Consolidated Financial Statements of

CONSTANTINE METAL RESOURCES LTD.

For the years ended October 31, 2008 and 2007

Suite 1500 - 800 West Pender St., Vancouver, B.C. Canada V6C 2V6
Phone (604) 629-2348 Fax (604) 608-3878

D E V I S S E R G R A Y L L P
CHARTERED ACCOUNTANTS

401 - 905 West Pender Street
Vancouver, BC Canada
V6C 1L6

Tel: (604) 687-5447
Fax: (604) 687-6737

AUDITORS' REPORT

To the Shareholders of Constantine Metal Resources Ltd.

We have audited the consolidated balance sheets of Constantine Metal Resources Ltd. as at October 31, 2008 and 2007 and the consolidated statements of operations and deficit and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2008 and 2007 and the results of its operations and cash flows for each of the years ended in accordance with Canadian generally accepted accounting principles.

De Visser Gray LLP

CHARTERED ACCOUNTANTS
Vancouver, British Columbia
February 25, 2009

CONSTANTINE METAL RESOURCES LTD.
Consolidated Balance Sheets
As at October 31, 2008 and 2007

		2008		2007
Assets				
Current assets:				
Cash and cash equivalents	$	588,487	$	1,274,643
Accounts receivable		87,753		23,390
Prepaid expenses		18,700		13,742
		694,940		1,311,775
Equipment		2,327		2,889
Mineral property costs (Schedule, Note 4)		6,302,814		3,278,368
	$	7,000,081	$	4,593,032
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	76,532	$	79,110
Due to related parties		4,060		-
		80,592		79,110
Shareholders' equity				
Share capital (Note 5a)		7,477,242		4,771,758
Contributed surplus		785,122		604,055
Deficit		(1,342,875)		(861,891)
		6,919,489		4,513,922
	$	7,000,081	$	4,593,032

Nature of Operations and Going Concern (Note 1)
Commitments (Note 10)
Subsequent Events (Note 11)

Approved by the Board of Directors:

"J. Garfield MacVeigh"	***"K. Wayne Livingstone"***
Director	Director

See accompanying notes to financial statements.

CONSTANTINE METAL RESOURCES LTD.
Consolidated Statements of Operations and Deficit
For the years ended October 31, 2008 and 2007

	2008	2007
Expenses:		
Amortization	$ 562	$ 722
Consulting	12,500	-
Foreign exchange	40,053	179,854
General and administrative	128,196	67,937
General exploration	1,375	10,413
Insurance	26,961	4,750
Interest income	(32,762)	(53,131)
Investor relations	16,000	24,174
Legal	32,077	30,211
Management fees	31,250	30,896
Professional fees – audit	12,900	7,790
Payroll expenses	113,311	-
Rent	20,800	14,050
Shareholder communication	24,931	7,505
Stock based compensation	175,967	20,275
Travel	47,363	13,371
	651,484	358,817
Loss before income taxes	(651,484)	(358,817)
Future income tax recovery	170,500	-
Net and comprehensive loss for the year	(480,984)	(358,817)
Deficit, beginning of year	(861,891)	(503,074)
Deficit, end of the year	$ (1,342,875)	$ (861,891)
Loss per share	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding	21,733,307	16,038,772

See accompanying notes to financial statements.

CONSTANTINE METAL RESOURCES LTD.
Consolidated Statements of Cash Flows
For the years ended October 31, 2008 and 2007

	2008	2007
Cash provided by (used in):		
Operating activities:		
Net loss for the year	$ (480,984)	$ (358,817)
Items not involving cash:		
Future income tax recovery	(170,500)	-
Amortization	562	722
Stock-based compensation	175,967	20,275
Changes in non-cash working capital accounts:		
Accounts receivable	(64,363)	10,736
Accounts payable	14,829	(122,473)
Due to related party	4,060	-
Prepaid expenses	(4,958)	(11,548)
	(525,387)	(461,105)
Investing activities:		
Mineral property expenditures	(3,035,853)	(1,227,255)
Financing activities:		
Private placement shares issued	2,451,600	1,190,000
Share issuance costs	(43,516)	(31,298)
Warrants exercised	467,000	261,132
	2,875,084	1,419,834
Net decrease in cash	(686,156)	(268,526)
Cash, beginning of year	1,274,643	1,543,169
Cash, end of year	$ 588,487	$ 1,274,643

Supplemental Disclosure of Non-Cash Financing Activities:

	2008	2007
Shares issued for mineral property	$ 6,000	$ 350,000
Shares issued for finder's fee	$ 17,505	$ 97,354
Warrants issued for finder's fee	$ 5,100	$ -
Accounts payable related mineral properties	$ 49,834	$ 67,241

CONSTANTINE METAL RESOURCES LTD.
Schedule of Deferred Mineral Property Costs
For the years ended October 31, 2008 and 2007

	Expenditures – inception to October 31, 2006	Fiscal 2007 Expenditures	Balance, October 31, 2007	Fiscal 2008 Expenditures	**Balance, October 31, 2008**
Palmer Property, Alaska, USA (Note 4a)					
Acquisition costs	$ 878,712	$ -	$ 878,712	$ -	$ **878,712**
Advance royalty payments	24,155	47,784	71,939	42,227	**114,166**
Drilling	231,307	374,347	605,654	977,961	**1,583,615**
Field transportation	242,641	356,508	599,149	650,708	**1,249,857**
Geology and field support	201,397	209,768	411,165	561,674	**972,839**
Assaying and testing	6,385	16,309	22,694	68,869	**91,563**
Geophysics	-	-	-	39,012	**39,012**
Technical consulting	-	138,682	138,682	118,691	**257,373**
Property filing and maintenance fees	49,275	46,707	95,982	44,314	**140,296**
Travel	-	15,673	15,673	36,310	**51,983**
	$ 1,633,872	$ 1,205,778	$ 2,839,650	$ 2,539,766	$ **5,379,416**
Munro-Croesus Property, Ontario, Canada (Note 4b)					
Acquisition costs	-	427,091	427,091	1,824	**428,915**
Drilling	-	-	-	309,382	**309,382**
Field transportation	-	-	-	4,926	**4,926**
Geology and field support	-	-	-	36,232	**36,232**
Assaying and testing	-	-	-	11,880	**11,880**
Geophysics	-	-	-	1,800	**1,800**
Technical consulting	-	11,627	11,627	42,123	**53,750**
Travel	-	-	-	9,413	**9,413**
	$ -	$ 438,718	$ 438,718	$ 417,580	$ **856,298**
Four Corners Property, Ontario, Canada (Note 4c)					
Acquisition costs	-	-	-	24,581	**24,581**
Drilling	-	-	-	34,235	**34,235**
Geology and field support	-	-	-	350	**350**
Technical consulting	-	-	-	7,682	**7,682**
Travel	-	-	-	252	**252**
	$ -	$ -	$ -	$ 67,100	$ **67,100**
Total Mineral Property Costs	$ 1,633,872	$ 1,644,496	$ 3,278,368	$ 3,024,446	$ **6,302,814**

See accompanying notes to financial statements.

1. **Nature of Operations and Going Concern**

The Company was incorporated under the Business Corporations Act (British Columbia) on March 3, 2006 and its common shares were first listed for trading on the TSX Venture Exchange in August, 2006.

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. Currently the Company is principally engaged in the exploration of mineral properties which cannot be considered economic until a commercial feasibility study has been completed. The Company has no sources of operating revenue and is dependent upon equity financing to maintain current operations and to ultimately develop a mineral property interest or interests which can be profitably sold or developed further and placed into successful commercial production.

The Company has not generated any revenue since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. As at October 31, 2008, the Company has incurred losses since inception and has an accumulated operating deficiency of $1,342,875. The continuation of the Company as a going concern is dependent upon its ability to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations.

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

2. **Significant Accounting Policies**

a) **Basis of presentation**

These financial statements are inclusive of the accounts of the Company and its wholly-owned Alaska subsidiary, Toquima North Ltd. ("Toquima North").

b) **Changes in accounting policies**

On November 1, 2007, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

(i) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861, provides expanded disclosure requirements that provide additional detail by financial asset and liability categories (see Note 3).

(ii) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows (see Note 3).

(iii) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed (see Note 7). Under this standard, the Company will be required to disclose the following:

• qualitative information about its objectives, policies and processes for managing capital;

• summary quantitative data about what it manages as capital;

2. **Significant Accounting Policies** (continued)

• whether during the period it complied with any externally imposed capital requirement to which it is subject; and

• when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

(iv) Section 1400 – General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going concern (see Note 1).

b) **Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates.

c) **Future income tax ("FIT")**

The Company accounts for the future tax consequences of the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the future potential benefit is taken and no net asset is recognized. Such an allowance has been applied to all potential income tax assets of the Company.

d) **Cash and cash equivalents**

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid debt investments with remaining maturities at point of purchase of three months or less. The Company places its cash and cash investments with institutions of high credit worthiness. At times, such investments may be in excess of federal insurance limits.

e) **Equipment and leasehold improvements**

Equipment and leasehold improvements are recorded at cost. The Company provides for amortization on office equipment using the 20% declining balance method and straight-line method for leasehold improvements over the life of the lease, with half of this rate used in the year of acquisition.

2. **Significant Accounting Policies** (continued)

f) **Earnings (Loss) per share**

Basic earnings (loss) per share is computed by dividing income (or loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents are reflected in diluted earnings per share by application of the treasury stock method.

The result of this calculation is anti-dilutive to basic loss per share and is therefore not presented in those circumstances.

g) **Environmental protection and rehabilitation costs**

The operations of the Company have been, and may in the future be, affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company may vary from region to region and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation, by application of technically proven and economically feasible measures. Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending upon their future economic benefits. The Company does not anticipate any material capital expenditures for environmental control facilities because it is at an early stage of exploration. Estimated future removal and site restoration costs are considered minimal.

h) **Share-based compensation**

In connection with incentive stock options granted by the Company to its officers, directors, employees and consultants, an expense is recognized over the vesting period based on the estimated fair value of the options on the date of the grant as determined using an option pricing model. The expense is charged to stock-based compensation and the offset is credited to contributed surplus. Cash received on exercise of incentive stock options is credited to share capital along with any contributed surplus amounts previously recorded that are applicable to the options exercised.

i) **Foreign currency translation**

The accounts of the Company's foreign operations have been translated into Canadian dollars as follows:

- Monetary assets and liabilities at year-end rates,
- All other assets and liabilities at historical rates, and
- Revenue and expense and exploration and development items at the average rate of exchange prevailing during the period.

Exchange gains and losses arising from these transactions are reflected in income or expense in the year that they occur.

2. **Significant Accounting Policies** (continued)

j) **Mineral property costs**

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Costs relating to any producing prospects would be amortized on the unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written-off. Common shares issued for mineral property acquisition are recorded when issued based on the fair value of the shares at the date of issuance.

The recoverability of the amount capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm-out its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

k) **Flow-through common shares**

The Company may finance a portion of its exploration activities through the issue of flow-through shares, which transfers the income tax deductibility of the exploration expenditures to the investor. Proceeds received on the issuance of such shares are credited to share capital, and the subsequent expenditure of these monies is charged to the related exploration costs incurred. At the date of renunciation of the tax benefits to the investors, the Company recognizes a future tax liability based on the difference between the amount renounced and the deferred carrying cost of the related expenditures on the Company’s balance sheet, if any, and a share issuance cost is recorded for this amount. Previously unrecognized future income tax assets may then subsequently be recognized to reduce this liability, with the offsetting credit recorded in current operations.

l) **Management’s estimates**

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years. Actual results could differ from those estimates.

m) **Share issue costs**

Costs incurred to issue common shares are deferred until the related shares are issued, at which time they are offset against share capital. Agent’s options granted in connection with financings are assigned fair values on a similar basis to options granted as compensation as described above, with the expense recorded as a share issue cost.

2. **Significant Accounting Policies** (continued)

o) **Accounting Policies Not Yet Adopted**

Section 3064, *Goodwill and Intangible Assets*

In February 2008, the CICA issued this new section to replace Section 3062, *Goodwill and Other Intangible Assets* and establish standards for the recognition, measurement and disclosure of goodwill and intangible assets. In addition, the CICA issued amendments to Section 1000, *Financial Statement Concepts* and AcG 11, *Enterprises in the Development Stage* and withdrew Section 3450, *Research and Development Costs*. EIC 27, *Revenues and Expenditures During the Pre-operating Period* is no longer applicable for entities that have adopted CICA 3064. The mandatory effective date is for annual and interim financial statements for years beginning on/after October 1, 2008. If adopted effective October 31, 2008, this Section would not have an impact on the financial statements.

International financial reporting standards ("IFRS)

In February 2008 the Canadian Accounting Standards Board announced 2001 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS has not been specifically determined at this time.

3. **Financial Instruments**

All financial instruments are recorded initially at estimated fair value on the balance sheet and classified into one of five categories: held for trading, held to maturity, available for sale, loans and receivables and other liabilities. All of the Company's financial instruments are considered to be loans and receivables or other liabilities, and therefore none require separate valuation involving the determination of items of other comprehensive income.

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, accounts receivable, accounts payable and accrued liabilities, and amounts due to related parties.

The fair values of cash, amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties approximate their book values because of the short-term nature of these instruments.

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 with a $20 million counterparty credit limit. The Company has no asset-backed commercial paper.

3. Financial Instruments (continued)

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. 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.

Exchange Risk

As at October 31, 2008, the majority of the Company's cash was held in Canada in Canadian dollars. The Company's significant operations are carried out in Alaska, USA and Ontario, Canada. As a result a portion of the Company's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are denominated in United States dollars and are therefore subject to fluctuations in exchange rates.

4. **Mineral Properties (see Schedule of Deferred Mineral Property Costs)**

a) Palmer Property, Alaska, USA

On April 13, 2006 the Company acquired all of the outstanding common shares of Toquima North Ltd., in consideration for one common share at nominal value and the assumption of all intercorporate debt owing by Toquima North. The transaction was measured under the purchase method of accounting and based on a carrying cost of $878,712. The consideration paid was allocated entirely to the Palmer property, which was the sole identifiable asset of Toquima North.

The Palmer property is comprised of a 99 year mining lease, dated December 19, 1997, on 340 federal and 27 state mining claims located near Haines, Alaska. To maintain the lease, the Company is required to make annual advance royalty payments of US $42,500 and pay Federal claim maintenance fees, which were US $42,500 in 2008. 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.

In December 2008 the Company acquired an additional 36 contiguous state claims at nominal cost.

b) Munro-Croesus Property, Ontario

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

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

4. **Mineral Properties (see Schedule of Deferred Mineral Property Costs)** (continued)

The Company is reviewing the environmental remediation requirements in respect to this property and at this time is not aware of any material reclamation obligation, and no such provision has been recorded.

c) Four Corners Property, Ontario

In February 2008 the Company completed an agreement to acquire a 100% interest in the 65 claim Four Corners property located east of Timmins, Ontario. In order to acquire the 100% interest, the Company must make payments totaling $75,000 (of which $15,000 has been paid) and issue 100,000 shares over a 3 year period (10,000 shares at a value of $0.60 per share were issued at closing and an additional 15,000 shares were issued subsequent to year end). The vendors will retain a 2.5% NSR royalty of which 1.0 % can be purchased by the Company at any time for $500,000, with a right of first refusal on the remaining 1.5% NSR royalty.

5. **Share Capital**

a) Details of issued share capital:

	Shares	Amount	Contributed Surplus
Authorized:			
Unlimited common shares without par value			
Issued:			
Balance – October 31, 2006	14,790,153	$ 3,045,209	$ 540,495
Shares issued by private placement	3,400,000	1,190,000	-
Private placement share issuance costs	-	(255,154)	126,502
Shares issued for finder's fee	278,155	97,354	-
Stock option compensation	-	-	20,275
Warrants exercised	581,620	344,349	(83,217)
Shares issued for mineral property acquisition	500,000	350,000	-
Balance – October 31, 2007	19,549,928	$ 4,771,758	$ 604,055
Shares issued for flow-through private placement, at $0.50 per share	1,100,000	550,000	-
Private placement share issuance costs	-	(236,621)	5,100
Shares issued for property acquisition (Note 4c)	10,000	6,000	-
Stock option compensation	-	-	175,967
Shares issued for private placement	11,237,444	1,901,600	-
Shares issued for finder's fee	38,900	17,505	-
Warrants exercised	1,325,500	467,000	-
Balance – October 31, 2008	33,261,772	$ 7,477,242	$ 785,122

5. **Share Capital** (continued)

On December 24, 2007 the Company completed a $550,000 flow-through private placement consisting of 1,100,000 shares at $0.50 per share. The Company recorded total cash costs of $11,468 with regard to the private placement.

On July 3, 2008 the Company completed a $1,000,100 private placement consisting of 2,222,444 units priced at $0.45 per unit, each unit consisting of one share and one warrant, with each warrant exercisable to acquire an additional common share for $0.65 for one year. The Company paid a finder's fee consisting of 38,900 shares and 33,310 warrants, exercisable on the same terms as the private placement warrants, in connection with this financing. The 33,310 finder's warrants issued in the transaction had a fair value of $5,100, which was applied to share issuance costs and contributed surplus. The Company recorded total cash costs of $20,497 in regard to this private placement.

On October 29, 2008 the Company completed a $901,500 private placement consisting of 9,015,000 shares priced at $0.10 per share. The Company recorded cash costs of $11,551 in regard to this private placement.

On July 6, 2007 the Company completed a $1,190,000 private placement consisting of 3,400,000 units priced at $0.35 per unit, each unit consisting of one share and one-half of one transferable warrant, exercisable at $0.40 per share for two years. The Company paid finders fees consisting of $2,396 in cash and 278,155 compensation units having the same terms as the financing units. The Company also issued 285,000 finders' warrants exercisable on the same terms as the private placement warrants in connection with this financing. The Company recorded total cash costs of $31,298 with regard to the private placement.

The 424,077 finders' warrants issued in the transaction had a fair value of $126,502, which was applied to share issuance costs and contributed surplus.

b) Warrants

As at October 31, 2008, the following share purchase warrants were outstanding:

Number	Price per Share	Expiry Date
2,124,077	$0.40	July 6, 2009
2,255,754	$0.65	July 3, 2009
4,379,831		

c) Escrow Shares

As at October 31, 2008, 2,299,748 shares were held in escrow, which are being released over a three year term based on a predetermined schedule.

d) Share Purchase Options

The Company has established a share purchase 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 this plan is 10% of the Company's issued capital.

5. **Share Capital** (continued)

In January 2008, 200,000 share options with an exercise price of $0.50 were cancelled.

In February 2008 the Company granted 390,000 stock options at an exercise price of $0.57 per share and 200,000 stock options at an exercise price of $0.60 per share to directors, officers, employees and consultants of the Company. In May 2008 the 200,000 options at $0.60 were cancelled.

A summary of the Company's options outstanding is as follows:

	2008		**2007**	
	Number of shares	Weighted Average Exercise price	Number of shares	Weighted Average Exercise price
Balance, beginning of year	1,625,000	$ 0.41	1,425,000	$ 0.40
Granted	590,000	0.58	200,000	0.41
Cancelled/ expired	(400,000)	0.55	-	-
Balance, end of year	1,815,000	$ 0.44	1,625,000	$ 0.41
Weighted average fair value of options granted during 2007			$ 0.41	
Weighted average fair value of options granted during 2008			$ 0.45	
Weighted average remaining life of options outstanding, October 31, 2007			3.43 years	
Weighted average remaining life of options outstanding, October 31, 2008			2.90 years	

The following assumptions were used for the Black-Scholes valuation for the 200,000 options granted in July 2007.

Risk-free interest rate	4.71%
Expected life of options in days	1,095
Annualized volatility	107%
Dividend rate	0.00

The following assumptions were used for the Black-Scholes option valuation of the 390,000 options granted in February 2008.

Risk-free interest rate	3.46%
Expected life of options in days	1,095
Annualized volatility	84%
Dividend rate	0.00

The Company recorded $175,967 of stock compensation expense in connection with the stock options issued and vested during the year.

6. Related Party Transactions

The following represents the details of related party transactions paid or accrued during the year ended October 31, 2008:

		2008	2007
Management and technical fees paid or accrued to a company owned by a director	$	25,100	28,255
Consulting fees and wages paid to an officer		135,300	69,025
Consulting fees paid to a director		28,688	-
Accounting and administration fees paid or accrued to a company 50% owned by an officer of the Company		60,000	36,000
	$	249,088	133,280

7. Management of Capital

The Company manages its cash, common shares, stock options and warrants (see Note 5) 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.

8. Segmented Information

The Company has one operating segment, which is mineral exploration. The Company's assets by geographical location are as follows:

		October 31 2008		October 31 2007
Canada	$	1,620,665	$	1,753,382
United States		5,379,416		2,839,650
Total	$	7,000,081	$	4,593,032

9. Income Taxes

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

	2008	2007
Net loss for the year	$ (480,983)	$ (358,817)
Expected income tax (recovery)	$ (149,105)	$ (122,357)
Net adjustment for amortization and other non-deductible amounts	(35,037)	(30,080)
Unrecognized benefit of FIT assets	184,142	152,437
Asset recognized to offset FIT liability	(170,500)	-
Total income tax recovery	$ (170,500)	$ -

Subject to confirmation with regulatory authorities, the significant components of the Company's future income tax assets are approximately as follows:

	2008	2007
Future income tax assets (liabilities):		
Net mineral property carrying amounts in excess of tax pools	$ (156,792)	$ (83,000)
Equipment	479	-
Share issue costs	90,814	-
Non-capital loss carryforwards	487,482	307,000
	421,983	224,000
Valuation allowance	(421,983)	(224,000)
Net future tax assets	$ -	$ -

The Company also has non-capital losses of approximately $1,197,000 (2007: $603,000), which will be available to reduce future taxable income in Canada and which will expire in 2028.

10. Commitments

The Company has two lease agreements for the rental of office space. One lease expires on October 30, 2010 and the other one expires on November 30, 2012. The future minimum lease obligations in aggregate for both leases are as follows:

	Amount
2009	$ 34,073
2010	32,108
2011	19,008
2012	19,008
	$ 104,197

The Company subleased part of its leased office space during the year for a total amount of $28,165, until October 2010.

11. Subsequent Events

On December 18, 2008 the Company completed a flow-through private placement of 1,500,000 common shares at a price of $0.20 per share for gross proceeds of $300,000. The shares are subject to a four-month plus one-day hold period.

The Company granted 1,250,000 stock options at an exercise price of $0.13 per share for 5 years to directors, officers, employees and consultants of the Company.

CONSTANTINE METAL RESOURCES LTD.

MANAGEMENT DISCUSSION & ANALYSIS **FORM 51-102F1**
For the year ended October 31, 2008

February 16, 2009

General

This Management's Discussion and Analysis of Constantine Metal Resources Ltd. (the "Company" or "Constantine") should be read in conjunction with the audited consolidated financial statements and notes for the fiscal year ended October 31, 2008. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Constantine is a junior exploration company engaged in the exploration and development of a polymetallic massive sulphide exploration property in Alaska known as the Palmer Property, its principal project, and a gold property in Ontario known as the Munro-Croesus property, which includes the past-producing Croesus gold mine. The Company is a reporting issuer in British Columbia and Ontario and trades on the TSX Venture Exchange under the symbol CEM.

Company Overview

2008 Exploration Highlights

Palmer Project, Alaska

- In 2008 Constantine followed up on its 2007 discovery drill holes with an additional 12 holes resulting.in 17 mineralized intersections for an aggregate of 14,421 ft (4,395 meters) of drilling on the South Wall area. Three stacked subparallel zones were found in the exploration around the CMR-07-09 discovery drill hole. Intersections of up to 46 meters of massive sulphide were achieved in a mineralized area 300 m. by 300 m. which is open to depth and on strike. The results of the 2008 drill program clearly demonstrate the exploration size potential of this South Wall area.
- South Wall intercepts have demonstrated thick intercepts of massive sulphide mineralization with excellent copper grades. Drill hole CEM-08-14 drilled a 46.4 meter mineralized intercept that included 15.2 meters of 5.1% copper, 1.79% zinc, 0.29 g/t gold and 20.1 g/t silver.
- In December 2008, Constantine acquired a one hundred percent interest in thirty-six State claims adjacent to existing Constantine State claims.

Munro-Croesus Project, Ontario

- Constantine completed a 10 hole drill program in April 2008, which established the presence of Croesus-type veins on the offset side of the Croesus fault and documented three new Croesus-type gold-bearing vein structures at depth below the historic mine workings. This opened the exploration opportunity on this project significantly.
- In February 2008 Constantine acquired the 65 claim Four Corners property very close to the Munro-Croesus property, which will be explored as part of the Munro-Croesus project.

In fiscal year 2008 Constantine raised a total of $2,451,600 gross proceeds in three private placement financings, and subsequent to the year-end raised an additional $300,000 from a flow-through financing. Another $467,000 was received from the exercise of warrants. Constantine had a productive year of exploration in 2008, spending over $3 million on exploration to advance its Alaska and Ontario mineral projects. Following the end of the fiscal year, in November 2008 the Company appointed Mr. Darwin Green as Vice-President, Exploration. Mr. Green holds a B.Sc. in geological sciences from the University of British Columbia and a M.Sc. in economic geology from Carleton University, Ottawa. He is the recipient of numerous academic awards, including Carleton's Senate Medal for his graduate work on the Palmer

VMS property.

2009 Outlook

Palmer Project - The extensive drilling on the South Wall zone has opened up the obvious opportunity to extend massive sulphide mineralization in three zones. Drilling is planned to continue to test the lateral and depth limits of these zones. Additionally, no work was done in 2008 to expand the upper RW upper limb CMR-07-07 drillhole discovery of 3.79% copper and 7.24% zinc over 14.0 meters. There are many obvious drill targets to explore for the massive sulphides on the upper (RW) limb. Management believes the upper RW limb mineralization and the South Wall zones are linked. Further drilling will test this concept.

Limited baseline environmental work was initiated in 2008. This work will continue to expand as the project knowledge advances.

A geophysical CSAMT survey conducted in the South Wall area has indicated conductive zones at lower elevations than the known massive sulphide drill intercepts. Follow-up down-hole E-M geophysics is planned to track conductive zones expected to be associated with zones of stronger copper mineralization.

Munro-Croesus Project - The 2008 drilling located the favourable stratigraphic unit with gold-bearing Croesus-type quartz veins on the south side of the Croesus fault and also discovered a 67 meter zone of Croesus type alteration within the favourable Croesus flow unit that contained gold bearing quartz veins (12.2 g/t gold over 0.46m) at depth below the historic mine workings. Drilling commenced February 2009 on these targets.

Palmer Project Update

The Company's principal asset is the Palmer polymetallic massive sulphide project in Alaska. The project is logistically well situated within 3 miles of a paved highway and 35 miles north of the deep-sea port of Haines. The Palmer project consists of a 340 federal claim property and 63 state claims that includes a large number of precious metals – enriched volcanogenic massive sulfide prospects distributed along two sub-parallel trends and within two or more stratigraphic horizons along a combined 14.5 kilometer (9 mile) strike length of volcanic-sedimentary stratigraphy. Extensive zones of quartz-sericite-pyrite alteration that link many of the occurrences are interpreted to be indicative of a very large ore-forming hydrothermal system.

The geological setting of the project is in the Alexander Terrane, within marine sedimentary and volcanic rocks of Devonian to Triassic age. These rocks correlate with host rocks of the giant Windy Craggy deposit, (297 million tonnes at 1.4% Cu, 0.07% Co, 0.2 g/t Au, and 3.8 g/t Ag), and the high-grade Greens Creek deposit (7.5 million tons grading 14.4 opt Ag, 0.12 opt Au, 10.24% Zn and 3.89% Pb, and a global resource of 24 million tons at slightly lower grades). The numerous showings and prospects on the Palmer property occur along two mineralized trends over a combined strike length of at least 9 miles. Repetition of the principal mineralized horizons by folding is interpreted to account for the distribution of at least 25 separate base metal and/or barite occurrences) across the property. Recent work has established the existence of more than one stratigraphically stacked mineralized horizon. Notable prospect areas include Glacier Creek (South Wall and RW zones), Mount Henry Clay, Cap, Nunatak, Hanging Glacier, the Gullies, Boundary and Red Creek. The showings/occurrences are associated with interpreted exhalative horizons in a thick sequence of basalt flows with interbeds of sediments, and tuffs and fragmental and massive rhyolites. Extensive pyrite-sericite schists and siliceous rocks are a common link to the showings suggesting the presence of a very large extensive mineralized system.

The Glacier Creek prospect has received the most recent drilling attention. Mineralization at Glacier

Creek occurs on both limbs of a large-scale south-overturned anticline that is cored by a south-directed reverse fault with modest offset. Two major stratiform horizons, the RW and Main horizons, have been identified on the shallowly to moderately dipping upright limb of the anticline. Highlight drill intersections of the RW horizon include 3.79% copper and 7.24% zinc over 14.0 meters in hole CMR07-07, and 10.86% zinc, 0.13% lead, 0.23% copper, 0.13 g/t gold and 44.4 g/t silver over 5.12 meters in hole CMR06-01. Three separate, stratigraphically stacked zones (South Wall zones I, II, and III) have been identified on the steeply dipping to overturned south limb of the anticline. Highlight intersections include drill hole CMR08-14 that contains an interval of 15.2 meters of 5.1% copper, 1.79% zinc, 0.29 g/t gold and 20.5 g/t silver within a larger interval of 38.7 meters of 3.16% copper and 3.6% zinc. Both the RW and South Wall zones are open down dip and along strike.

At the Mount Henry Clay (MHC) prospect, abundant high-grade baritic massive and semi-massive sulfide boulders occur near the limits of a perched or stranded glacier. The average grade of a large number of the boulders is: 19.3% zinc, 1.0% copper, 0.4% lead, 38.2 g/t silver, 0.22 g/t gold, and 20.6% barium. Although the source of the boulders has not been determined, the area remains attractive for discovery. Silver-and barite-rich stratiform mineralization at the Cap prospect located by drilling (134 g/t Ag over 23 meters) remains virtually untested at depth and laterally, and other occurrences on the property have also yielded excellent precious-metal values (e.g., 11.84 oz/ton Ag and 0.092 oz/ton Au in a bulk sample of baritic semi-massive sulfide from Nunatak, and up to 198.9 g/t silver, 1.58 g/t gold, 14.1% zinc, 2.3% lead, and 0.36% copper from massive sulfide at the HG prospect). Lithologies are metamorphosd to greenschist grade.

Constantine spent $2,539,766 on the Palmer project during the 2008 fiscal year, conducting the most extensive drilling program to date on the property (see Schedule of Deferred Mineral Property Cost in the financial statements).

Exploration Highlights

In 2008, Constantine completed 12 holes (2 abandoned) resulting in 17 mineralized intersections, for an aggregate of 14,421 feet (4,395 meters) of drilling. The exploration to date indicates a minimum lateral extent of South Wall mineralization of 1000 feet (~300 meters) horizontally by 1000 feet (~300 meters) vertically in three zones and all zones are open to expansion.

Summary Table of 2008 Highlighted Assay Results

SOUTH WALL – ZONE 1

Drill Hole	**From (feet)**	**To (feet)**	**Intercept (feet)**	**Intercept (meters)**	**Cu %**	**Pb %**	**Zn %**	**Au (g/t)**	**Ag (g/t)**
CMR08-11	516.0	635.0	119.0	36.30	1.54	0.45	5.45	0.47	28.5
includes	573.8	603.1	29.3	8.90	4.32	0.04	5.22	0.84	36.8
CMR08-13	569.0	606.0	37.0	11.28	3.03	0.01	0.58	0.15	23.6
CMR08-14	580.0	732.2	152.2	46.39	2.78	0.01	3.40	0.19	17.5
Includes	612.4	662.3	49.9	15.21	5.07	0.01	1.79	0.29	20.5
Includes	713.9	732.2	18.3	5.58	1.73	0.01	14.38	0.21	39.8
CMR08-17	1059.0	1149.3	90.3	27.52	2.52	0.15	3.38	0.32	25.5
Includes	1103.9	1132.0	28.1	8.56	3.50	0.02	0.43	0.48	30.9

SOUTH WALL – ZONE 2

Drill Hole	From (feet)	To (feet)	Intercept (feet)	Intercept (meters)	Cu %	Pb %	Zn %	Au (g/t)	Ag (g/t)
CMR08-11	915.0	982.0	67.0	20.40	1.53	0.37	7.62	0.81	100.7
CMR08-18	840.4	851.3	10.9	3.32	2.82	0.03	4.73	0.42	23.5
CMR08-19	656.6	783.0	126.4	38.53	0.64	0.18	6.91	0.21	24.9
CMR08-22	770.0	868.5	98.5	30.02	1.70	0.17	5.11	0.22	32.8
Includes	807.0	823.0	16	4.88	3.31	0.29	9.28	0.42	80.2

Note: Above Intercepts are drilled intercepts and the reader is referred to the Company's new releases for estimations of true width for each drill hole.

Locations of all intersections are shown on the vertical long sections for Zones I, II and III and cross-sections, along with a summary table of all South Wall discovery intersections are available at the Company's website at www.constantinemetals.com.

These thick intercepts continue to demonstrate the continuity of the South Wall zones and expansion of the exploration potential. Stratigraphically correlated mineralization was intersected in 2007 discovery hole CMR07-07 which assayed 3.79% copper and 7.24% zinc over 46 feet (14 meters). This hole is located 885 feet (270 meters) to the west and 870 feet (265 meters) higher in elevation than the most westerly Zone I intercept and is shown on vertical long sections on the Company's website.

In December 2008, Constantine acquired a one hundred percent interest in thirty-six State claims adjacent to Constantine's State claims.

Munro-Croesus Gold Project Update

In October 2007 the Company completed the acquisition of a 100% interest in the high grade Munro-Croesus Gold property (subject to a 2% NSR with buy-back provisions), including the former Croesus Gold mine, consisting of 22 patented mining claims and leases (416 hectares), located 75 kilometers east of Timmins, Ontario and within the influence of the prolific Porcupine-Destor Deformation zone (PDDZ) that stretches from west of Timmins, Ontario into the province of Quebec. The Timmins-Porcupine gold camp, situated on the north side of the PDDZ in the Abitibi greenstone belt is the world's largest lode gold camp (> 65 million ounces of gold) in Archean age greenstone belts.

The former Croesus Gold mine is known for having produced some of the highest grade gold mined in Ontario. The Ontario Bureau of Mines (1919) reported that "765 pounds of ore taken from a portion of the shaft yielded $47,000 worth of gold". This represented a grade of 5,944 oz gold per short ton (203,794 g/tonne) at a gold price of $20.67 per troy ounce. Five gold samples purchased by the Ontario Bureau of Mines for exhibition purposes and now in possession of the Royal Ontario Museum weigh 85 pounds collectively and contain 480.7 ounces of gold or 11,310 oz gold per short ton (387,771 g/tonne). The total historical Croesus mine gold production from milled ore as reported by the Ontario Department of Mines in 1951 was 14,854 ounces gold from 5,333 short tons milled for an average grade of 2.78 oz gold per short ton (95.3 g/tonne). Research by the previous owner suggests that the above-reported milled ore production did not include the very high grade direct shipping gold ore which was shipped directly to the Canadian Mint for processing. The high grade Croesus ore shoot is truncated by the Croesus fault and several efforts have been made to locate the high grade extension to the vein, with the last serious effort in the mid-late 1970's. The Munro-Croesus gold property covers a sequence of tholeiitic and variolitic basalts, sediments and ultramafic rocks on the north side of the PDDZ that represent very similar stratigraphy to the slightly younger host rocks of the Timmins gold camp.

The first phase of the Munro-Croesus project drilling started in late February and completed in mid-April

2008, successfully characterized the alteration and structure of the high-grade Croesus gold vein environment and confirmed the existence of high-grade, gold-bearing Croesus-type veins on the off-set, south side of the Croesus fault in the same host lithology as the spectacular historic, high-grade Croesus vein on the north side of the Croesus fault. In addition, a 67 meter wide alteration zone hosting three Croesus-type vein structures, 150-200 meters below the Croesus mine workings, highlights additional potential to discover high-grade gold mineralization similar to that mined in the past in the same structural block as the high grade Croesus gold vein.

The significant results and observations from the 2008 drilling program are:

Confirmation of 3 gold bearing Croesus type vein structures (upper, middle, lower) on the off-set, south side of the Croesus fault over a vertical depth of 130 meters. Coarse visible gold was noted in one narrow quartz vein (upper vein structure) in drill hole MC08-08 on the south (off-set) side of the Croesus fault that assayed 83 g/t gold over 0.10 meters. The middle vein structure returned a best value of 8.4 g/t gold over 0.40 meters in MC08-08. The lower vein structure was intersected in 3 holes and returned a best value of 3.6 g/t gold over 0.35 meters in MC08-02. Two drill holes were drilled through the former Croesus mine workings on the north side of the Croesus fault to characterize the structure and alteration associated with the historic, high-grade Croesus vein. One of these holes, MC08-10 was extended to depth and intersected a 67 meter wide zone of Croesus type alteration (carbon-chlorite “Grey Zones”) that hosts three (3) vein zones with typical Croesus vein mineralogy (quartz-albite and arsenopyrite). The highlight result is from a 5.1 meter wide vein/alteration zone with a 0.46meter interval assaying 12.5 g/t gold. This intersection in drill hole MC08-10 is located approximately 200 meters below the former Croesus gold mine workings.

A 1,000 meter drill program targeting the vein zones discovered below the old workings and those discovered in the south fault block in the 2008 drill program commenced in February 2009.

In February 2009 the Company entered into an Exploration Agreement with the Wahgoshig First Nation regarding Constantine’s properties within the Wahgoshig Traditional Territory. The agreement establishes a foundation for ongoing communication and working opportunities with the Wahgoshig community during the exploration process and provides a framework to negotiate a comprehensive agreement should the project move beyond the exploration phase.

Four Corners Property Update

In February 2008 Constantine finalized an option agreement to acquire an outright 100% interest in the 65 claim Four Corners property located 1.2 kilometres east of the Munro Croesus property. The new acquisition straddles the area between the prolific Porcupine Destor Fault Zone (PDDZ) and the Pipestone Fault Zone, within the same sequence of rocks that hosts the high-grade Croesus Mine to the west and the > 2.0 million ounce combined production from the past producing Holt-McDermott and Holloway Mines located 25 kilometres to the east.

Historical records indicate that a total of 29 holes have been drilled on the Four Corners property for an estimated total of 5714 metres. Two areas of gold mineralization have been identified. The Canamax Zone in the northwest part of the property is hosted by well altered ultramafics and graphitic-chloritic lapilli tuffs within the Pipestone Fault zone. The best results from this drilling are reported to be 2.69 g/t gold over a 3.0 meter core length in a 1986 Canamax drill hole. In 2003-2004, St Andrews Goldfields drilled 8 holes in the southeast part of the property and intersected 9.37 g/t gold over 1.25m including 14.33 g/t gold over 0.68 m.

In December 2007 Constantine drilled one hole (298m) on the property as part of the evaluation phase of the acquisition and to meet pending assessment requirements on the claims. The best result received from 40 samples submitted was 1.1 g/t gold over 1.0 meter.

The Company incurred total expenditures of $67,100 on the property to October 31, 2008, with the majority of costs being related to drilling expenses ($34,235).

Results of Operations

In the year ended October 31, 2008, the Company spent $3,024,446 on acquisition and exploration costs for its three mineral properties: the Palmer project in Alaska; and the Munro-Croesus property and Four Corner properties in Ontario. The Company incurred a loss before income taxes of $651,484 (2007-$358,817) for the year. An amount of $170,500 for future income tax recovery related to flow-through financing was booked as income for the year.

The Company's cash position at October 31, 2008 was $588,487 (2007-$1,274,643). The Company will require additional financing to complete all of its proposed drilling beyond its normal corporate obligations. Constantine's working capital position at October 31, 2008 was $614,348 (2007-$1,232,665).

As discussed above, in fiscal 2008 Constantine completed two major drilling programs. The Company also added to its Ontario properties when it completed an option agreement on the Four Corners property in February 2008 with the payment of $15,000 and the issuance of 10,000 Constantine shares.

Constantine conducted its first drill program on the Munro-Croesus project in April 2008, completing a 10 hole, 2021 meter drill program, which yielded encouraging results (see above). The Company incurred expenditures of $415,756 (2007-$11,627) on the property during the year ended October 31, 2008, excluding acquisition costs. An additional $42,519 was spent on the Four Corners property as part of the same exploration program.

Constantine incurred costs of $2,539,766 on the Palmer property during the year. All but $88,414 of this amount was spent during the 2008 summer drilling season, as the Company intensified its efforts to define and expand the South Wall target of the property. The $88,414 relates to project expenses carried over from the 2007 drilling season. Exploration costs have increased significantly in 2008 relative to 2007. In particular, fuel costs were up by approximately 25-30% with more modest increases in contract rates for drilling and helicopter services (exclusive of fuel costs).

Operating expenses increased significantly in 2008 ($684,246) compared to 2007 ($411,948), however the largest amount of increase was due to non-cash expense of stock option compensation of $175,967 (2007-$20,275). This amount was in regard to 390,000 incentive stock options granted in February 2008. General and administrative costs increased to $128,196 (2007-$67,937) and payroll costs increased to $113,311 (2007-$nil) due to the larger scope of the Company's activities, with the addition of the Munro-Croesus and Four Corner properties in Ontario. The Company was negatively affected by significant fluctuations in the U.S. dollar in 2008 and recorded an overall $40,053 loss on foreign exchange for the year (2007 - $179,854 loss).

In fiscal 2008 Constantine recorded non-cash income of $170,500 from future income tax recovery, as a consequence of 2008 eligible expenditure renunciations made with respect to its 2008 $550,000 flow-through financing.

Summary of Quarterly Results

The Company incurred a net loss of $183,644 in the fourth quarter, which included a $77,477 quarterly loss on foreign exchange. The Company was negatively affected by the sharp decline in the value of the Canadian dollar, which fell over 20% against the U.S. dollar during the fourth quarter. Overall, administrative and corporate costs continue to remain low by industry standards, as management continued to strive to be as cost-effective as possible.

Constantine spent $1,398,352 on the Palmer project and $13,235 on the Munro-Croesus project in the fourth quarter.

Interest income of $3,084 (2007- $16,514) was earned during the fourth quarter. The Company earned less interest income than the previous year due to lower interest rates and cash balances during the period.

The Company completed a $901,500 private placement financing in October 2008 in order to augment its working capital.

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

Quarter ended	Total Revenues	Income (Loss)	Income (Loss) per share
31-Oct-08	$ 3,084	$ (183,644)	$ (0.01)
31-Jul-08	5,646	(106,617)	(0.01)
30-Apr-08	9,373	(109,786)	(0.01)
31-Jan-08	14,659	(80,935)	(0.01)
31-Oct-07	16,514	(148,846)	(0.01)
31-Jul-07	23,978	(63,447)	(0.01)
30-Apr-07	3,544	(139,888)	(0.01)
31-Jan-07	9,096	(6,636)	(0.01)

Liquidity and Capital Resources

The Company's total cash position at October 31, 2008 was $588,487 (2007-$1,274,643). The Company's working capital position at October 31, 2008 was $614,348 (2007-$1,232,665).

Constantine was successful in completing three non-brokered private placement financings during the 2008 fiscal year, and a flow-through financing of $300,000 subsequent to the fiscal year-end, in December 2008. A $550,000 flow-through financing was completed in December 2007; a $1,000,100 private placement financing was completed in July 2008; and a $901,500 private placement financing was completed in October 2008. The Company also received $467,000 from the exercise of warrants in 2008.

The Company has no material commitments for capital expenditures at this time, except for drilling contracts related to the Ontario drill program that commenced February 2009. For 2009, holding costs for the Palmer project are estimated at approximately $100,000 and for the Ontario properties at approximately $25,000.

In 2008 the Company renounced the full amount of the $550,000 December 2007 flow-through financing to its investors. As a result of the renunciation, the Company reduced its future income tax asset by $170,500, with the corresponding decrease applied directly to share capital. During 2008, the Company fulfilled its expenditure commitment regarding this financing.

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

Off-Balance Sheet Arrangements

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

Outstanding Share Data

At October 31, 2008 the Company had 33,261,772 shares outstanding. As at the date of this report, the Company has 34,761,772 shares outstanding.

The following warrants and stock options are outstanding as of the date of this report:

		Price per Share	Expiry Date
Warrants	2,255,754	$0.65	July 3, 2009
Warrants	2,124,077	$0.40	July 6, 2009
Stock options	1,425,000	$0.40	May 11, 2011
Stock options	390,000	$0.57	Feb. 13, 2013
Stock options	1,250,000	$0.13	Jan. 12, 2014
	7,444,831		

Related Party Transactions

Two directors and two officers of the Company provided specific services to the Company during the period as follows:

Management fees paid or accrued to a company owned by a director	25,100
Consulting fees and wages paid to an officer	135,300
Consulting fees paid to a director	28,688
Accounting and administration fees paid or accrued to a company 50% owned by an officer of the Company	60,000
	249,088

Changes in Accounting Policies

On January 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

(a) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861, provides expanded disclosure requirements that provide additional detail by financial asset and liability categories.

(b) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows.

(c) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company will be required to disclose the following:

- qualitative information about its objectives, policies and processes for managing capital;

• summary quantitative data about what it manages as capital;

• whether during the period it complied with any externally imposed capital requirement to which it is subject; and

• when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

(d) Section 1400 – General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

Accounting Policies Not Yet Adopted

Section 3064, Goodwill and Intangible Assets

In February 2008, the CICA issued this new section to replace Section 3062, *Goodwill and Other Intangible Assets* and establish standards for the recognition, measurement and disclosure of goodwill and intangible assets. In addition, the CICA issued amendments to Section 1000*, Financial Statement Concepts* and AcG 11, *Enterprises in the Development Stage* and withdrew Section 3450, *Research and Development Costs*. EIC 27, *Revenues and Expenditures During the Pre-operating Period* is no longer applicable for entities that have adopted CICA 3064. The mandatory effective date is for annual and interim financial statements for years beginning on/after October 1, 2008. If adopted effective October 31, 2008, this Section would not have an impact on the financial statements.

International financial reporting standards ("IFRS)

In February 2008 the Canadian Accounting Standards Board announced 2001 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement of comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS or 2011, the financial reporting impact of the transition to IFRS has not been specifically determined at this time.

Financial Instruments

All financial instruments are recorded initially at estimated fair value on the balance sheet and classified into one of five categories: held for trading, held to maturity, available for sale, loans and receivables and other liabilities

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, accounts receivable, accounts payable and accrued liabilities, and amounts due to related parties.

The fair values of cash, amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties approximate their book values because of the short-term nature of these instruments.

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 with a $20 million counterparty credit limit. 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. 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.

Exchange Risk

As at October 31, 2008, the majority of the Company's cash was held in Canada in Canadian dollars. The Company's significant operations are carried out in Alaska, USA and Ontario, Canada. As a result a portion of the Company's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are denominated in United States Dollars and are therefore subject to fluctuations in exchange rates.

Forward-Looking Statements

Certain statements contained in this Management Discussion and Analysis and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance of achievements of the Company to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Risk Factors

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

Industry

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

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

Metal Prices

The principal activity of the Company is the exploration and development of precious metal rich 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 and Ontario, Canada. While the political climate in Alaska 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 the province of Ontario (Munro-Croesus Project). As such laws are subject to change, the Company carefully monitors proposed and potential changes and management believes the Company remains in compliance with current environmental regulations in the relevant jurisdictions.

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.

Other

Mr. Garfield MacVeigh, president of the Company and a Qualified Person, has reviewed and approved the technical information contained in this report.

Additional information about the Company may be found on the SEDAR website at www.sedar.com and on its website at www.constantinemetals.com.