

Consolidated Financial Statements of

**CONSTANTINE METAL RESOURCES LTD.**

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

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# **DE VISSER GRAY LLP**

## **CHARTERED ACCOUNTANTS**

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### **AUDITORS' REPORT**

To the Shareholders of Constantine Metal Resources Ltd.

We have audited the balance sheets of Constantine Metal Resources Ltd. as at October 31, 2007 and 2006 and the statements of operations and deficit and cash flows for the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006. 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 financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2007 and 2006 and the results of its operations and cash flows for the year ended October 31, 2007 and period from inception on March 3, 2006 to October 31, 2006 in accordance with Canadian generally accepted accounting principles.

"De Visser Gray LLP"

**CHARTERED ACCOUNTANTS**  
Vancouver, British Columbia  
February 5, 2008

**CONSTANTINE METAL RESOURCES LTD.**

Consolidated Balance Sheets

As at October 31, 2007 and 2006

	2007	2006
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,274,643	\$ 1,543,169
Accounts receivable	23,390	34,126
Prepaid expenses	13,742	2,194
	1,311,775	1,579,489
Equipment	2,889	3,611
Mineral property costs (Schedule, Note 4)	3,278,368	1,633,872
	\$ 4,593,032	\$ 3,216,972
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 79,110	\$ 134,342
<b>Shareholders' equity</b>		
Share capital (Note 5a)	4,771,758	3,045,209
Contributed surplus (Note 5a)	604,055	540,495
Deficit	(861,891)	(503,074)
	4,513,922	3,082,630
	\$ 4,593,032	\$ 3,216,972

Approved by the Board of Directors:

"J. Garfield MacVeigh"

Director

"K. Wayne Livingstone"

Director

See accompanying notes to financial statements.

**CONSTANTINE METAL RESOURCES LTD.**

Consolidated Statements of Operations and Deficit

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

	2007	2006
Interest income	\$ 53,131	\$ 14,625
Expenses:		
Amortization	722	401
General and administrative	67,937	14,650
General exploration	10,413	-
Insurance	4,750	-
Investor relations	24,174	-
Legal	30,211	20,918
Management fees	30,896	30,700
Professional fees – audit	7,790	21,250
Rent	14,050	-
Shareholder communication	7,505	-
Stock based compensation	20,275	429,780
Travel	13,371	-
	232,094	517,699
Loss before other item	(178,963)	(503,074)
Other item:		
Foreign exchange	(179,854)	-
Net loss for the period	(358,817)	(503,074)
Deficit, beginning of period	(503,074)	-
Deficit, end of period	\$ (861,891)	\$ (503,074)
Loss per share	\$ (0.02)	\$ (0.03)
Weighted average number of common shares outstanding	16,038,772	14,790,153

See accompanying notes to financial statements.

**CONSTANTINE METAL RESOURCES LTD.**

## Consolidated Statement of Cash Flows

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

	2007	2006
Cash provided by (used in):		
Operating activities:		
Net loss for the period	\$ (358,817)	\$ (503,074)
Items not involving cash:		
Amortization	722	401
Stock-based compensation	20,275	429,780
Changes in non-cash working capital accounts:		
Accounts receivable	10,736	(34,126)
Accounts payable	(122,473)	121,662
Prepaid expenses	(11,548)	(2,194)
	(461,105)	12,449
Investing activities:		
Mineral property expenditures	(1,227,255)	(742,482)
Equipment purchased	-	(4,012)
	(1,227,255)	(746,494)
Financing activities:		
Seed capital	-	395,002
Initial public offering shares	-	2,200,000
Private placement shares issued	1,190,000	-
Warrants exercised	261,132	-
Share issuance cash costs	(31,298)	(317,788)
	1,419,834	2,277,214
Net increase (decrease) in cash	(268,526)	1,543,169
Cash, beginning of period	1,543,169	-
Cash, end of period	\$ 1,274,643	\$ 1,543,169

## Supplemental Disclosure of Non-Cash Financing Activities:

Shares issued for finders' fee	\$ 97,354	\$ -
Accounts payable related to mineral properties	\$ 67,241	\$ -
Shares issued for mineral property	\$ 350,000	\$ -

See accompanying notes to financial statements.

**CONSTANTINE METAL RESOURCES LTD.**

## Schedule of Deferred Mineral Property Costs

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

	Expenditures – inception to October 31, 2006	Fiscal 2007 Expenditures	Balance, October 31, 2007
<b>Palmer Property, Alaska, USA (Note 4a)</b>			
Acquisition cost	<u>\$ 878,712</u>	<u>\$ -</u>	<u>\$ 878,712</u>
Exploration expenditures:			
Advance royalty payments	24,155	47,784	71,939
Assaying and testing	6,385	16,309	22,694
Field transportation	242,641	356,508	599,149
Drilling	231,307	374,347	605,654
Property filing and maintenance fees	49,275	46,707	95,982
Field support and other	201,397	209,768	411,165
Technical consulting	-	138,682	138,682
Travel	<u>-</u>	<u>15,673</u>	<u>15,673</u>
	<u>755,160</u>	<u>1,205,778</u>	<u>1,960,938</u>
	<u>1,633,872</u>	<u>1,205,778</u>	<u>2,839,650</u>
<b>Munro-Croesus Property, Ontario, Canada (Note 4b)</b>			
Acquisition costs	-	427,091	427,091
Technical consulting	<u>-</u>	<u>11,627</u>	<u>11,627</u>
	<u>-</u>	<u>438,718</u>	<u>438,718</u>
<b>Total Mineral Property Costs</b>	<u>\$ 1,633,872</u>	<u>\$ 1,644,496</u>	<u>\$ 3,278,368</u>

See accompanying notes to financial statements.

## **CONSTANTINE METAL RESOURCES LTD.**

Notes to Consolidated Financial Statements

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

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### **1. Nature of Operations**

The Company was incorporated under the Business Corporations Act (British Columbia) on March 3, 2006, by its initial sole shareholder, Toquima Minerals Corporation ("Toquima"), and as a preliminary step in a Plan of Arrangement pursuant to an agreement dated March 23, 2006 among the Company, Toquima and Carlin Gold Corporation ("Carlin"). The Company was listed on the TSX Venture Exchange in August, 2006 following completion of an IPO which raised gross proceeds of \$2.2 million. Further details relating to the Company's inception are available in the 2006 annual financial statements and in the respective public filings of Toquima and the Company.

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.

### **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) 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 taxes**

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.

## **CONSTANTINE METAL RESOURCES LTD.**

Notes to Consolidated Financial Statements

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

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

#### **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.

#### **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.

## **CONSTANTINE METAL RESOURCES LTD.**

Notes to Consolidated Financial Statements

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

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

#### **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.

#### **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 for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written-off.

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 subsequently be recognized to reduce this liability, with this amount recorded in current operations.

## **CONSTANTINE METAL RESOURCES LTD.**

Notes to Consolidated Financial Statements

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

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

#### **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.

### **3. Fair Value of Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

The Company also follows recent Canadian accounting guidance in connection with the recognition and measurement of certain financial instruments where fair value reporting is required where such values differ from initial costs. However, the Company currently has no financial instruments to which this standard applies and therefore it has no impact on these financial statements.

### **4. Mineral Properties**

#### **a) Acquisition of Toquima North and the Palmer Property**

On April 13, 2006 the Company acquired from Toquima 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 to Toquima by Toquima North. As the Company and Toquima North were at the time under common control, the acquisition was recorded based on the carrying cost of Toquima's investment in Toquima North of \$878,712. Under the purchase method of accounting, 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 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 2006. The lease is subject to a 2.5% net smelter returns ("NSR") royalty, of which the Company may purchase 0.5% of the NSR for US \$3,000,000 before the tenth anniversary date of December 31, 2007 (this buy-back option expired unexercised subsequent to year end). 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.

## CONSTANTINE METAL RESOURCES LTD.

Notes to Consolidated Financial Statements

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

### 4. Mineral Properties *(continued)*

#### 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 have been reserved for issuance to the vendor subject to confirmation of certain environmental conditions in the agreement. The vendor retains a 2% NSR production royalty of which 0.5% can be purchased by the Company for \$1,000,000, with a right of first refusal on the remaining 1.5% NSR production royalty.

### 5. Share Capital

#### a) Details of share capital are as follows:

	Shares	Amount	Contributed Surplus
Authorized:			
Unlimited common shares without par value			
Issued and fully paid:			
Issued at incorporation	1	\$ 1	\$ -
Issued on the acquisition of the outstanding share capital of Toquima North	5,540,912	878,711	-
Shares issued by private placement	3,500,000	395,000	-
Initial public offering	5,500,000	1,782,516	-
Issued to Agent as part of commission on IPO	199,240	79,696	-
Issued to Agent on completion of IPO	50,000	20,000	-
Broker warrants issued, at fair value	-	(110,715)	110,715
Stock option compensation expense	-	-	429,780
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)	-
Finders' shares issued	278,155	97,354	-
Finders' warrants issued, at fair value	-	-	126,502
Stock option compensation expense	-	-	20,275
Warrants exercised, at \$0.35 per share	25,000	8,750	-
Warrants exercised, at \$0.40 per share	259,280	155,905	(52,193)
Warrants exercised, at \$0.50 per share	297,340	179,694	(31,024)
Shares issued for mineral property acquisition	500,000	350,000	-
Balance – October 31, 2007	19,549,928	\$ 4,771,758	\$ 604,055

## CONSTANTINE METAL RESOURCES LTD.

Notes to Consolidated Financial Statements

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

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### 5. Share Capital (Continued)

The Company completed its IPO of 5,500,000 units at a price of \$0.40 per unit to raise proceeds of \$2,200,000 before issue costs. Issue costs include a commission equal to 8% of the gross proceeds raised, which was paid \$96,304 in cash and \$79,696 in units (199,240). The Agent also received a corporate finance fee of \$20,000, 50,000 units and compensation options equal to 10% of the number of units sold under the offering, each such option entitling the Agent to purchase one additional common share for a two year period at a price of \$0.40 in the first year and \$0.50 thereafter. All units are comprised of a common share and one-half of a share purchase warrant, with each whole warrant exercisable to acquire an additional share at a price of \$0.60 for a period of two years.

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, 2007, the following share purchase warrants were outstanding:

Number	Price per Share	Expiry Date
1,475,000	\$0.35	July 31, 2008
2,868,000	\$0.50	July 31, 2008
2,124,077	\$0.40	July 9, 2009
6,467,077		

#### c) Escrow Shares

As at October 31, 2007, 4,284,502 issued common shares were held in escrow and 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.

On July 15, 2007 the Company granted 200,000 options an exercise price of \$0.50 per share, expiring July 15, 2010. The options will vest as to 25% on October 15, 2007 and 25% every 3 months thereafter until fully vested.

**CONSTANTINE METAL RESOURCES LTD.**

Notes to Consolidated Financial Statements

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

5. **Share Capital** (Continued)

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

	2006		2007	
	Number of shares	Weighted Average Exercise price	Number of shares	Weighted Average Exercise price
Balance, beginning of year	-	\$ -	1,450,000	\$ 0.40
Granted	1,450,000	0.40	200,000	0.41
Cancelled/ expired	-	-	-	-
Exercised	-	-	-	-
Balance, end of year	1,450,000	\$ 0.40	1,650,000	\$ 0.41
Weighted average fair value of options granted during 2006			\$ 0.25	
Weighted average fair value of options granted during 2007			\$ 0.41	
Weighted average remaining life of options outstanding, October 31, 2007			3.43 years	

The following assumptions were used for the Black-Scholes valuation for the options granted during the year ended October 31, 2006.

Risk-free interest rate	4.16%
Expected life of options in days	1,825
Annualized volatility	98%
Dividend rate	0.00

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 Company recorded \$20,275 of stock compensation expense in connection with stock options issued and vested during the year.

## CONSTANTINE METAL RESOURCES LTD.

Notes to Consolidated Financial Statements

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

### 6. Related Party Transactions

The following represents the details of amounts paid or accrued to related parties during the periods ended October 31, 2007 and 2006:

	2007	2006
Management and consulting fees paid to a private company owned by a director	\$ 28,255	\$ 17,000
Management fees and consulting fees paid to an officer	\$ 69,025	\$ -
Accounting and administration fees paid or accrued to a private company 50% owned by an officer of the Company	\$ 36,000	\$ 13,700

As at October 31 2007, accounts payable includes \$58,575 payable to a related party. This amount was incurred in the ordinary course of business, is non-interest bearing, unsecured and due on demand.

### 7. Income Taxes

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

	2007	2006
Net loss for the year	\$ (358,817)	\$ (503,074)
Expected income tax (recovery)	\$ (122,357)	\$ (173,510)
Net adjustment for amortization and other non-deductible amounts	(30,080)	119,571
Valuation allowance	152,437	53,939
Total income taxes	\$ -	\$ -

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

	2007	2006
Future income tax assets (liabilities):		
Net mineral property carrying amounts in excess of tax pools	\$ (83,000)	\$ (20,000)
Loss carryforwards	307,000	193,000
	224,000	173,000
Valuation allowance	(224,000)	(173,000)
Net future tax assets	\$ -	\$ -

The Company also has non-capital losses of approximately \$603,000 (2006: \$156,000), which will be available to reduce future taxable income in Canada and which will expire in 2027.

## CONSTANTINE METAL RESOURCES LTD.

Notes to Consolidated Financial Statements

For the year ended October 31, 2007 and the period from inception on March 3, 2006 to October 31, 2006

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### 8. Commitments

During the year, the Company signed 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, exclusive of operating costs, are as follows:

	Amount
2008	\$ 33,942
2009	34,073
2010	32,108
2011	19,008
2012	19,008
	<hr/>
	\$ 138,139

During the current year, the Company subleased part of its leased office space for an aggregate amount of \$45,588 to October, 2010.

### 9. Subsequent Events

- a) On December 20, 2007, the Company completed a flow-through private placement of 1,100,000 common shares at a price of \$0.50 per share for gross proceeds of \$550,000. The shares are subject to a four-month plus one-day hold period.
- b) Subsequent to the year-end, 200,000 stock options exercisable at a price of \$0.50 per share were cancelled.
- c) Subject to regulatory consent, the Company entered into an option agreement to acquire a 100% interest in 65 mineral claims located near Timmins, Ontario, in consideration for aggregate cash payments of \$75,000 and the issuance of 100,000 common shares over three years. The property will be subject to a 2.5% NSR royalty of which 1.0% may be purchased by Constantine at any time, and the Company will also retain a right of first refusal on the remaining portion of the royalty.

# CONSTANTINE METAL RESOURCES LTD.

**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the year ended October 31, 2007**

**FORM 51-102F1**

**February 1, 2008**

This MD&A should be read in conjunction with the interim consolidated financial statements and notes for the year ended October 31, 2007, and includes information up to February 1, 2008. It is further assumed that the reader has access to the Company's audited consolidated financial statements for the year ended October 31, 2007.

## **Company Overview**

Constantine Metal Resources Ltd. (the "Company", "Constantine") is an exploration stage company engaged in the exploration and development of a polymetallic massive sulphide exploration property in Alaska known as the Palmer Property, its principal project.

The 2007 Palmer drilling program started in late July and ended in early October 2007 for a total of 7,593 feet (2,314 m) in 7 drill holes.

In 2007 the Company acquired a mineral property in Ontario known as the Munro-Croesus property, which includes the historic Croesus gold mine. Subsequent to the year-end, Constantine signed a letter agreement to acquire an additional 65 claim gold property very close to the Munro-Croesus property, called the Four Corners property.

In 2007 the Company completed a \$1.19 million private placement, and in December 2007 it completed a \$550,000 flow-through financing which will be used for exploration on its Ontario properties.

In the year ended October 31, 2007, the Company spent \$1,205,778 on exploration of the Palmer project in Alaska and \$438,718 acquiring the Munro-Croesus property in Ontario. The Company incurred a loss of \$358,817 (2006-\$503,074) for the year.

The Company's cash position at October 31, 2007 was \$1,274,643 (2006-\$1,543,169), which is projected to be sufficient to meet the Company's project and corporate obligations for the next year. Constantine's working capital position at October 31, 2007 was \$1,232,665 (2006-\$1,445,147).

## **Palmer Project - Alaska**

The Company's principal asset is the Palmer base metal 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 property is 100% controlled by way of a mineral lease agreement with the owner, with advance royalties applied to a 2.5% Net Smelter Return (NSR) royalty, which is subject to certain optional buyout provisions. The Palmer project consists of a 340 federal claim property 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.

Notable prospect areas include Glacier Creek (RW Zone and Main Zone horizons), Mount Henry Clay, Cap, Nunatak, and the Hanging Glacier (HG). Previous exploration, including several diamond drill programs, indicate similarities in mineralization style, alteration, age, and tectonic setting to the world-class Greens Creek and Windy Craggy deposits, which occur in the same belt of Triassic-age rocks in Southeast Alaska and Northwest British Columbia.

## Exploration Highlights

The Company started its 2007 Palmer drill program in the latter part of July, later than expected due to the lack of availability of drill crews. Two major drill intersections of copper-zinc-barium (chalcopyrite-

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sphalerite-barite) massive sulphide located 430 m apart (holes CMR07-07 and 09; details below) were intersected on Mt. Morlan in the Glacier Creek prospect area late in the 2007 drill season. The Glacier Creek prospect area contains at least two stacked massive sulphide-barite horizons exposed at the 1450 m elevation on the west (Little Jarvis valley) and between the 1200 and 1450 m elevations on the south (Glacier Creek) flanks of 1750 m Mt. Morlan. The stratigraphically higher RW horizon consists of two sulphide lenses that merge beyond the lateral extent of an intervening rhyolite body and are interpreted to extend through the mountain from the Little Jarvis showing on the west flank (historical drill intersection 15.1 ft [4.6 m] of 13.0% Zn, 7.0% Cu, 0.02 oz/ton Au, and 7.0 oz/ton Ag) to the Upper Main Showing (20.0 ft [6.10 m] chip sample grading 8.0% Zn, 1.4% Cu, 1.3% Pb, 9.5 oz/ton Ag, 0.03 oz/ton Au) on the south flank. The new discovery drill hole CMR07-07, located approximately 656 ft. (200 m) down-dip (north) of the surface oxidized Upper Main Zone showing and near the present eastern limit of drilling in the RW zone, intersected 45.9 (14.0 m) of 3.79% copper, 7.24% zinc, 0.37 g/t gold, 47 g/t silver comprising an upper zinc zone; 14.3 ft (4.4 m) (13.60% zinc, 0.65% copper, 0.15 g/t gold, 18 g/t silver) and a lower copper zone; 31.6 ft (9.6 m) (5.22% copper, 4.36% zinc, 0.47 g/t gold, 60 g/t silver). This unleached hypogene (primary) mineralization convincingly demonstrates a transition away from the supergene oxidized baritic mineralization intersected in 4 drill holes closer to the mountainside.

The RW and Main Zone horizons established on the north fold limb are folded across the axis of a large-scale, south-verging, thrust faulted asymmetric anticline exposed in gossanous outcrops on the south face of Mt. Morlan. A new massive sulphide discovery in the steeply overturned south limb (the 'Southwall') in drill hole CMR07-09 consists of 79.5 ft (24.0 m) assaying 6.46% zinc, 1.19% copper, 0.45% lead, 0.67 g/t gold and 49.8 g/t silver and a deeper 11.2 ft (3.4 m) zone of zinc-chert-barite mineralization assaying 11.17% zinc, 0.18% copper, and 18.3 g/t silver. The mineralization is stratigraphically underlain to the north by an extensive stockwork zone that was intersected for some 1000 ft (300 m) in steeply dipping drill holes collared north of CMR07-09. Related soil geochemical anomalies and geological mapping corroborate the interpretation from the drill data and suggest that mineralization in the Southwall may extend from the 1300 m elevation to below the 600 m elevation.

Other significant assay results to report from the Glacier Creek area of the Palmer project drilling include:

Footwall mineralization to the high grade section in CMR07-07 assayed 0.42% zinc and 0.4% copper over 108.9 ft (33.2 m) from 543.1 to 652 ft. Higher grade intervals include 2.3% copper over 8 ft (2.4 m) and 1.95% zinc; 0.2% copper over 14.5 ft (4.4 m).

CMR07-08, located 160 feet (50 m) south of CMR07-07 and closer to the surface oxidized Upper Main showing (RW zone), intersected a 98 ft (29.9 m) thick, base metal, leached oxide zone that assayed 0.42 g/t gold, 44.5 g/t silver, 0.47% zinc, 0.54% lead and 0.14% copper. A precious metal rich interval from 506 ft to 518 ft averaged 1.14 g/t gold, 137.3 g/t silver, 1.8% zinc, 2.15% lead and 0.19% copper over the 12 ft (3.66 m) core length. The significance of the oxidized zone is that it demonstrates a major thickness for the mineralized zone in the upright limb and potential extension on the steep Southwall limb.

CMR07-10, drilled from the same location as CMR07-09 at a steeper angle, intersected an extensive zone of footwall alteration over a core length of 1013 ft (308 m) with up to 30% disseminated and stringer pyrite and pyrrhotite that contained locally anomalous base metals (assays up to 0.45% copper and 1.88% zinc over 5.0 ft [1.52 m]). The importance of this extensive alteration is that it is a favourable indicator that the high grade massive sulphide intersected in CMR07-09 may extend to depth.

Significant assay results obtained for the Glacier Creek prospect in the 2007 drill program are summarized in the table below:

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Hole	From (ft)	To (ft)	Inter-val (ft)	Zinc (%)	Lead (%)	Copper (%)	Silver (g/t)	Gold (g/t)	Comment
CMR07-06	no significant results- no core recovered through zone								
CMR07-07	497.2	543.1	45.9	7.24	0.21	3.79	47	0.374	RW
includes	497.2	511.5	14.3	13.60	0.35	0.65	17.8	0.153	sulphide zinc zone
includes	511.5	543.1	31.6	4.36	0.15	5.22	60.3	0.474	copper zone
CMR07-07	543.1	652.0	108.9	0.42	0.01	0.40	2.7	0.042	footwall
includes	592.0	600.0	8.0	0.06	0.01	2.34	7.7	0.077	footwall
includes	629.0	643.5	14.5	1.95	0.01	0.20	3.2	0.042	footwall
CMR07-08	506.0	604.0	98.0	0.47	0.54	0.14	44.5	0.419	RW oxide
includes	506.0	538.0	32.0	1.01	0.99	0.14	82.9	0.632	oxidized zone
includes	506.0	518.0	12.0	1.80	2.15	0.19	137.3	1.143	Au-Ag rich oxide
CMR07-09	502.1	581.6	79.5	6.46	0.45	1.19	49.8	0.673	SouthWall (SW)
includes	502.1	561.0	58.9	7.76	0.62	1.03	67.5	0.939	"massive
includes	561.0	581.6	20.6	4.81	0.30	1.62	26.9	0.218	sulphide"
CMR09-09	787.0	798.2	11.2	11.17	0.03	0.16	18.3	0.080	SW Zone 2
CMR07-10	locally anomalous base metals in sulphide stockwork								

*Reported core length intervals in CMR07-07 and CMR07-08 are interpreted to be 90% true thickness. Core recoveries for the oxide zone in CMR07-08 vary from 56 to 79%. Reported core lengths in CMR07-09 are interpreted to be 80-90% true thickness. Core recoveries in CMR07-09 in the interval from 502.1 to 581.6 are approximately 85%.*

### Other targets

The Cap prospect target, located about 1.67 miles (2.7 kilometres) west of the Glacier Creek prospect and on a separate mineral corridor was tested by two holes CMR07-04 and CMR07-05. Both holes intersected long core intervals of altered pyritic rocks over intervals of 730 ft (222 m) in CMR07-04 and 300 ft (90 m) in CMR07-05, however the significant results to report are from hole CMR07-04. A 25.5 ft (7.5 m) interval assayed 43 g/t silver, 0.29 g/t gold, 1.2% zinc and 0.60% lead. The interval includes a 6.3 ft (1.92 m) section of semi-massive sulphide which assayed 3.75% zinc, 1.91% lead, 0.18% copper, 92.1 g/t silver and 0.47 g/t gold. This is the first indication of significant base metals at the Cap target.

The complex structures revealed in the massive sulphide deposits within Mt. Morlan at the Glacier Creek prospect are providing insight for the exploration of the numerous other stratiform baritic sulphide showings and undiscovered sources of massive sulphide boulders on the property. For example, no source has been found for an extensive field of sulphide-barite boulders (one multi-tonne barite-sphalerite boulder assayed 33% Zn; USBM –Still, 1984) discovered by Merrill Palmer in 1983 below a stranded ice field near Mt. Henry Clay 3 km west of Mt. Morlan. However new structural interpretations resulting from the recent drilling at the Glacier Creek and Cap prospects and field mapping in the glacial terrain are suggesting new targets. Also, newly discovered massive sulphide boulders found in the 2007 season in terminal moraines north of Mt. Morlan may indicate extensions of the RW horizon to the north below glacier ice levels.

Constantine staked 27 state claims in the area of the Palmer property in late September 2007, at nominal staking costs. The claims were recorded on October 30, 2007 and required some additional amendments to the filings which were recorded in December 2007.

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## **Munro-Croesus Gold Project – Ontario**

In October 2007 the Company completed the acquisition of a 100% interest in the high grade Munro-Croesus Gold property, including the former Croesus Gold mine, consisting of 22 patented mining claims and leases (416 hectares), located 90 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.

Constantine paid \$40,000 in cash and issued 500,000 Constantine shares for the acquisition. A further 250,000 shares are reserved for issuance to the vendor subject to confirmation of certain environmental conditions in the agreement. The vendor retains a 2% NSR production royalty of which 0.5% can be purchased by Constantine for C\$1,000,000 with a right of first refusal on the remaining 1.5% NSR production royalty.

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 (203,771 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 (387,727 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 consists of 3 claim blocks and one isolated claim that lie along and between 2 major fault zones that are probably splays of the main Porcupine-Destor Fault that forms part of the PDDZ. 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 (> 63 million ounces of gold) in Archean age greenstone belts. The PDDZ extends for more than 200 kilometres to the east and is an important structural control for many other gold deposits. 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 Company is making good progress compiling historical results in preparation for a late February startup for a 2000 meter drill program. The focus of the initial program is to test for the faulted extension of the spectacular high-grade Croesus ore.

The Munro-Croesus acquisition was not a related party transaction as defined by the CICA Handbook, however one of the Company's directors holds a minor interest in the voting and non-voting shares of Munro-Croesus. The director declared his interest and abstained from voting with respect to this acquisition.

## **Four Corners Property - Ontario**

In January 2008 Constantine signed a letter agreement to acquire an outright 100% interest in the 65 claim Four Corners property located 80 kilometres east of Timmins, Ontario. The property lies 1.2 kilometres east of the Croesus Gold mine 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

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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. The Timmins-Porcupine gold camp 80 kilometres to the west, situated on the north side of the PDDZ in the Abitibi greenstone belt is the world's largest lode gold camp (> 64 million ounces of gold) in Archean age greenstone belts.

Historical records indicate that a total of 29 holes have been drilled on the Four Corners property for an estimated total of 5714 m. 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 m core length in a 1986 Canamax drill hole. In 2003-04, 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 order to acquire a 100% interest in the project, Constantine must make payments totaling \$75,000 (\$5,000 on signing the Letter Agreement) and issue 100,000 shares over a 3 year period commencing on or before February 15th, 2008. The Vendors will retain a 2.5% NSR royalty of which 1.0 % can be purchased by Constantine at any time for \$500,000 with a right of first refusal on the remaining 1.5% NSR royalty. The acquisition is subject to regulatory approval.

Constantine Metal Resources Ltd. drilled one hole (298m) on the property in December 2007, as of the evaluation phase of the letter agreement and to meet pending assessment requirements on the claims. The best result received from 40 samples submitted was 1.1 g/t Au over 1.0 metre.

### Selected Annual Information

Selected annual information from the audited financial statements for the fiscal year ended October 31, 2007 and for the period from inception to October 31, 2006:

	October 31 2007	March 3 to October 31 2006
Loss for the year	\$ (358,817)	\$ (503,074)
Basic and diluted loss per share	0.02	0.03
Total assets	4,593,032	3,216,972
Total liabilities	79,110	134,342
Total shareholders' equity	\$ 4,513,922	\$ 3,082,630

### Results of Fiscal Year 2007 Operations

In June 2007 Constantine began mobilization for the summer drilling season of the Palmer property in Alaska, and began drilling in July 2007. The Company drilled one hole on the Four Corners property in December 2007 as part of the evaluation phase of the Letter Agreement and to meet pending assessment requirements on the claims.

Constantine incurred costs of \$1,205,778 in regard to the Palmer property, including \$47,784 on advance royalty payments, during the year.

The 2007 year was the Company's first full fiscal year of operation. The Company's net loss before other (foreign exchange) expenses in 2007 was \$178,963 (2006- \$503,074).

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Due to a significant decline in the U.S. dollar during the second fiscal quarter, the Company incurred an unrealized loss on foreign exchange of \$179,854 as a result of Canadian dollar conversion to \$1,035,000 U.S. dollars in February 2007 and other U.S. dollar fluctuations through the year. The funds were later spent on the 2007 drilling program in Alaska.

In 2007 the Company incurred non-cash stock compensation expense of \$20,275, compared to \$429,780 in 2006. The reason for this fluctuation is that 1,425,000 stock options were issued in 2006, compared to 200,000 options issued in 2007.

General and administrative costs increased to \$67,937 in 2007 compared to \$14,650 in 2006. This was due to the fact that the Company was in existence and operation for only the latter half of the year in 2006.

The Company entered into an investor relations agreement in July 2007 at a cost of \$8,000 per month. This agreement was terminated at the end of December 2007. The 200,000 options issued in connection with this agreement were also cancelled at the time of termination.

In July, 2007 the Company completed a \$1,190,000 non-brokered private placement. The 3,400,000 unit financing was priced at \$0.35 per unit, with each unit consisting of one share and one-half of one warrant. Each whole warrant is exercisable at \$0.40 for a period of two years from the date of closing.

The Company earned \$53,131 in interest income during the year from a bank investment deposits. The Company does not have any cash investments in asset-backed deposits. All of its cash investments consist of short term investments in bank deposit notes at major Canadian banks.

### Summary of Quarterly Results

During the fourth quarter Constantine completed its summer drilling program at the Palmer property and incurred the following mineral property expenditures:

Advance royalties	\$ 11,158
Assaying and testing	13,257
Drilling	361,894
Field Support	<u>729,973</u>
Total	\$1,116,552

The Company incurred expenses of \$148,846 in the fourth quarter. Of this amount, \$66,895 consisted of unrealized foreign exchange loss due to fluctuations in the U.S. dollar, and \$20,275 consisted of non-cash stock compensation expense regarding the issuance of 200,000 stock options.

Interest income of \$16,514 (2006- \$14,625) was earned during the fourth quarter. The Company earned slightly more interest income than the previous year's corresponding period due to higher interest rates, even though it had less cash on hand.

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The following is a summary of certain consolidated financial information of the Company since its inception (ie. the last six quarters):

Quarter ended	Total Revenues	Income (Loss)	Income (Loss) per share
October 31, 2007	\$ 16,514	\$(148,846)	\$ (0.01)
July 31, 2007	\$ 23,978	\$ (63,447)	\$ (0.01)
April 30, 2007	\$ 3,544	\$(139,888)	\$ (0.01)
January 31, 2007	\$ 9,096	\$ (6,636)	\$ (0.01)
October 31, 2006	\$ 14,625	\$(124,515)	\$ (0.01)
July 31, 2006	\$ Nil	\$(378,559)	\$ (0.01)

### Liquidity and Capital Resources

The Company's total cash position at October 31, 2007 was \$1,274,643 (2006-\$1,543,169), sufficient to meet its project and corporate obligations for the ensuing year. The Company's working capital position at October 31, 2007 was \$1,232,665 (2007-\$1,445,147).

The Company has no material commitments for capital expenditures at this time, except for drilling contracts related to this year's upcoming exploration program. Holding costs for the Palmer project are estimated at approximately \$100,000 for the next year. The \$1,190,000 private placement financing completed on July 6, 2007, resulted in a net amount of \$1,166,973 cash to Constantine. The Company paid finders' fees in shares and warrants, consisting of 278,155 private placement units valued at \$97,354, and ascribed \$126,502 for the fair value costs of warrants issued with respect to finders fees and brokers warrants.

In December 2007 Constantine completed a \$550,000 flow-through private placement at \$0.50 per share for expenditure on its newly acquired Ontario properties.

### Off-Balance Sheet Arrangements

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

### Outstanding Share Data

There are 20,649,928 shares of the Company outstanding as of the date of this report.

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

		Price per Share	Expiry Date
Warrants	1,475,000	\$0.35	July 31, 2008
Warrants	2,868,000	\$0.50	July 31, 2008
Warrants	2,124,077	\$0.40	July 6, 2009
Stock options	1,425,000	\$0.40	May 11, 2011
	7,892,077		

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### Related Party Transactions

A director and two officers of the Company provided specific services to the Company during the year as follows:

Management fees and consulting fees paid to a company owned by a director	\$	28,225
Management fees and consulting fees paid to an officer		69,025
Accounting and administration fees paid or accrued to a company 50% owned by an officer of the Company		36,000
	\$	<u>133,250</u>

### Critical Accounting Estimates

The most significant accounting estimate for the Company relates to the carrying value of its mineral property assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment of value.

Management's estimates of mineral prices, recoverable proven and probable reserves, and operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties.

### Financial Instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of these instruments.

### 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 or 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.

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### *Industry*

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

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

### *Metal Prices*

The principal activity of the Company is the exploration and development of precious metal 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 all located in Alaska. While the political climate in Alaska 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. 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](http://www.sedar.com) and on its website at [www.constantinemetals.com](http://www.constantinemetals.com).