



Condensed Consolidated Interim Financial Statements of

CONSTANTINE METAL RESOURCES LTD.

(Expressed in Canadian Dollars)

For the three months ended January 31, 2017 and 2016



Notice to Reader:

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



Condensed Consolidated Interim Statements of Financial Position

As at January 31, 2017 and October 31, 2016

(Expressed in Canadian dollars)

	January 31 2017	October 31 2016
Assets		
Current assets:		
Cash	\$ 4,699,296	\$ 567,673
Restricted cash (Note 4a(i))	2,565,200	-
Amounts receivable	21,415	24,119
Advances and prepaid expenses	19,061	47,670
	7,304,972	639,462
Exploration and evaluation properties (Note 4)	11,956,107	13,031,273
Performance bonds	32,530	33,528
	\$ 19,293,609	\$ 13,704,263
Liabilities		
Current liabilities:		
Trade payables and accrued liabilities	\$ 58,929	\$ 225,880
Deferred recovery of exploration costs (Note 4a(i))	84,691	91,272
Funds received for joint venture (Note 4a(i))	2,565,200	-
Amounts due to related parties (Note 7)	-	15,072
	2,708,820	332,224
Equity		
Share capital (Note 5)	20,360,239	20,360,239
Stock options reserve (Note 5b)	1,738,712	1,722,623
Warrants reserve	432,941	432,941
Deficit	(5,947,103)	(9,143,764)
	16,584,789	13,372,039
	\$ 19,293,609	\$ 13,704,263

Nature of Operations (Note 1)

Commitments (Note 10)

On Behalf of the Board of Directors:

"J. Garfield MacVeigh"

Director

"G. Ross McDonald"

Director

See accompanying notes to condensed consolidated financial statements.



Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three months ended January 31, 2017 and 2016

(Expressed in Canadian dollars)

	2017	2016
Expenses:		
Amortization	\$ -	\$ 742
Consulting	4,962	31,300
General and administrative	27,884	32,752
Insurance	8,050	5,960
Legal	101,624	2,000
Mineral property costs	4,620	-
Professional fees – audit	4,500	4,500
Salaries, wages and benefits	40,236	21,979
Rent (net)	17,359	18,055
Share-based payments (Note 5b)	16,089	19,172
Shareholder communications	512	-
Loss from operations	(225,836)	(136,460)
Other Items:		
Gain (loss) on foreign exchange	(33,222)	27,749
Gain on sale of exploration and evaluation properties (Note 4b(iii))	3,455,719	-
Net income (loss) for the period	3,196,661	(108,711)
Other comprehensive income		
Change in available-for-sale investments	-	7,769
Comprehensive income (loss) for the period	\$ 3,196,661	\$ (100,942)
Basic and diluted income (loss) per share	<u>\$ 0.03</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding	117,429,468	116,879,914

See accompanying notes to condensed consolidated financial statements.



Condensed Consolidated Interim Statements of Cash Flows

For the three months ended January 31, 2017 and 2016

(Expressed in Canadian dollars)

	2017	2016
Cash provided by (used in):		
Operations:		
Net income (loss) for the period	\$ 3,196,661	\$ (108,711)
Items not affecting cash:		
Amortization	-	745
Share-based payments (Note 5b)	16,089	19,172
Gain on sale of exploration and evaluation properties (Note 4b(iii))	(3,455,719)	-
Changes in operating assets and liabilities:		
Restricted cash (Note 4a(i))	2,565,200	-
Amounts receivable	2,704	18,818
Deposits	-	6,720
Trade payables and accrued liabilities	29,838	5,617
Exploration costs recoverable from partner (Note 5a)	(6,581)	238,334
Reclamation bonds	998	(2,327)
Amounts due to related parties	(15,072)	(3,199)
Advances and prepaid expenses	28,609	(3,801)
	2,362,727	171,368
Investing activities:		
Exploration and evaluation properties	(496,012)	(751,121)
Recovery of exploration and evaluation property expenditures	408,689	759,386
Contribution to joint venture (Note 4a(i))	(2,565,200)	-
Proceeds allocated from sale of mineral claims	4,421,419	-
	1,768,896	8,265
Increase in cash	4,131,623	179,633
Cash, beginning of year	567,673	396,069
Cash, end of period	\$ 4,699,296	\$ 575,702
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Accounts payable related to exploration and evaluation properties	216,096	57,082
Interest received	-	-
Interest paid	-	-
Value of shares issued for mineral properties (Note 6a)	-	3,600

See accompanying notes to condensed consolidated financial statements.



Condensed Consolidated Interim Statements of Changes in Equity

For the periods ended January 31, 2017 and October 31, 2016

(Expressed in Canadian dollars)

	Share Capital		Reserves			Deficit	Total Equity
	Number of Shares	Capital Stock	Stock Options	Warrants	Available-for-Sale Investments		
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 period	-	-	-	-	-	(108,711)	(108,711)
Unrealized gain (loss) on available-for-sale investments	-	-	-	-	7,769	-	7,769
Share-based payments	-	-	19,172	-	-	-	19,172
Shares issued for exploration and evaluation properties (Note 5a)	60,000	3,600	-	-	-	-	3,600
Balance, January 31, 2016	116,906,001	\$ 20,329,615	\$1,554,604	\$432,941	\$ (88,184)	\$ (8,634,472)	\$ 13,594,504
Net loss for the period	-	-	-	-	-	(509,292)	(509,292)
Unrealized gain on available-for-sale investments	-	-	-	-	88,184	-	88,184
Share-based payments	-	-	168,019	-	-	-	168,019
Shares issued for exploration and evaluation properties (Note 5a)	437,483	30,624	-	-	-	-	30,624
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 period	-	-	-	-	-	3,196,661	3,196,661
Share-based payments (Note 5b)	-	-	16,089	-	-	-	16,089
Balance, January 31, 2017	117,343,484	\$ 20,360,239	\$1,738,712	\$432,941	\$ -	\$ (5,947,103)	16,584,789

See accompanying notes to condensed consolidated financial statements.



Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 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 period, the Company has incurred losses since inception and has an accumulated operating deficit of \$5,931,014. 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

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended October 31, 2016, which have been prepared in accordance with IFRS issued by the IASB.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale ("AFS"), which are stated at their fair values. In addition, these condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the October 31, 2016 annual financial report.

b) Approval of Consolidated Financial Statements

These condensed consolidated financial statements of the Company for the three months ended January 31, 2017 and 2016 were approved and authorized for issue by the Board of Directors on March 28, 2017.

These condensed consolidated financial statements include the accounts of the Company and its 100% controlled entity, Constantine North Inc. (an Alaska corporation).

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



Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2017 and 2016

3. Significant Accounting Policies

a) Judgments and estimates

The preparation of these condensed 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.

4. 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 January 31 2017
Palmer Property, Alaska, USA					
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	14,157	506,951
Assaying and testing	384,366	26,715	411,081	(3,960)	407,121
Field transportation	4,963,730	269,906	5,233,636	-	5,233,636
Geophysics	750,337	40,361	790,698	3,316	794,014
Drilling	12,297,857	671,373	12,969,230	(19,691)	12,949,539
Property maintenance	611,134	95,447	706,581	25,609	732,190
Geology and field support	5,151,685	2,512,435	7,664,120	274,042	7,938,162
Environmental	746,211	486,690	1,232,901	83,923	1,316,824
Technical consulting	1,160,974	-	1,160,974	-	1,160,974
Travel	391,208	97,755	488,963	40,035	528,998
Cost recoveries	(17,025,963)	(4,420,507)	(21,446,470)	(526,972)	(21,973,442)
	9,876,247	(433,252)	9,442,995	(109,541)	9,333,454
Haines Block					
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	-	342,680
Geophysics	34,356	17,440	51,796	-	51,796
Drilling	240,136	326,240	566,376	-	566,376
Geology and field support	92,738	82,055	174,793	75	174,868
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	\$ 75	\$ 289,552
Total Alaska Properties	\$ 9,964,242	\$ (231,770)	\$ 9,732,472	\$ (109,466)	\$ 9,623,006

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Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2017 and 2016

4. Exploration and Evaluation Properties (continued)

	Balance October 31 2015	Fiscal 2016 Expenditures	Balance October 31 2016	Fiscal 2017 Expenditures	Balance January 31 2017
Ontario Properties:					
Munro-Croesus Property, ON, Canada					
Acquisition costs	485,172	2,760	487,932	5,033	492,965
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	183,930	18,098	202,028	1,639	203,667
Technical consulting	340,262	710	340,972	-	340,972
Proceeds allocated on sale of mineral claims (Note 4b(i))	-	-	-	(440,512)	(440,512)
	2,485,009	28,828	2,513,837	(433,840)	2,079,997
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 4b(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	271	522,469
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	70,271	253,103
Sub-total of Ontario Properties	\$ 3,212,258	\$ 86,542	\$ 3,298,800	\$ (965,700)	\$ 2,333,100

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Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2017 and 2016

4. Exploration and Evaluation Properties (continued)

	Balance October 31 2015	Fiscal 2016 Expenditures	Balance October 31 2016	Fiscal 2017 Expenditures	Balance January 31 2017
Ontario Properties (Balance forward)	\$ 3,212,258	\$ 86,542	\$ 3,298,800	\$ (965,700)	\$ 2,333,100
Yukon, Canada					
Acquisition costs	52,401	-	52,401	-	52,401
Assaying and testing	197,379	-	197,379	-	197,379
Field transportation	476,911	-	476,911	-	476,911
Geology	184,753	-	184,753	-	184,753
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)	-	(1,811,638)
	1	-	1	-	1
Total Other Properties	\$ 3,212,259	\$ 86,542	\$ 3,298,801	\$ (965,700)	\$ 2,333,101
Total Alaska and Other Properties	\$ 13,176,501	\$ (145,228)	\$ 13,031,273	\$ (1,075,166)	\$ 11,956,107

a) Palmer Project, Alaska USA

i) Joint Venture Formed for Palmer Project

On February 1, 2013, the Company signed an option and joint venture agreement (the "Property Agreement") with Dowa Metals & Mining Co., Ltd. ("Dowa") relating to the Palmer Property, Alaska (the "Project").

Under the terms of the Property Agreement, Dowa had an option to earn a 49% interest in the Project by making aggregate expenditures of US\$22,000,000 over a four year period. On December 20, 2016, Dowa completed the required US\$22,000,000 US of earn-in expenditure payments required under the Property Agreement and exercised its option to participate in the formation of a 51:49 joint venture between the Company (51%) and Dowa (49%). The Property Agreement also includes terms that allow Dowa to acquire certain zinc and copper off-take rights in stages, during and upon completion of the earn-in option period.

Following Dowa's completion of the required earn-in expenditures and their exercise of the option, a 51:49 joint venture (the "Joint Venture") between the Company (51%) and Dowa (49%) has been formed for the Project, with the Company continuing as operator. Under the terms of the Property Agreement each party shall be responsible for its proportionate share of expenses determined on the basis of ownership, or suffer dilution according to standard dilution provisions.

As at January 31, 2017, the Company has allocated \$2,565,200 of its cash to Restricted Cash, to account for the unspent cash on hand that it received from Dowa for the joint venture.



Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2017 and 2016

4. Exploration and Evaluation Properties (continued)

As at January 31, 2017, the Company also recorded \$84,691 (December 31, 2016-\$91,272) for “deferred recovery of exploration costs” for unspent cash calls received from Dowa for current Palmer Project operations. Unspent cash calls at the end of each accounting period are recorded as a deferred recovery of exploration costs liability in the Company’s statement of financial position.

ii) Palmer Property

The Palmer property is comprised of 340 federal mining claims subject to a 99 year mining lease, dated December 19, 1997, and 63 state mining claims located near Haines, Alaska. To maintain the lease, the Company is required to make annual advance royalty payments of US\$42,500 and pay Federal claim annual maintenance fees, which were US\$52,700 in 2016.

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

iii) Haines Block Lease

In April 2014, the Company was the successful applicant in a competitive lease process offered by 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”). A formal lease agreement on the property was completed and signed in September 2014. 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.

iv) Haines Block Selection Agreement

In July 2016, the Company signed a Selection Agreement (the “Selection Agreement”) with Dowa on the Haines Block mining lease. Under the terms of the Selection Agreement, Dowa 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 Constantine-owned, subject to a Right of First Offer (“ROFO”) by Dowa that expires on September 1, 2017.



Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2017 and 2016

4. Exploration and Evaluation Properties (continued)

The main elements of the Selection Agreement are as follows:

1. Dowa selected a Haines Block land parcel with surface and mineral rights comprising approximately 3483 acres, exclusive of all pre-existing federal claims, to be included as part of the Palmer Property and therefore subject to Dowa's option to earn a 49% joint venture interest.
2. Constantine 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 Constantine's expense.
3. Constantine has 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, and terminating 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 sale of 100% interest in its mineral claims known as the Horseshoe, Four Corners and the Meunier Add-on claims (Received).
- b. Company will retain a 1% Net Smelter Return royalty ("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 Company a 100% interest in patented mining claim L39421 that is contiguous to Company's Munro-Croesus claims; while Lake Shore will retain a 1.5% NSR.
- d. Company will retain 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 \$3,455,719 of income on the transaction for accounting purposes.

ii) Munro-Croesus Property

The Company owns 100% of the Munro-Croesus gold mineral property, including the former Munro-Croesus gold mine, consisting of 22 patented mining claims and leases (416 hectares), located 90 kilometers east of Timmins, Ontario.

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 also transferred some of its Munro-Croesus claims to Lake Shore in connection with the sale of the Four Corners property to Lake Shore (Note 4b(iii)). The Company recorded a \$440,512 gain on the sale of Munro-Croesus mineral properties, in connection with the Lake Shore transaction.

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 project claims.



Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2017 and 2016

4. Exploration and Evaluation Properties (continued)

iii) Golden Mile Property

In December 2019, the Company completed the earn-in obligations on an option agreement to acquire 100% of the Golden Mile property in northern Ontario, Canada. The Company has made a total of \$175,000 in cash payments and issued 180,000 shares of the Company 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, which are deductible from future NSR payments.

iv) Four Corners Property

In January 2017, the Company sold its 100% interest in the Four Corners property located east of Timmins, Ontario to Lake Shore (Note 4b(i)) and recorded a \$603,769 gain on the sale of the property.

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, subsequent to an impairment review completed in accordance with IFRS, the Company recorded a \$858,218 writedown of the property to a carrying value of \$1.

5. 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 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.



Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2017 and 2016

5. Share Capital (continued)

b) Stock Options (continued)

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

On March 6, 2016, the Company issued 1,400,000 incentive share options to management and employees, exercisable at a price of \$0.14, expiring March 6, 2020. 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 January 31, 2017 and October 31, 2016 and changes during the periods therein is as follows:

	Period ended January 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	-	-	2,450,000	0.10
Expired or cancelled	-	-	-	-
Balance, end of period	11,125,000	\$ 0.09	11,125,000	\$ 0.09

The fair value cost of the stock options granted during the year ended October 31, 2016 was calculated using the Black-Scholes Pricing Model using the following range of assumptions:

	October 31, 2016
Risk-free interest rate	0.59%
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 \$16,089 was charged to share-based payments expense for the three months ended January 31, 2017 (2016-\$19,172).



Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2017 and 2016

5. Share Capital (continued)

c) Stock Options (continued)

A summary of the Company's stock options outstanding as at January 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
March 5, 2017	0.11	1,875,000	0.35	1,875,000
January 17, 2019	0.07	5,400,000	0.82	5,400,000
March 6, 2020	0.14	1,400,000	0.18	1,300,000
June 30, 2021	0.10	2,450,000	0.78	2,450,000
	\$ 0.09	11,125,000	2.33	11,025,000

Of the 1,400,000 options issued on March 9, 2016, an amount of 1,200,000 were vested immediately and 200,000 options are subject to a vesting agreement, whereby 100,000 options will be vested on each of the first and second anniversaries of the option.

A summary of the Company's stock options outstanding as at October 31, 2016 is as follows:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Number of Options Exercisable
March 5, 2017	0.11	1,875,000	0.06	1,875,000
January 17, 2019	0.07	5,400,000	1.07	4,900,000
March 6, 2020	0.14	1,400,000	0.42	1,300,000
June 30, 2021	0.10	2,450,000	1.03	2,450,000
	\$ 0.09	11,125,000	2.58	10,525,000



Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2017 and 2016

6. Related Party Transactions

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

For the period ended January 31,	2017	2016
Consulting, administrative and technical fees paid or accrued to companies owned by directors	\$ 11,347	\$ 12,614
Consulting fees paid to officers	43,163	44,363
Accounting and administration fees paid or accrued to a company 50% owned by an officer	18,000	18,000
Share-based payments to key management	16,089	19,172
	\$ 88,600	\$ 94,149

The Company paid NS Star Enterprises Ltd., a company controlled by a director, \$11,347 for management and administration services during the period ended January 31, 2017 (2016-\$12,614). The Company paid Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, \$18,000 for accounting, and management and administration services during the period ended January 31, 2017 (2016-\$18,000). The Company paid D. Green Geoscience Inc., a company controlled by the vice-president of exploration, \$43,163 for technical consulting and management and administration services during the period ended January 31, 2017 (2016-\$44,363).

7. 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.

8. 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.



Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2017 and 2016

8. Financial Instruments (continued)

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.

Exchange Risk

As at January 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.



Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2017 and 2016

8. Financial Instruments (continued)

c) Fair Value Measurements

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

	January 31 2017	October 31 2016
Financial Assets		
<i>FVTPL, measured at fair value</i>		
Cash	\$ 4,699,296	\$ 567,673
<i>Loans and receivables, measured at amortized cost</i>		
Amounts receivable	21,415	24,119
Financial Liabilities		
<i>Other liabilities, measured at amortized cost</i>		
Trade payables and accrued liabilities	\$ 58,929	\$ 225,880
Amounts due to related parties	-	15,072

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

	January 31 2017	October 31 2016
As at		
	Level 1	Level 1
Cash	\$ 4,699,296	\$ 567,673

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

9. Segmented Information

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

At January 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 January 31, 2017	2,333,101	9,623,006	11,956,107
As at October 31, 2016	2,245,662	6,819,471	9,065,133
Performance Bonds			
As at January 31, 2017	-	32,530	32,530
As at October 31, 2016	-	32,530	32,530



Notes to Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2017 and 2016

10. 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
2017 fiscal year	\$ 29,745
2018 fiscal year	40,486
2019 fiscal year	42,469
2020 fiscal year	43,626
2021 fiscal year	25,449
	<hr/> \$ 181,775

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



Management's Discussion and Analysis
For the three months ended January 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 unaudited interim financial statements of the Company, including the notes thereto, for three months ended January 31, 2017 and 2016, the audited consolidated financial statements of the Company, including the notes thereto, for the years ended October 31, 2016 and 2015, 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, 2016 and 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has taken into account information available up to and including March 28, 2017.

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.

Highlights

- **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.
- **Dowa Exercises Option to Form Joint Venture on Palmer Project** - In December 2016, Dowa Metals & Mining Alaska Ltd. ("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 the Palmer project, with Constantine owning a 51% participating interest and Dowa owning a 49% participating interest. Approximately US\$2 million in unspent option earn-in funds will form the starting cash balance of the joint venture.



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- **2017 Palmer Budget Discussions** – Budget discussions between Dowa and Constantine are in progress and should be formalized soon in advance of an anticipated busy 2017 field season.

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 Exercise 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. Approximately US\$2 million in unspent option earn-in funds will form the starting cash balance of the joint venture, and the partners will thereafter co-fund the JV's expenditures according to their interests in the project. The joint venture is currently being formalized as a LLC entity.

2017 Palmer Budget Discussions

Budget discussions between the Palmer partners are at an advanced stage. The 2017 Joint Venture account contains just under US \$2 million of option earn-in funds that will be spent before Constantine is required to make any cash contributions for the 2017 program.

Palmer Project Description

Palmer is a resource expansion 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 Metals & Mining Co., Ltd. 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



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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.*

2016 Work Program Summary

The 2016 summer drill program included four reconnaissance exploration holes (1,465 m) and three geotechnical holes (502 m) for a combined total of 1,967 meters.

Highlights include a 20.5 meter (estimated true thickness) zone of chert and semi-massive pyrite intersected at the CAP prospect. The intersection, which is anomalous in silver and other pathfinder elements, is geologically significant. At the South Wall and RW zones, located 2,500 meters to the northeast, chert grades laterally into high-grade massive sulphide, and similar zoning is predicted at CAP. The thickness of the chert horizon at CAP, which occurs at the contact between overlying argillite and altered footwall volcanics, suggests good potential for a well-developed massive sulphide system within the immediate area. The limited 2016 drilling provides an important vector to the potential massive sulphide component of the CAP prospect for follow-up drilling.

Analysis by a recognized, independent structural geologist has provided new insight into the direction and sense of displacement of fault structures identified in the 2015 down-dip resource drilling that intersect and offset the lowermost portion of the South Wall zone. The work included a review of the fault and adjacent rocks in drill core and on surface, and has produced new drill targets. These targets would test the offset to the better grade and thick intervals encountered in the prior drilling of the EM zone (see News Release dated September 29, 2014).

Mapping and rock and soil sampling programs were completed at several areas throughout the Property with the objective of advancing prospects to the drill stage. Recommendations to drill test some of these targets is part of the 2017 budget proposal under discussion.

Significant new environmental and geotechnical data was collected over the course of the summer exploration program. This includes hydrogeology, water quality, aquatic resources, wildlife, rock geochemistry, rock and soil geotechnical engineering, and natural hazard assessments. These studies support the ongoing evaluation of the inferred mineral resource.

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 2016. The lease is subject to a 2.5% net smelter return ("NSR") royalty. The Company has a



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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\$811,042 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. 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 89,000 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.

About the Constantine-Dowa Option and Joint Venture Agreement

Under the terms of an Option and Joint Venture Agreement (the "Agreement") dated February 1, 2013, Dowa had the option to earn a 49% interest in the Palmer project by making aggregate expenditures of US\$22,000,000 over a four year period. Included in the amount of aggregate expenditures were cash payments to Constantine totaling US\$1,250,000 over the four years. Constantine was the operator of the project and received a management fee for work programs during the earn-in period.

Dowa completed its earn-in of US\$22 million at the end of 2016 and a joint venture was formed (51% Constantine, 49% Dowa). The 2016 budget of US\$3.7 million resulted in total aggregate expenditures of approximately US\$20 million at the end of the year. The unspent commitment at the end of 2016 (approximately US\$2 million) has been deposited in the project funding account in December 2016 and will be spent by the Joint Venture before Constantine is required to make any contribution.



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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 >600 sq. km 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.

Results of Operations

The Company recorded a net income of \$3,196,661 for the three months ended January 31, 2017 (2016-\$100,942 loss), which included a gain on sale of mineral properties to Lake Shore of \$3,455,719.

Exploration and Evaluation Property Expenditures

In the three months ended January 31, 2017, the Company incurred expenditures of \$496,087 on exploration and evaluation properties (2016-\$565,683). The Palmer project accounted for \$417,431 of those expenditures. In the three months ended January 31, 2017, the Company recorded cost recoveries and project management fees received from Dowa totaling \$526,972. For the three months ended January 31, 2017, the Company incurred costs totaling \$78,656 on the remainder of its exploration and evaluation properties.

Operating Costs

The Company recorded cash operating expenses of \$209,747 for the three months ended January 31, 2017, compared to cash operating costs of \$116,546 for the same period last year. The Company recorded \$101,624 in legal expenses for the period (2016-\$2,000), in regard to legal costs for the Lake Shore transaction and the Palmer joint venture. A breakdown of total general and administrative costs for



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the three months ended January 31, 2017 is shown in the table below. The Company is currently projecting such costs to remain in the same range on a quarterly basis during the current fiscal year.

General and Administrative expenses for the three months ended January 31, 2017	Amount
Conferences, trade shows and advertising	\$ 7,345
Accounting and administration	15,000
Office expenses	3,334
Transfer agent, listing and filing fees	979
Other	1,226
Total	\$ 27,884

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
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)
October 31, 2015	13,711,285	(148,405)	(0.00)
July 31, 2015	14,885,665	(101,128)	(0.00)
April 30, 2015	14,087,749	(1,117,375)	(0.01)

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.

In December 2016, the Company received US\$1,971,411 from Dowa to meet its remaining cash call that was required to complete the earn-in on its US\$22 million option on the Palmer Project. The Company segregated an amount of \$2,565,200 on its statement of financial position as Restricted Cash for the purposes of providing the initial operating cash for the new joint venture.

In January 2017, the Company received \$4,494,148 cash from the sale of exploration properties in Ontario (Lake Shore Gold Corp. transaction).

The Company's cash position at January 31, 2017 was \$4,699,296 (October 31, 2016-\$567,673) and its working capital at January 31, 2017 was \$4,596,152 (October 31, 2016-\$307,238). As of the date of this report, the Company's total cash position is approximately \$7,000,000, including approximately



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US\$2,000,000 in Palmer joint venture funds. The Company's working capital is currently approximately \$4,500,000.

The Company is dependent on equity capital to fund exploration and development of exploration properties and its on-going operations. Constantine has a joint venture in place which will fund the Palmer project in Alaska in 2017, with Constantine contributing its share of expenditures. Additional working capital will be required in order to finance any significant exploration work on its 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 three months ended January 31, 2017 and 2016:

For the period ended January 31,	2017	2016
Consulting, administrative and technical fees paid or accrued to companies owned by directors	\$ 11,347	\$ 12,614
Consulting fees paid to officers	43,163	44,363
Accounting and administration fees paid or accrued to a company 50% owned by an officer	18,000	18,000
Share-based payments to key management	16,089	19,172
	\$ 88,600	\$ 94,149

The Company paid NS Star Enterprises Ltd., a company controlled by a director, \$11,347 for management and administration services during the period ended January 31, 2017 (2016-\$12,614). The Company paid Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, \$18,000 for accounting, and management and administration services during the period ended January 31, 2017 (2016-\$18,000). The Company paid D. Green Geoscience Inc., a company controlled by the vice-president of exploration, \$43,163 for technical consulting and management and administration services during the period ended January 31, 2017 (2016-\$44,363).

The Company paid wages totaling \$33,000 (2016-\$33,000) to Mr. J. Garfield MacVeigh, in his capacity as president of the Company.

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.



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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 January 31, 2017, and as of the date of this report.

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

No. of Stock Options	Price per Share	Expiry Date
1,875,000	\$0.11	March 5, 2017
5,400,000	\$0.07	January 17, 2019
1,400,000	\$0.14	March 6, 2020
2,450,000	\$0.10	June 30, 2021
11,125,000		

A total of 9,250,000 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.



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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 January 31, 2017, the Company has incurred significant losses since inception and has an accumulated operating deficit of \$5,947,103. 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.

Industry

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

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

Metal Prices

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



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Political Risk

The resource properties on which the Company is actively pursuing its exploration and development activities are located in Alaska, USA, 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.

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.



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Operational

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

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At January 31, 2017, the Company had a total cash balance of \$7,264,496 to settle current liabilities of \$2,708,820.

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.



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

Forward-Looking Statements

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

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

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



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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. and Technical Advisor to Constantine Metal Resources Ltd., 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 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.