sale investment for cash proceeds of \$131,204 and recognized a gain of \$4,178 on the sale.



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

5. Exploration and Evaluation Properties

The following tables are a summary of the Company's exploration and evaluation property interests:

	Balance October 31 2015	Fiscal 2016 Expenditures	Balance October 31 2016	Fiscal 2017 Expenditures	Balance October 31 2017
Palmer Property, Alaska, USA					
	<i>See Note (a)</i>				
Acquisition costs	\$ 878,712	\$ -	\$ 878,712	\$ -	\$ 878,712
Less: Recovery of acquisition costs	(870,430)	(269,795)	(1,140,225)	-	(1,140,225)
Advance royalty payments	436,426	56,368	492,794	48,082	540,876
Assaying and testing	384,366	26,715	411,081	117,222	528,303
Field transportation	4,963,730	269,906	5,233,636	634,155	5,867,791
Geophysics	750,337	40,361	790,698	101,554	892,252
Drilling	12,297,857	671,373	12,969,230	2,179,223	15,148,453
Property maintenance	611,134	95,447	706,581	85,900	792,481
Geology and field support	6,312,659	2,512,435	8,825,094	1,515,267	10,340,361
Environmental	746,211	486,690	1,232,901	355,082	1,587,983
Travel	391,208	97,755	488,963	142,557	631,520
Cost recoveries	(17,025,963)	(4,420,507)	(21,446,470)	(2,936,971)	(24,383,441)
	9,876,247	(433,252)	9,442,995	2,242,071	11,685,066
Haines Block					
	<i>See Note (a)</i>				
Acquisition costs	\$ 96,007	\$ 33,158	\$ 129,165	\$ -	\$ 129,165
Assaying and testing	-	5,261	5,261	-	5,261
Field transportation	161,139	181,541	342,680	85,139	427,819
Geophysics	34,356	17,440	51,796	47,323	99,119
Drilling	240,136	326,240	566,376	(2,982)	563,394
Geology and field support	92,738	82,055	174,793	5,199	179,992
Environmental	22,986	-	22,986	-	22,986
Travel	5,781	-	5,781	-	5,781
Cost recoveries	(565,148)	(444,213)	(1,009,361)	-	(1,009,361)
	\$ 87,995	\$ 201,482	\$ 289,477	\$ 134,679	\$ 424,156
Total Alaska Properties	\$ 9,964,242	\$ (231,770)	\$ 9,732,472	\$ 2,376,750	\$ 12,109,222

Note (a) These amounts include 51% of the expenditures of Constantine Mining LLC for the period July 1 - October 31, 2017.

(continued on next page)



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

5. Exploration and Evaluation Properties (continued)

	Balance October 31 2015	Fiscal 2016 Expenditures	Balance October 31 2016	Fiscal 2017 Expenditures	Balance October 31 2017
Ontario Properties:					
Munro-Croesus Property, ON, Canada					
Acquisition costs	485,172	2,760	487,932	6,944	494,876
Assaying and testing	107,655	-	107,655	-	107,655
Drilling	1,127,740	-	1,127,740	-	1,127,740
Field transportation	23,678	-	23,678	-	23,678
Geophysics	149,446	-	149,446	-	149,446
Travel	67,126	7,260	74,386	-	74,386
Geology and field support	524,192	18,808	543,000	11,395	554,395
Proceeds allocated on sale of mineral claims (Note 5b(i))	-	-	-	(440,512)	(440,512)
	2,485,009	28,828	2,513,837	(422,173)	2,091,664
Four Corners Property, ON, Canada					
Acquisition costs	124,681	22,000	146,681	-	146,681
Assaying and testing	24,720	71	24,791	-	24,791
Drilling	243,471	-	243,471	-	243,471
Geophysics	56,893	-	56,893	-	56,893
Field Transportation	946	-	946	-	946
Travel	8,058	-	8,058	-	8,058
Technical consulting	81,673	-	81,673	-	81,673
Geology and field support	39,322	296	39,618	1,638	41,256
Proceeds allocated on sale of mineral claims (Note 5b(iii))	-	-	-	(603,769)	(603,769)
	579,764	22,367	602,131	(602,131)	-
Golden Mile Property, ON, Canada					
Acquisition costs	116,774	31,600	148,374	70,000	218,374
Assaying and testing	40,829	-	40,829	-	40,829
Drilling	396,613	-	396,613	-	396,613
Field transportation	22,514	-	22,514	-	22,514
Geophysics	160,669	-	160,669	-	160,669
Geology and field support	519,016	3,182	522,198	2,868	525,066
Technical consulting	90,970	-	90,970	-	90,970
Travel	30,568	565	31,133	-	31,133
Cost recoveries	(1,230,468)	-	(1,230,468)	-	(1,230,468)
	147,485	35,347	182,832	72,868	255,700
Sub-total of Ontario Properties	\$ 3,212,258	\$ 86,542	\$ 3,298,800	\$ (951,436)	\$ 2,347,364

(continued on next page)



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

5. Exploration and Evaluation Properties (continued)

	Balance October 31 2015	Fiscal 2016 Expenditures	Balance October 31 2016	Fiscal 2017 Expenditures	Balance October 31 2017
Ontario Properties (Balance forward)	\$ 3,212,258	\$ 86,542	\$ 3,298,800	\$ (951,436)	\$ 2,347,364
Yukon, Canada					
Acquisition costs	52,401	-	52,401	4,620	57,021
Assaying and testing	197,379	-	197,379	-	197,379
Field transportation	476,911	-	476,911	-	476,911
Geology	184,753	-	184,753	481	185,234
Geochemistry	290,093	-	290,093	-	290,093
Technical consulting	61,608	-	61,608	-	61,608
Other	573,494	-	573,494	-	573,494
Cost recoveries	(25,000)	-	(25,000)	-	(25,000)
Writedown of exploration and evaluation properties	(1,811,638)	-	(1,811,638)	(5,101)	(1,816,739)
	1	-	1	-	1
Total Other Properties	\$ 3,212,259	\$ 86,542	\$ 3,298,801	\$ (951,436)	\$ 2,347,365
Total Alaska and Other Properties	\$ 13,176,501	\$ (145,228)	\$ 13,031,273	\$ 1,425,314	\$ 14,456,587

a) Palmer Project, Alaska USA

i) Limited Liability Company Formed for Palmer Project

In December 2016 Dowa Metals & Mining Co., Ltd. ("Dowa") completed its option to earn a 49% interest in the Palmer Project having completed US\$22,000,000 in aggregate exploration expenditures on the project. A limited liability company (Constantine Mining LLC, or "CML") was then formed at the end of June 2017 and began operating in July 2017, with the Company owning 51% and Dowa owning 49% of the new entity. The Company's rights to the Palmer Property and a portion of the Haines Block land parcel (see below) have been assigned to CML.

Under the terms of the CML members' agreement, the Company is operator of CML and each party is responsible for its proportionate share of expenses, determined on the basis of ownership and subject to dilution according to standard dilution provisions.

For accounting purposes, the Company's investment in CML is considered to primarily relate to the continued advancement, with Dowa, of the Palmer property and the related elements of the Haines Block land parcel. Funding of CML by both venturers is on an ongoing cash-call basis, and accordingly the third-party assets, liabilities and expenses of CML, other than its mineral property interest, are expected to be relatively nominal at any point in time. Management's judgement is that the fairest accounting presentation for this arrangement is to provide, as a priority, a clear continuity of the Company's beneficial interest in the underlying property costs incurred. Accordingly, the Company's interest in CML has been considered a joint operation and its 51% interest in the accounts of CML have been consolidated within its own financial statements on a line by line basis.

5. Exploration and Evaluation Properties (continued)

a) Palmer Project, Alaska USA (continued)

From a legal perspective, the Company disposed of certain directly-held property interests to CML, in consideration for its interest in CML. There is material uncertainty associated with any attempt to measure the current fair value the Company's 51% interest in CML, and accordingly the Company considers that that this transaction, having been completed with Dowia as the beneficial counterparty and only for purposes of further advancing the underlying exploration project, lacks commercial substance. On this basis, no gain or loss has been recognized in respect to it. The continuity of the Company's historical exploration costs incurred on these interests has therefore been maintained in the current year's statement presentation.

ii) Palmer Project

The Palmer Project 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, there is a requirement to make annual advance royalty payments of US\$42,500 and pay Federal claim annual maintenance fees, which were US\$52,700 in 2017.

The lease is subject to a 2.5% net smelter returns ("NSR") royalty. CML 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.

iii) Haines Block Lease

In 2014, the Company entered into an agreement with the Alaska Mental Health Trust Authority (the "Trust") for the mineral exploration and development of an approximately 92,000 acre package of land (the "Haines Block"). There was a reduction in the size of the land package to 65,196 acres in 2017, in accordance with the terms of the lease agreement. The principal terms of the lease agreement are as follows:

1. Annual payments of US\$25,000 per year for the initial 3 year lease term, US\$40,000 for years 4 to 6, US\$55,000 for years 7 through 9;
2. Work commitments of US\$75,000 per year, escalating by US\$50,000 annually;
3. Annual payments are replaced by royalty payments upon achieving commercial production;
4. Production royalties payable to the Trust include a sliding scale 1% to 4.5% royalty for gold, based on gold price, and a 3.5% royalty on minerals other than gold.

The Haines Block is contiguous with and surrounds the Federal and State mining claims that make up the Palmer Property.

A portion of the Haines Block land parcel with surface and mineral rights comprising approximately 3,483 acres, has been contributed to CML (Note 5a(i) and (iv)).

iv) Haines Block Selection Agreement

In July 2016, the Company signed a Selection Agreement (the "Selection Agreement") with Dowia on the Haines Block mining lease, which terms have now been met or expired. Under the terms of the Selection Agreement, Dowia selected a small subset of the Haines Block (the "Selection Area") including both surface and mineral rights, to become part of the Agreement. The remaining mineral rights of the Haines Block, representing approximately 96 percent of the total Haines Block land package, are 100 percent



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

5. Exploration and Evaluation Properties (continued)

a) Palmer Project, Alaska USA (continued)

owned by the Company, and were subject to a Right of First Offer ("ROFO") by Dowa, which expired on September 1, 2017.

The main elements of the Selection Agreement were as follows:

1. Dowa selected a Haines Block land parcel with surface and mineral rights comprising approximately 3,483 acres, exclusive of all pre-existing federal claims, to be included as part of the Palmer Property joint venture.
2. The Company will maintain its 100% interest in the balance of the property of the Haines Block exclusive of the Selection Area and any exploration done in such area outside of the Selection Area will be at the Company's expense.
3. The Company granted Dowa a ROFO on Haines Block lands located outside of the Selection Area for a 3 year period beginning as of September 1, 2014, which terminated on September 1, 2017.

b) Ontario Properties

i) Sale of Ontario Mineral Claims to Lake Shore Gold Corp.

In January 2017, the Company sold its 100% interest in the Four Corners property located east of Timmins, Ontario to Lake Shore Gold Corp. ("Lake Shore"). Principal terms of the Property Purchase Agreement were:

- a. a \$4,500,000 cash payment for the sale of a 100% interest in the mineral claims known as the Horseshoe, Four Corners and the Meunier Add-on claims (received).
- b. The Company retains a 1% NSR on the Horseshoe claims, as well as the right of first refusal on the NSR associated with the underlying property agreement.
- c. Lake Shore transferred to the Company a 100% interest in patented mining claim L39421 that is contiguous to Company's Munro-Croesus claims. Lake Shore will retain a 1.5% NSR on the transferred claim.
- d. The Company retains the rights to the NSR buy-down provisions associated with the underlying property agreements on all of the properties sold to Lake Shore.

The Company recorded a gain of \$3,455,719 on the disposition of the Four Corners property.

ii) Munro-Croesus Property

The Company owns 100% of the Munro-Croesus gold mineral property located 90 kilometers east of Timmins, Ontario, which includes the former Munro-Croesus gold mine.

Under the terms of the original acquisition agreement, there is a 2% NSR production royalty payable on the property, 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% NSR royalty.

The Company transferred a portion of its Munro-Croesus claims to Lake Shore in connection with the sale of the Four Corners property to Lake Shore (Note 5b(iii)), and allocated \$440,512 of the proceeds on the transaction to the sale of Munro-Croesus mineral claims.



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

5. Exploration and Evaluation Properties (continued)

b) Ontario Properties (continued)

The Company received one mineral claim from Lake Shore in connection with the Four Corners transaction (the Munro claim), which has been added to the Munro-Croesus claims.

As at October 31, 2017, the Munro-Croesus property consists of 15 patented mining claims and leases and 2 staked claims.

iii) Golden Mile Property

In December 2016, the Company completed the earn-in obligations of an option agreement to acquire 100% of the Golden Mile property located in northern Ontario, Canada. The Company has made a total of \$175,000 in cash payments and issued 180,000 shares to complete this acquisition. The Company has granted a 3% NSR to the previous owners of the property, of which 1/3 of the NSR may be purchased by the Company at any time for \$1,000,000. The Company must make annual advance royalty payments of \$10,000, commencing on December 10, 2017 (paid subsequent to year-end), which are deductible from future NSR payments.

c) Yukon Land Position and Joint Venture

The Company and Carlin Gold Corporation ("Carlin Gold") control over 3,000 claims in the Mayo and Watson Lake Mining Districts, Yukon. The claims are distributed in twelve blocks that total approximately 65,000 hectares (250 square miles).

In April 2016, the Company recorded a \$858,218 writedown of the property to a carrying value of \$1, based on an impairment review of the property for accounting purposes. In the fiscal year ended October 31, 2017, the Company recorded a write-off of \$5,101 for expenditures incurred on its Yukon land position.

6. Share Capital

a) Common Shares

Authorized: unlimited common shares without par value

Issued and outstanding: 117,373,484 common shares

- i) On December 10, 2016, the Company issued 60,000 shares valued at \$3,600 related to the Golden Mile property (Note 5b(ii)).
- ii) On March 6, 2016, the Company issued 493,336 shares valued at \$69,067 as part of a success fee payment in regard to the option and joint venture agreement on the Palmer property.

b) 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



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

6. Share Capital (continued)

b) Stock Options (continued)

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 June 2, 2017, the Company issued 2,325,000 incentive share options, exercisable at a price of \$0.16, expiring June 2, 2022. The stock options were issued to directors, officers and employees of the Company.

On June 30, 2016, the Company issued 2,450,000 incentive share options, exercisable at a price of \$0.10, expiring June 30, 2021. The stock options were issued to directors, officers and employees of the Company.

A summary of the status of the Company's stock options at October 31, 2017 and October 31, 2016 and changes during the periods therein is as follows:

	Year ended October 31, 2017		Year ended October 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	11,125,000	\$ 0.09	8,675,000	\$ 0.09
Granted	2,325,000	0.16	2,450,000	0.10
Expired or cancelled	(2,025,000)	0.11	-	-
Balance, end of year	11,425,000		11,125,000	

The fair value cost of the stock options granted in June 2017 was calculated using the Black-Scholes Pricing Model using the following range of assumptions:

	June, 2017
Risk-free interest rate	1.23%
Expected life (in days)	1,825
Annualized volatility	82.51%
Dividend rate	n/a

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. An amount of \$214,133 was charged to share-based payments expense for the years ended October 31, 2017 (2016-\$187,191).



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

6. Share Capital (continued)

b) Stock Options (continued)

A summary of the Company's stock options outstanding as at October 31, 2017 is as follows:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Number of Options Exercisable
January 17, 2019	0.07	5,250,000	0.70	5,400,000
March 6, 2020	0.14	1,400,000	0.36	1,300,000
June 30, 2021	0.10	2,450,000	0.99	2,450,000
June 2, 2022	0.16	2,325,000	1.17	1,575,000
		11,425,000	3.22	10,725,000

7. Related Party Transactions

The following represents the details of related party transactions paid or accrued for the years ended October 31, 2017 and 2016:

For the years ended October 31,	2017	2016
Consulting, administrative and technical fees paid or accrued to companies owned by directors	\$ 38,039	\$ 30,096
Consulting fees paid to officers	187,013	181,676
Accounting and administration fees paid or accrued to a company 50% owned by an officer	73,789	72,000
Share-based payments to key management	139,210	64,871
	\$ 438,051	\$ 348,643

The Company paid NS Star Enterprises Ltd., a company controlled by a director, \$38,039 for consulting, management and administration services during the year ended October 31, 2017 (2016-\$30,096). The Company paid Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, \$73,789 for accounting, and management and administration services during the period ended October 31, 2017 (2016-\$72,000). The Company paid D. Green Geoscience Inc., a company controlled by the vice-president of exploration, \$187,013 for technical consulting and management and administration services during the year ended October 31, 2017 (2016-\$181,676).

For the year ended October 31, 2017, the Company paid wages totaling \$132,000 (2016-\$132,000) to Mr. J. Garfield MacVeigh, in his capacity as President of the Company. For the year ended October 31, 2017, the Company paid wages totaling \$180,463 to Elizabeth Cornejo, in her capacity as Vice-President, Community and External Affairs of the Company.

At October 31, 2017, the Company's amounts receivable balance includes \$165,357, representing the 49% non-consolidated portion of the amount receivable from CML.



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

8. Management of Capital

The Company manages its cash, common shares, stock options and warrants 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 equivalents, amounts receivable, deposits, 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.

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, however management does not consider this risk to be significant.



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

9. Financial Instruments (continued)

b) Financial Instrument Risk Exposure (continued)

Exchange Risk

As at October 31, 2017, the majority of the Company's cash was held in the USA in U.S. 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 US dollars and are therefore subject to fluctuations in exchange rates. Management does not believe that the exchange risk is significant.

c) Fair Value Measurements

The carrying value of financial assets and financial liabilities at October 31, 2017 and 2016 is as follows:

	October 31 2017	October 31 2016
Financial Assets		
<i>FVTPL, measured at fair value</i>		
Cash	\$ 1,780,392	\$ 567,673
<i>Loans and receivables, measured at amortized cost</i>		
Amounts receivable	203,232	24,119
Financial Liabilities		
<i>Other liabilities, measured at amortized cost</i>		
Trade payables and accrued liabilities	\$ 553,519	\$ 225,880
Amounts due to related parties	-	15,072

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

	October 31 2017	October 31 2016
As at	Level 1	Level 1
Cash	\$ 1,780,392	\$ 567,673

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



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

10. Segmented Information

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

At October 31, 2017, the Company operates in two geographic areas, being Canada and the United States. The following is an analysis of net loss for the period, current assets and non-current assets by geographical area:

	Canada	United States	Total
Non-Current Assets			
Exploration and Evaluation Properties			
As at October 31, 2017	2,347,365	12,131,009	14,478,374
As at October 31, 2016	3,298,801	9,732,472	13,031,273
Performance Bonds			
As at October 31, 2017	-	32,465	32,465
As at October 31, 2016	-	33,528	33,528

11. Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

	2017	2016
Net income (loss) for the year	\$ 2,377,178	\$ (618,003)
Expected income tax expense	618,246	(158,343)
Net adjustment for amortization and other non-deductible amounts	121,856	51,325
Unrecognized benefit of DIT assets	8,362	107,018
Recognition of prior year non-capital losses	(748,464)	-
Total income tax recovery	\$ -	\$ -

There are no deferred tax assets presented in the statement of financial position.

Subject to confirmation with regulatory authorities, deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

	2017	2016
Deferred income tax assets (liabilities):		
Net mineral property carrying amounts in excess of tax pools	\$ (2,071,000)	\$ (1,294,000)
Equipment	59,000	59,000
Non-capital loss carryforwards	7,068,000	7,082,000
	\$ 5,056,000	\$ 5,847,000

The Company has Canadian non-capital losses of approximately \$2,964,000 (2016 - \$5,908,000) and US non-capital losses of US \$970,000 (2016–US \$949,000), which will be available to reduce future taxable income in Canada and the US, respectively. The respective non-capital losses will begin to expire in 2017 until 2036.



Notes to the Consolidated Financial Statements
For the years ended October 31, 2017 and 2016

11. Income Taxes (continued)

The Canadian non-capital losses, if not utilized, will expire in the years presented below:

2031	828,000
2032	790,000
2033	540,000
2034	203,000
2035	154,000
2036	449,000
	<u>\$ 2,964,000</u>

12. Commitments

The Company has a lease agreement for the rental of office space, which expires on May 31, 2021.

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

	Amount
2018 fiscal year	\$ 40,486
2019 fiscal year	42,469
2020 fiscal year	43,626
2021 fiscal year	25,449
	<u>\$ 152,030</u>

The Company currently rents out a portion of its office space on a month-to-month basis for \$1,000 per month.

13. Event Subsequent to the Reporting Period

In February 2018, the Company issued 300,000 stock options to an employee at a price of \$0.185, exercisable for a period of five years.



Management's Discussion and Analysis
For the year ended October 31, 2017
(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 audited consolidated financial statements of the Company, including the notes thereto, for the years ended October 31, 2017 and 2016, 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 audited consolidated financial statements for the years ended October 31, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has taken into account information available up to and including February 26, 2018.

Constantine is a junior exploration company engaged in the exploration and development of several exploration properties. Its principal project is a polymetallic (copper-zinc-gold-silver) massive sulphide advanced exploration project in southeast Alaska known as the Palmer Project. Constantine also has gold properties in Ontario and the Yukon. The Company's principal Ontario gold projects are the Golden Mile project in the Timmins gold camp and 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, Alberta 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, however the Company has generated cash flow from option earn-in agreements, from fees for management of option-joint venture exploration projects and from sale of available-for-sale investments. 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.

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

Highlights

- **New High Grade Silver Rich Discovery at Palmer Project** – In August 2017, the Company made a high-grade precious metal discovery at the Nunatak prospect (**9.2 meters grading 312 g/t (9.1 opt) silver, 0.9 g/t gold in hole CMR17-89**), located 3 kilometers from the South Wall resource. In follow-up drilling to the discovery hole (see Table 1), high-grade base and precious metals have been reported over wide intervals (news release NR140-17, November 2, 2017) and the new "AG Zone" mineralization is open in all directions.



Management's Discussion and Analysis
For the year ended October 31, 2017
(Expressed in Canadian dollars)

- **More High-grade Results at South Wall** - Wide intervals of high-grade copper and zinc mineralization reported in several drill holes as part of the resource expansion and infill drilling at the South Wall Zone of the Palmer Project. Multiple zones were intersected in several of the reported holes (news release NR 139-17, October 2, 2017) and CMR17-82 contained an interval of **45.4 m. of 2.54% Cu and 7.44% Zn** (news release NR-137-17, July 27, 2017).
- **Over 10,000 meters Drilled** – The Company completed 10,718 meters of drilling on the Palmer Project in the 2017 summer drilling season, surpassing its target of 7,000 meters, while staying within original budget.
- **Property Wide Airborne Electromagnetic and Magnetometer Survey Completed**
- **Ontario Mineral Claims Sold for \$4.5 Million Plus Royalties** – In January 2017, the Company completed the sale of some of its Ontario exploration properties for \$4.5 million cash, plus royalties.
- **Senior Employee Promotions and Additions** – Liz Cornejo, a Constantine employee since 2009 in various technical and corporate capacities, most recently as the Company's Manager of Exploration & Community was promoted to the position of Vice President, Community & External Affairs in early 2017. Ian Cunningham-Dunlop has taken on the role of Vice President Advanced Projects and has worked with the company on a part time basis since 2014.

2017 Palmer Exploration Program

The Constantine – Dowa Joint Venture was formed at the end of 2016 and the parties agreed to a flexible multi-year plan starting with a US \$7 million budget for 2017 with a dual focus of exploration and evaluation as follows:

To systematically advance the mineral resource by:

- Drilling to expand and upgrade existing resource estimate;
- Conducting ongoing technical studies (environmental, engineering, geotechnical); and,
- Evaluating an exploration drift for drilling deeper parts of deposit.

To test property-wide resource potential by:

- Initiating large, 7000 m. drill program in summer 2017 (expanded to +10,000 m.);
- Validating the camp-scale potential of the property, with focus on new discovery; and,
- Completing property-wide airborne geophysical survey.

The above objectives have been successfully completed.



Management's Discussion and Analysis
For the year ended October 31, 2017
(Expressed in Canadian dollars)

Nunatak "AG Zone" Silver-Rich Discovery

The Nunatak prospect was drilled as part of the Company's dual focus plan of exploring for new deposits across the district-scale property while also expanding and upgrading the South Wall-RW Zone inferred mineral resource. Priority exploration targets for 2017 included the Nunatak-JAG and Cap-HG prospects that collectively define a several kilometers long, stratigraphically linked corridor of mineralization that is parallel to the South Wall-RW Zone trend. The new Nunatak, AG Zone discovery has confirmed the multi-deposit potential of the Palmer Property. It also highlights the opportunity for significant precious metal mineralization, which is characteristic of other Late Triassic VMS deposits in the region such as Greens Creek, one of the largest and lowest cost primary silver mines in the world.

Since reporting the AG Zone discovery in drill hole in CMR17-89, assay results have been received and reported for all holes completed at the AG Zone. Key features include a drill defined strike length of 225 meters, a vertical dip length of 275 meters, and all sides open to expansion. Significant mineralization has been intersected in 11 of 13 drill holes with most holes reporting multiple intersections. Mineralization consists of stacked strata-bound zones, including a high grade silver-gold upper zone, and a zinc-rich lower zone. The additional drilling has also shown that most of the AG Zone occurs on the steep, relatively planar limb, of a large scale fold structure (see news release NR139-17 figures). The sheet-like aspect of mineralization along this limb permits predictive targeting toward other neighboring prospect areas and at depth below present drilling.

Assay Highlights for New AG Zone Discovery

Zinc Zone

- 30.5 meters grading 7.3% zinc, 0.2% lead, 0.1% copper, 6 g/t silver, 0.1 g/t gold or
- 17.8 meters grading 11.4% zinc, 0.1% lead, 0.2% copper, 6 g/t silver, 0.1 g/t gold
- 6.7 meters grading 5.7% zinc, 2.2% lead, 0.1% copper, 30 g/t silver, 0.2 g/t gold
- 41.3 meters grading 5.8% zinc, 0.2% lead, 0.1% copper, 9 g/t silver, 0.1 g/t gold or
- 20.4 meters grading 9.9% zinc, 0.3% lead, .2% copper, 14 g/t silver, 0.1 g/t gold
- 7.8 meters grading 6.7% zinc, 0.8% lead, 0.1% copper, 35 g/t silver, 0.3 g/t gold
- 9.0 meters grading 4.5% zinc, 0.2% lead, 0.1% copper, 8 g/t silver, 0.1 g/t gold
- 4.4 meters grading 7.4% zinc, 2.6% lead, 0.3% copper, 49 g/t silver, 0.2 g/t gold
- 6.4 meters grading 4.8% zinc, 1.5% lead, 0.1% copper, 46 g/t silver, 0.3 g/t gold
- 14.3 meters grading 4% zinc, 0.1% lead, 0.2% copper, 43 g/t silver, 0.2 g/t gold or
- 9.9 meters grading 4.8% zinc, 0.1% lead, 0.2% copper, 25 g/t silver, 0.2 g/t gold

Silver Zone

- 9.2 meters grading 312 g/t silver, 0.9 g/t gold
- 3.0 meters grading 128 g/t silver, 1.7 g/t gold
- 10.3 meters grading 460.8 g/t silver, 0.9 g/t gold, 2.03% zinc
- includes 2.7 meters 1,214.4 g/t silver, 1.34 g/t gold, 4.03% zinc
- 2.3 meters grading 98 g/t silver, 3.2 g/t gold
- 3.8 meters grading 256 g/t silver, 1.1 g/t gold
- 0.5 meters grading 549 g/t silver, 1.1 g/t gold
- 120.1 meters grading 31 g/t silver, 0.1 g/t gold, 1.1% zinc



Management's Discussion and Analysis
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See news release NR140-17, November 2, 2017, for a complete list of AG Zone drill intersections.

The AG zone discovery drilling has demonstrated grade, scope, continuity, and, with all edges open to expansion, obvious potential for scale. The 2017 program provides proof of concept of Palmer's potential to host multiple deposits, and the Company looks forward to building on this theme as it continues to advance the Palmer Project with a focus on new discoveries, expansion of the AG Zone, and expansion and upgrade of the South Wall-RW Zone Mineral Resource.

AG Zone (Nunatak) Discussion

AG Zone is a new VMS discovery, located 3 km from the known 8.1 million tonne South Wall-RW Zone inferred resource*. To date, drilling has defined the AG Zone over a strike length of 225 meters and a vertical dip length of 275 meters, with all edges open to expansion. Mineralization is stratigraphically correlative with high-grade surface prospects located hundreds of meters along trend to the northwest (Waterfall and CAP) and southeast (JAG). The potential for outlining mineral resources between these areas is excellent.

An updated understanding of AG Zone geology has emerged from the 2017 drilling and mapping. Tight folding near to surface gives way to a steeply-dipping, vertically extensive mineral horizon at depth. This is significant as it opens a very large area for expansion of the zone at depth and along strike. These areas are readily accessible to drilling with moderate length holes.

Mineralization at AG Zone is well zoned, consisting of a lower zinc-dominant footwall zone, and an upper silver-gold barite rich zone at higher stratigraphic levels. As is typical elsewhere on the Palmer Property, mineralization occurs across a thick interval of stratigraphy and is present at more than one horizon. Mineralization styles includes massive and semi-massive sulphide and barite, and feeder style stringers and replacement.

South Wall Results

Six holes were completed along the western edge of South Wall Zone II for resource expansion and upgrade. The Zone II holes intersected wide intervals of massive sulphide within an area poorly tested by previous drilling. These new intersections dramatically increase the predicted width and grade of mineralization in this area and also indicate excellent potential for further expansion to the west. One hole, CMR17-88 was drilled as a South Wall Zone I infill hole and to test the effectiveness of sub-horizontal surface drilling. The drilled intercepts display strong copper and zinc zoning, similar to other areas in the deposit. CMR 17-82 contains an interval of 10.9 meters of 6.15% Cu and 13.83% Zn which includes 4.5 meters of 1.83% Cu and 28.84% Zn.

South Wall Drill Highlights

- 45.4 meters grading 7.4% zinc, 2.5% copper, 39 g/t silver, 0.3 g/t gold
- 18.7 meters grading 6.9% zinc, 2.3% copper, 33 g/t silver, 0.3 g/t gold
- 14.3 meters grading 7.6% zinc, 0.4% copper, 45 g/t silver, 0.3 g/t gold
- 20.9 meters grading 8.4% zinc, 0.1% copper, 40 g/t silver, 0.2 g/t gold
- 14.5 meters grading 7.5% zinc, 1.9% copper, 66 g/t silver, 0.4 g/t gold
- 10.1 meters grading 8.5% zinc, 0.5% copper, 57 g/t silver, 0.4 g/t gold



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- 12.8 meters grading 12.0% zinc, 0.5% copper, 64 g/t silver, 0.7 g/t gold
- 13.4 meters grading 5.4% zinc, 1.7% copper, 11 g/t silver, 0.2 g/t gold
- 7.9 meters grading 5.3% zinc, 1.5% copper, 35 g/t silver, 0.1 g/t gold

The 2017 South Wall drilling has simultaneously added tonnes while also increasing confidence in the resource model. Past drill holes missed the main part of the ore lens in the current area of drilling, and there is excellent potential to continue adding high-grade resources with additional drilling to the west. See news releases NR137-17, July 27, 2017 and NR139-17, October 2, 2017 for a list of South Wall intersections.

Discussion of Drill Results

The 2017 program has been a tremendous success at meeting two of the Company's stated objectives – expansion and upgrade of the South Wall resource, and discovery of new mineral deposits. Collectively, the six 2017 drillholes that tested the South Wall Zone II part of the deposit have defined a thick new high-grade sub-zone of mineralization over a vertical dip length of approximately 150 meters and over a strike length of approximately 60 meters, which is open to further expansion. The average cumulative drill width of mineralization in each of the six holes is greater than 20 meters, with a length weighted average of 1.6% copper, 7.5% zinc, 43.1 g/t silver and 0.32 g/t gold.

Hole CMR17-88 was drilled as a SW Zone I infill hole and to test the effectiveness of sub-horizontal drilling. The ability to drill sub-horizontal holes from the steep slopes in the project area has the potential to reduce meters and cost for future resource upgrade drilling. The drillhole intersected a 43 meter wide zone, consisting of 12.8 meters and 13.4 meters of high-grade mineralization separated by 16.8 meters of no core recovery within a drill parallel fault that bisects the mineralized zone. The approximately 30 meter true width of the total zone in CMR17-88 validates and moderately expands the SW Zone I resource model for this area of low drillhole density.

Property Wide Airborne Electromagnetic and Magnetometer Survey Completed

For the first time since the initial Palmer surface discovery in 1969, a property wide airborne survey was completed over the entire Palmer area that includes the Joint Venture property and 100% Constantine controlled lands. The helicopter borne survey was completed with excellent coverage. The results of the airborne continue to be evaluated to assist in prioritizing 2018 drill targets. A few salient points are summarized below:

1. Combination of conductivity and magnetics useful to prioritize targets in established favourable stratigraphy
2. South Wall resource area displays a weak conductive response centered on the east side of the known resource that persists to depth. Hanging wall basalts display a strong magnetic signature. The South Wall response is very useful as a model to characterize what may be significant mineralization elsewhere on the property and especially in association with known but undrilled mineralized prospects.
3. At least eight, conductive responses of similar character to South Wall have been identified that occur in favourable stratigraphy, most of which are associated with known but untested mineralized prospects.
4. Lack of a conductive response does not eliminate a discovery opportunity; e.g. the RW resource displays no obvious conductive response, although a downdip response indicates the potential for



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more conductive mineralization that has not been tested by drilling.

Sale of Ontario Mineral Claims for \$4.5 Million Cash

In January 2017, the Company completed the sale of certain mineral claims in Ontario to Lake Shore Gold Corp ("Lake Shore") (see News Release dated November 7, 2016). Constantine received \$4.5 million cash from Lake Shore and a 100% interest in Lake Shore's "Munro" claim, which is contiguous to Constantine's existing Munro-Croesus claims.

The mineral claims that have been sold, known as the Horseshoe, Four Corners and the Meunier Add-on claims, are located adjacent to Lake Shore's Fenn-Gib gold project in Ontario. The sale does not include Constantine's neighboring Munro Croesus Gold Property that is renowned for its exceptionally high-grade past production, or the Golden Mile Property, which collectively represent a rare opportunity to control an extensive, high potential land position in the prolific Timmins gold camp. Under the terms of the agreement with Lake Shore, Constantine retains a 1% Net Smelter Return Royalty ("NSR") on the Horseshoe claims, which are located a few hundred meters west-northwest of the Fenn-Gib gold resource. Constantine also retains the rights to certain NSR buy-down provisions associated with the underlying property agreements on all of the properties sold to Lake Shore.

Base Metal Project – Palmer Property (Southeast Alaska, USA)

Dowa Exercises Option to Earn 49% Interest in Palmer Project

In December 2016, Dowa completed its US\$22 million earn-in to the Palmer VMS Project and exercised its option to participate as a partner in the project. A joint venture was formed for the purpose of further exploring and developing Palmer project, with Constantine owning a 51% participating interest and Dowa owning a 49% participating interest.

Palmer Project Description

Palmer is an advanced stage, high-grade volcanogenic massive sulphide (VMS) project, with an Inferred Mineral Resource of 8.1 million tonnes grading 1.41% copper, 5.25% zinc, 0.32 g/t gold and 31.7 g/t silver*. The Project is being advanced in partnership with Dowa, which has earned 49% in the project by making aggregate expenditures of US\$22 million over four years. The Palmer project is located in a very accessible part of coastal southeast Alaska, with road access to the edge of the property and is within 60 kilometers of the year-round deep sea port of Haines. Mineralization at Palmer occurs within the same belt of rocks that is host to the Greens Creek mine, one of the world's richest VMS deposits. There are at least 25 separate base metal and/or barite occurrences and prospects on the Palmer property, indicating the potential for discovery of multiple deposits beyond the RW-South Wall deposit area.

** See the Company's news release date May 11, 2015 and the company's technical report entitled "NI 43-101 Technical Report and Updated Resource Estimate Palmer Exploration Project" dated June 24, 2015 available on www.sedar.com. Resource estimate utilizes an NSR cut-off of US\$75/t with assumed metal prices of US\$1200/oz for gold, US\$18/oz for silver, US\$2.75/lb for copper, and US\$1.00/lb for zinc. Estimated metal recoveries are 89.6% for copper, 84.9% for zinc, 75% for gold (61.5% to the Cu concentrate and 13.5% to the Zn concentrate) and 89.7% for silver (73.7% to the Cu concentrate and 16% to the Zn concentrate) as determined from metallurgical locked cycle flotation tests. An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity.*



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Palmer Project Agreements

The Company holds a 99 year mining lease dated December 19, 1997 on 340 mining claims that comprise the original Palmer property. 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 were US \$52,700 in 2017. 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, which total US\$821,667 to date, are deductible from the NSR royalty.

In September 2014, a formal agreement was signed between the Alaska Mental Health Trust Authority, a state corporation within Alaska (the "Trust") and the Company for an upland mining lease on the approximately 92,000 acre Haines Block land package surrounding the Palmer property. Pursuant to the lease terms, as described below, the acreage was reduced on September 1, 2017 and the land package under lease currently totals approximately 65,000 acres. The relinquished lands are located several kilometers northwest of the project in a separate package of rocks with low potential for VMS.

Constantine acquired the Haines Block for mineral exploration and development in a competitive lease process offered by the Trust. The Haines Block is contiguous with and surrounds the Federal and State mining claims that make up the approximately 16,000 acre Palmer property. The Trust owns the subsurface mineral estate of the Haines Block and a small subset of the block is held fee simple, for which the Trust owns both the surface and subsurface estate. General lease terms include annual rental of US\$25,000 per year for the initial three year lease term, US\$40,000 for years 4 to 6, US\$55,000 for years 7 through 9, with work commitments of US\$75,000 per year, escalating by US\$50,000 annually. There is a mandatory acreage reduction of 25,000 acres at the end of the first and second 3 year lease terms. The lease can be extended beyond year nine by making annual rental payments and continuing to diligently pursue exploration and development on the lease. Annual payments are replaced by royalty payments upon achieving commercial production. Production royalties payable to the Trust include a sliding scale 1% to 4.5% royalty for gold based on gold price, and a 3.5% royalty on minerals other than gold. The Alaska State production royalty levied on State lands does not apply to production on Trust lands.

Dowa exercised the right under the Constantine-Dowa Option-JV Agreement (see Selection Agreement below) to include a portion of Mental Health Trust Lease land (3,483 acres) that is immediately adjacent to the Company's current drilling activities as part of the Palmer Property to the benefit of both parties and at the same time leaves Constantine with a 100% interest in the balance of approximately 62,000 acres of highly prospective Haines Block land.

The Haines Block shares similar geology to the Palmer Property and is considered prospective for hosting high-grade massive sulphide mineralization. The property also covers areas upland of the active Porcupine placer gold district that has estimated past production of 82,489 ounces of gold. This represents the first time the Haines Block has been offered to the public for lease, with very limited exploration work having taken place in recent decades. Please refer to the Company's September 9, 2014 news release for additional details about the Haines Block lease agreement.



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Gold Projects

In January 2017, the Company completed the sale of Horseshoe claims and the Four Corners and Meunier Add-On properties to Lake Shore Gold (the "Lake Shore Transaction") (see News Release dated November 7, 2016) for \$4.5 million cash plus retained royalties and the acquisition of a 100% interest in Lake Shore's Munro Claim, which is contiguous to Constantine's existing Munro-Croesus claims. The mineral claims included in the \$4.5 million sale, known as the Horseshoe, Four Corners and the Meunier Add-on claims, are located adjacent to Lake Shore's Fenn-Gib gold project in Ontario, but do not include Constantine's neighboring Munro Croesus Gold Property, which is renowned for its exceptionally high-grade past production from the Croesus Mine.

Subsequent to the Lake Shore Transaction, Constantine controls a 100% interest in the core Munro Croesus gold mine property and the Golden Mile property, that collectively represent a high potential land position in the prolific Timmins gold camp in Ontario. The Munro Croesus project, which includes the famous high-grade past-producing Croesus Gold Mine, is located along the north side of the Pipestone Fault and within the Porcupine Destor Fault zone corridor approximately 75 kilometers east of the center of the Timmins gold camp. The large (68 square kilometers) Golden Mile property is in the Timmins gold camp, nine kilometers northeast of Goldcorp's multimillion ounce Hoyle Pond Mine, and is strategically located at the intersection of the projection of the Timmins camp giant mine corridor with the Pipestone fault.

In Alaska, the Company holds a 100% interest in the portion of the Haines Block Lease property that covers areas upland of the active Porcupine placer gold district that has estimated past production of 82,489 ounces. Other gold assets include a 50/50 Joint Venture formed in 2010 with Carlin Gold Corporation exploring a large land position in a new Carlin-type gold district in Yukon.

The Company is continuing to actively consider various strategic alternatives to realize the value of the remaining gold assets for its shareholders.

Senior Employee Promotions and Additions

Ms. Elizabeth Cornejo assumed the expanded role as Vice-President, Community & External Affairs in early 2017. Ms. Cornejo brings more than 10 years of experience in mineral exploration, project management, land management, permitting, and external relations. Ms. Cornejo holds a M.Sc. in Earth Science from Carleton University and has worked with Constantine since 2009 in various technical and corporate capacities, most recently as the Company's Manager of Exploration & Community.

The Company recently announced appointment of Ian Cunningham-Dunlop to the position of Vice President, Advanced Projects. The appointment coincides with the transition to advanced stage exploration and evaluation work at the Company's high-grade Palmer Project, southeast Alaska.

Mr. Cunningham-Dunlop is a seasoned mining executive with more than 30 years of experience in domestic/international mineral exploration and project development and was most recently involved in advancing the Castle Mountain gold project in California (NewCastle Gold), the Karma gold mine in Burkina Faso (True Gold Mining), and the Long Canyon gold mine in Nevada (Fronteer Gold). He also supervised all surface exploration activities at the Eskay Creek Au-Ag-Cu-Pb-Zn mine in BC for Homestake Mining/Barrick Gold (1997-2003) giving him a strong understanding of volcanic massive



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sulphide systems similar in style and age to Palmer. Ian holds a B.Sc. in Geological Engineering from Queen's University and has worked with the Company as a Senior Technical Adviser since 2014. He is a qualified person under NI 43-101 guidelines.

Results of Operations

The Company recorded a net income of \$2,377,178 for the year ended October 31, 2017 (2016-\$618,003 loss), which included a gain on sale of mineral properties to Lake Shore of \$3,455,719.

Exploration and Evaluation Expenditures

For the year ended October 31, 2017, the Company recorded expenditures of \$5,411,667 on exploration and evaluation properties before cost recoveries and proceeds from the sale of certain Ontario properties to Lake Shore Gold. The Palmer project, including Haines Block, accounted for \$5,313,721 of those expenditures, before cost recoveries of \$2,936,971. For the year ended October 31, 2017, the Company recorded a recovery of \$951,436 on the remainder of its exploration and evaluation properties. The recovery of \$951,436 was comprised of \$92,845 in exploration expenditures, less proceeds allocated on sale of mineral properties of \$1,044,281, in connection with the sale of some of the Munro-Croesus and the Four Corners claims.

Palmer Project Joint Venture

Effective July 1, 2017, the Company began accounting for the Palmer Project joint venture with Dow as a joint operation for accounting purposes. Therefore from July 1, 2017 to October 31, 2017, only 51% of the exploration expenditures on the Palmer Project joint venture are included in the Company's financial statements.

Operating Costs

The Company recorded cash operating expenses of \$813,794 for the year ended October 31, 2017, compared to cash operating costs of \$447,166 for the previous year. The Company recorded increased legal expenses of \$422,846 in 2017 (2016-\$9,383) due to the legal costs of the Lake Shore transaction and the corporate organization of the Palmer joint venture. A breakdown of total general and administrative costs for the year ended October 31, 2017 is shown in the table below.

General and Administrative expenses for the year ended October 31, 2017	Amount
Conferences, trade shows and advertising	\$ 48,917
Accounting and administration	40,000
Office expenses	8,023
Transfer agent, listing and filing fees	16,225
Other	6,327
Total	\$ 119,492



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Annual Financial Information

Selected annual financial information for the three years ended October 31, 2017, 2016 and 2015 as follows:

<i>At October 31,</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Loss before other items	\$ (1,027,927)	\$ (637,325)	\$ (558,527)
Net income (loss) for the year	2,377,178	(618,003)	(1,414,641)
Income (loss) per share	0.02	(0.01)	(0.01)
Total assets	16,516,869	13,704,263	13,958,516
Total liabilities	553,519	332,224	285,842
Total shareholders' equity	15,963,350	13,372,039	13,672,674

Summary of Quarterly Results

In the three months ended October 31, 2017, the Company recorded cash operating expenses of \$256,481, compared to \$104,012 for the previous year. Operating expenses were higher primarily due to increased legal costs during the current period. In the three months ended October 31, 2017, the Company also recorded non-cash costs of \$66,550 due to share-based compensation costs for stock options that vested during the quarter.

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

For Quarter Ended	Total Assets	Income (Loss)	Income (Loss) per share
October 31, 2017	\$ 16,516,869	\$ (157,083)	\$ (0.00)
July 31, 2017	16,759,739	(714,145)	(0.01)
April 30, 2017	18,985,980	51,745	(0.01)
January 31, 2017	19,293,609	3,196,661	0.03
October 31, 2016	13,704,263	(56,671)	(0.00)
July 31, 2016	14,478,625	(295,275)	(0.00)
April 30, 2016	13,683,252	(157,346)	(0.00)
January 31, 2016	13,674,186	(108,711)	(0.00)

Financial Condition, 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, by the sale of mineral property assets, and by option and joint venture agreements that provide cash payments and management fees.



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In January 2017, the Company received \$4.5 million cash from the sale of exploration properties in Ontario (Lake Shore Gold Corp. transaction).

The Company and Dowa are responsible for funding the cash requirements of the joint venture, based to their 51:49 interests. As at October 31, 2017, the Company has made cash contributions totaling \$2,960,016 (US\$2,295,832) to the joint venture.

The Company's cash position at October 31, 2017 was \$1,780,392 (2016-\$567,673) and its working capital at October 31, 2017 was \$1,474,298 (2016-\$307,238).

The Company is dependent on equity capital to fund exploration and development of exploration properties and its on-going operations. Additional working capital will be required in order to finance 2018 Palmer Project joint venture operations and other exploration work as may be determined by the Company's management on other properties.

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.

Related Party Transactions

The following represents the details of related party transactions paid or accrued for the years ended October 31, 2017 and 2016:

For the years ended October 31,	2017	2016
Consulting, administrative and technical fees paid or accrued to companies owned by directors	\$ 38,039	\$ 30,096
Consulting fees paid to officers	187,013	181,676
Accounting and administration fees paid or accrued to a company 50% owned by an officer	73,789	72,000
Share-based payments to key management	139,210	64,871
	<u>\$ 438,051</u>	<u>\$ 348,643</u>

The Company paid NS Star Enterprises Ltd., a company controlled by a director, \$38,039 for consulting, management and administration services during the year ended October 31, 2017 (2016-\$30,096). The Company paid Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, \$73,789 for accounting, and management and administration services during the period ended October 31, 2017 (2016-\$72,000). The Company paid D. Green Geoscience Inc., a company controlled by the vice-president of exploration, \$187,013 for technical consulting and management and administration services during the year ended October 31, 2017 (2016-\$181,676).



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For the year ended October 31, 2017, the Company paid wages totaling \$132,000 to Mr. Garfield MacVeigh, in his capacity as President of the Company. For the year ended October 31, 2017, the Company paid wages totaling \$180,463 to Elizabeth Cornejo, in her capacity as Vice-President, Community and External Affairs of the Company.

At October 31, 2017, the Company's amounts receivable balance includes \$165,357, representing the 49% non-consolidated portion of the amount receivable from CML.

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.

Summary of Outstanding Shares Data

The Company had 117,343,484 shares outstanding on October 31, 2017, and as of the date of this report.

The following stock options were outstanding at October 31, 2017:

No. of Stock Options	Price per Share	Expiry Date
5,250,000	\$0.07	January 17, 2019
1,400,000	\$0.14	March 6, 2020
2,450,000	\$0.10	June 30, 2021
2,325,000	\$0.16	June 2, 2022
11,425,000		

On June 2, 2017, the Company issued 2,325,000 stock options to purchase 2,325,000 shares of the Company at an exercise price of \$0.16 cents per share, expiring June 2, 2022. The stock options were issued to directors, officers, employees and consultants of the Company.



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In February 2018, the Company issued 300,000 stock options to an employee at an exercise price of \$0.185 for the purchase of 300,000 common shares of the Company, exercisable for a period of five years.

A total of 11,725,000 options are outstanding as of the date of this report.

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.

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.

Financial

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 October 31, 2017, the Company has incurred significant losses since inception and has an accumulated operating deficit of \$6,766,586. 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.



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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.

Political Risk

The resource properties on which the Company is actively pursuing its exploration and development activities are located in Alaska, USA, Yukon and Ontario, Canada. While the political climate in Alaska, Yukon, 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 and of the United States of America (Palmer project) and the environmental laws and regulations of Canada and the province of Ontario (Munro-Croesus and Golden Mile projects). 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.

On the Palmer project, reclamation of disturbances related to the Company's permitted exploration activities are bonded under the Alaska State-wide Bond Pool. The Company has also contracted an ASTM Phase 1 environmental site assessment (ESA) on the federal lode mining claims of the Palmer project. The ESA concluded that there are no environmental concerns associated with the Property at this time.



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The Munro Croesus project includes the very small past producing Munro Croesus Gold Mine that mined approximately 5000 tons of ore. The Company has assumed the environmental liability at the Croesus minesite on the Munro Croesus property. To date it has not incurred any material expenses, however it does remain an uncertain liability. The Ontario government requires a closure plan if the claims are abandoned or become inactive and the closure plan will require some water sampling and site 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 and this remedial action has been taken. The small raise area was fenced and cautionary signage was installed. A preliminary evaluation of the near surface stope stability and a crown pillar stability assessment was 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 a qualified Ontario mining engineer is required with formal reporting of the conclusions to 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. No specific schedule has been established to carry out this work.

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.

Cyber security risk

Cyber security risk is the risk of negative impact on the operations and financial affairs of the Company due to cyber-attacks, destruction or corruption of data, and breaches of its electronic systems. Management believes that it has taken reasonable and adequate steps to mitigate the risk of potential damage to the Company from such risks. The Company also relies on third-party service providers for the storage and processing of various data. A cyber security incident against the Company or its service providers could result in the loss of business sensitive, confidential or personal information as well as violation of privacy and security laws, litigation and regulatory enforcement and costs. The Company has not experienced any material losses relating to cyber-attacks or other information security breaches, however there can be no assurance that it will not incur such losses in the future.

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



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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 October 31, 2017, the Company had a total cash balance of \$1,780,392 to settle current liabilities of \$553,519.

All other 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.

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.

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.



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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 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.

This MD&A includes, but is not limited to, forward-looking statements regarding: the Company's plans for upcoming exploration work on the Company's exploration properties in Alaska, and the Company's ability to meet its working capital needs for the next fiscal year.

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, P. Geo., 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.

Ian Cunningham-Dunlop, P.Eng. Vice-President, Advanced Projects, is a Qualified Person as defined by NI 43-101 for the Palmer project. James N. Gray, P.Geo. of Advantage Geoservices Ltd. is the Qualified Person as defined by NI 43-101 for the resource estimate discussed above. They have reviewed and



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approved the resource estimate statements in this MD&A.

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.