

Consolidated Financial Statements of

## **CONSTANTINE METAL RESOURCES LTD.**

For the 3 month period ended January 31, 2009

### NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

**CONSTANTINE METAL RESOURCES LTD.**  
Consolidated Balance Sheet  
Interim Unaudited – Prepared by Management  
As at January 31, 2009 and 2008

	<b>January 31</b>	October 31
	<b>2009</b>	2008
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 488,419	\$ 588,487
Accounts receivable	60,161	87,753
Prepaid expenses	15,700	18,700
	<b>564,280</b>	694,940
Equipment	2,187	2,327
Mineral properties (Schedule, Note 4)	6,604,656	6,302,814
	<b>\$ 7,171,123</b>	<b>\$ 7,000,081</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 48,217	\$ 76,532
Due to related parties	17,106	4,060
	<b>65,323</b>	80,592
<b>Shareholders' equity</b>		
Share capital (Note 5a)	7,769,277	7,477,242
Contributed surplus	904,652	785,122
Deficit	(1,568,129)	(1,342,875)
	<b>7,105,800</b>	6,919,489
	<b>\$ 7,171,123</b>	<b>\$ 7,000,081</b>

See accompanying notes to financial statements.

**CONSTANTINE METAL RESOURCES LTD.**  
Consolidated Statement of Operations and Deficit  
Interim Unaudited – Prepared by Management  
For the 3 months ended January 31, 2009 and 2008

	January 31 2009	January 31 2008
Interest income	\$ 226	\$ 14,659
Expenses:		
Amortization	140	140
General and administrative	38,656	26,095
Insurance	3,000	7,000
Investor relations	4,450	16,000
Legal	-	9,538
Management fees	3,000	23,250
Min. prop. Investigation	-	1,375
Professional fees – audit	3,000	-
Payroll expenses	33,796	11,796
Rent	4,291	9,185
Shareholder communication	-	8,220
Stock based compensation	119,530	-
Travel	15,617	13,093
	<b>225,480</b>	<b>125,692</b>
Loss before Other Income (expenses)	\$ (225,254)	\$ (111,033)
Foreign exchange gain (loss)	-	30,098
Loss for the period	<b>(225,254)</b>	<b>(80,935)</b>
Deficit, beginning of period	<b>(1,342,875)</b>	<b>(861,891)</b>
Deficit, end of period	<b>\$ (1,568,129)</b>	<b>\$ (942,826)</b>
Loss per share	<b>\$ (0.02)</b>	<b>(0.01)</b>
Weighted average number of common shares outstanding	<b>34,696,555</b>	<b>20,052,102</b>

See accompanying notes to financial statements.

**CONSTANTINE METAL RESOURCES LTD.**  
Consolidated Statement of Cash Flows  
Interim Unaudited – Prepared by Management  
For the 3 months ended January 31, 2009 and 2008

	<b>January 31 2009</b>	January 31 2008
Cash provided by (used in):		
Operations:		
Loss for the period	\$ (225,254)	\$ (80,935)
Amortization	140	140
Stock-based compensation	119,530	-
Changes in non-cash working capital accounts:		
Accounts receivable	27,592	(9,497)
Accounts payable	(15,269)	(18,182)
Prepaid expenses	3,000	(2,078)
	<b>(90,261)</b>	<b>(110,552)</b>
Investing activities:		
Mineral property expenditures (Note 4)	(301,842)	(144,209)
	<b>(392,103)</b>	<b>(254,761)</b>
Financing activities:		
Private placement shares issued (Note 5a)	300,000	550,000
Less: share issuance costs	(7,965)	(11,469)
	<b>292,035</b>	<b>538,531</b>
Increase (decrease) in cash	\$ (100,068)	\$ 283,770
Cash, beginning of period	588,487	1,274,643
Cash, end of period	\$ 488,419	\$ 1,558,413

Supplemental Disclosure of Non-Cash Financing Activity:

Value of shares issued for mineral property	\$ -	\$ 350,000
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

See accompanying notes to financial statements.

**CONSTANTINE METAL RESOURCES LTD.**  
Schedule of Deferred Mineral Property Costs  
Interim Unaudited – Prepared by Management  
For the 3 months ended January 31, 2009 and 2008

	Balance, October 31 2008	Fiscal 2009 Expenditures	Balance, January 31 2009
<b>Palmer Property, Alaska, USA (Note 4a)</b>			
Acquisition costs	\$ 878,712	\$ -	\$ 878,712
Advance royalty payments	114,166	12,218	126,384
Assaying and testing	91,563	10,932	102,495
Field transportation	1,249,857	(1,454)	1,248,403
Geophysics	39,012	4,523	43,535
Drilling	1,583,615	-	1,583,615
Property filing and maintenance fees	140,296	3,006	143,302
Geology and field support	972,839	28,301	1,001,140
Technical consulting	257,373	27,060	284,433
Travel	51,983	883	52,866
	<u>\$ 5,379,416</u>	<u>\$ 85,470</u>	<u>\$ 5,464,886</u>
<b>Munro-Croesus Property, Ontario, Canada (Note 4b)</b>			
Acquisition costs	428,915	-	428,915
Assaying and testing	11,880	-	11,880
Drilling	309,382	25,000	334,382
Field transportation	4,926	-	4,926
Geophysics	1,800	91,046	92,846
Travel	9,413	3,200	12,613
Geology and field	36,232	37,841	74,073
Technical consulting	53,750	13,255	67,005
	<u>\$ 856,298</u>	<u>\$ 170,342</u>	<u>\$ 1,026,640</u>
<b>Four Corners Property, Ontario, Canada (Note 4c)</b>			
Acquisition costs	24,581	-	24,581
Drilling	34,235	-	34,235
Geophysics	-	46,030	46,030
Travel	252	-	252
Technical consulting	7,682	-	7,682
Geology and field support	350	-	350
	<u>\$ 67,100</u>	<u>\$ 46,030</u>	<u>\$ 113,130</u>
<b>Total Mineral Property Costs</b>	<u>\$ 6,302,814</u>	<u>\$ 301,842</u>	<u>\$ 6,604,656</u>

See accompanying notes to financial statements.

## **CONSTANTINE METAL RESOURCES LTD.**

Notes to Consolidated Financial Statements  
Interim Unaudited – Prepared by Management  
For the 3 months ended January 31, 2009

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### **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 January 31, 2009, the Company has incurred losses since inception and has an accumulated operating deficiency of \$1,565,129. 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 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 (see Note 3).

(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 (see Note 3).

(c) 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;

## **CONSTANTINE METAL RESOURCES LTD.**

Notes to Consolidated Financial Statements  
Interim Unaudited – Prepared by Management  
For the 3 months ended January 31, 2009

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- 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 (see Note 1).

### **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

#### 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 January 31, 2009, 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 return ("NSR") royalty. The Company has a right of first refusal to purchase the NSR or any portion thereof at any time during the term of the lease. The advance royalty payments are deductible from the NSR royalty.

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 deemed 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.

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 end of the period (Note 9)). 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.

**CONSTANTINE METAL RESOURCES LTD.**  
Notes to Consolidated Financial Statements  
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5. **Share Capital**

a) Details of share capital:

	Shares	Amount	Contributed Surplus
Authorized:			
Unlimited common shares without par value			
Issued:			
Balance – October 31, 2008	33,261,772	\$ 7,477,242	\$ 785,122
Shares issued for flow-through private placement, at \$0.20 per share	1,500,000	300,000	-
Private placement share issuance costs	-	(7,965)	-
Stock option compensation	-	-	119,530
Balance – January 31, 2009	34,761,772	\$ 7,769,277	\$ 904,652

On December 18, 2008 the Company completed a flow-through private placement consisting of 1,500,000 shares at \$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 recorded costs of \$7,965 with regard to the private placement.

b) Warrants

As at January 31, 2009, the following share purchase warrants were outstanding:

Number	Price per Share	Expiry Date
2,124,077	\$0.40	July 6, 2009
2,255,544	\$0.65	July 3, 2009
4,379,621		

c) Escrow Shares

As at January 31, 2009, 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.

In January 2009, 1,250,000 share options at an exercise price of \$0.13 per share for 5 years were granted to directors, officers, employees and consultants of the Company.

**CONSTANTINE METAL RESOURCES LTD.**  
Notes to Consolidated Financial Statements  
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For the 3 months ended January 31, 2009

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A summary of the Company's options outstanding as at January 31, 2009 is as follows:

Number	Price per Share	Expiry Date
1,425,000	\$0.40	May 11, 2011
390,000	\$0.57	Feb. 18, 2012
1,250,000	\$0.13	Jan. 12, 2014
3,065,000		

The following assumptions were used for the Black-Scholes option valuation of the 390,000 options granted in January 2009.

Risk-free interest rate	1.72%
Expected life of options in days	1,825
Annualized volatility	108%
Dividend rate	0.00

The Company recorded \$119,530 of stock compensation expense in connection with the stock options issued and vested during the period.

**6. Related Party Transactions**

The following represents the details of related party transactions paid or accrued during the period ended January 31, 2009:

Management and technical fees paid or accrued to companies owned by directors	\$	22,390
Consulting fees and wages paid to officers		53,925
Accounting and administration fees paid or accrued to a company 50% owned by an officer of the Company		15,000
	\$	91,315

As at January 31, 2009, current liabilities included \$17,106 payable to related parties. These amounts were incurred in the ordinary course of business, are non-interest bearing, unsecured and due on demand.

**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.

**CONSTANTINE METAL RESOURCES LTD.**  
Notes to Consolidated Financial Statements  
Interim Unaudited – Prepared by Management  
For the 3 months ended January 31, 2009

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**8. Segmented Information**

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

	January 31 2009
Canada	\$ 1,706,237
United States	5,464,886
Total	\$ 7,171,123

**9. Subsequent Events**

In February 2009 the Company issued 15,000 shares at a deemed price of \$0.48 per share in connection with its Four Corners mineral property agreement.

In February 2009 the Company signed an Exploration Agreement with the Wahgoshig First Nation in Ontario, Canada and issued 15,000 shares at a deemed price of \$0.20 per share in connection with the agreement.

In February 2009 the Company completed a \$175,000 diamond drill program on the Munro Croesus property, utilizing its remaining eligible flowthrough expenditures.

# CONSTANTINE METAL RESOURCES LTD.

## MANAGEMENT DISCUSSION & ANALYSIS For the period ended January 31, 2009

FORM 51-102F1

March 30, 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 period ended January 31, 2009. 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

#### Exploration Highlights

##### Palmer Project, Alaska

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

##### Munro-Croesus Project, Ontario

- Constantine completed a three hole, 843 meter drill program in late February 2009 (results pending) to follow-up on results of the previous 2008 drilling program.
- In March and early April 2008, Constantine carried out a ten hole drill program, 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 expanded the exploration opportunity on this project significantly.
- In December 2008, a 671 kilometer VTEM airborne electromagnetic and magnetometer survey was flown over the Munro Croesus project area, that includes the Munro Croesus property and the Four Corners property.
- In February 2009 Constantine entered into an Exploration Agreement with the Wahgoshig First Nation that established a working relationship and a framework for ongoing communications.

# CONSTANTINE METAL RESOURCES LTD.

## MANAGEMENT DISCUSSION & ANALYSIS For the period ended January 31, 2009

FORM 51-102F1

Constantine's Munro Croesus project lies within the Wahgoshig First Nations traditional territory and just to the west of the community of Wahgoshig.

In the first quarter of 2009 Constantine raised \$300,000 from a flow-through financing. Following up on a productive year of exploration in 2008, the Company completed a winter diamond drill program in late February 2009 at the Munro Croesus project in Ontario. 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. A drilling program was completed in February 2009 on these targets and assay results are now pending. Reports for the VTEM airborne survey that covered the Munro Croesus project area have been received and will be used to assist in evaluating existing and new exploration 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.

# CONSTANTINE METAL RESOURCES LTD.

## MANAGEMENT DISCUSSION & ANALYSIS For the period ended January 31, 2009

FORM 51-102F1

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 metamorphosed 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. The following selected assay results have been reported in the Company's news releases and previous Management Discussion.

*(see next page)*

# CONSTANTINE METAL RESOURCES LTD.

MANAGEMENT DISCUSSION & ANALYSIS  
For the period ended January 31, 2009

FORM 51-102F1

## 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)
<b>CMR08-11</b>	516.0	635.0	119.0	36.30	1.54	0.45	5.45	0.47	28.5
<i>includes</i>	573.8	603.1	29.3	8.90	4.32	0.04	5.22	0.84	36.8
<b>CMR08-13</b>	569.0	606.0	37.0	11.28	3.03	0.01	0.58	0.15	23.6
<b>CMR08-14</b>	580.0	732.2	152.2	46.39	2.78	0.01	3.40	0.19	17.5
<i>Includes</i>	612.4	662.3	49.9	15.21	5.07	0.01	1.79	0.29	20.5
<i>Includes</i>	713.9	732.2	18.3	5.58	1.73	0.01	14.38	0.21	39.8
<b>CMR08-17</b>	1059.0	1149.3	90.3	27.52	2.52	0.15	3.38	0.32	25.5
<i>Includes</i>	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)
<b>CMR08-11</b>	915.0	982.0	67.0	20.40	1.53	0.37	7.62	0.81	100.7
<b>CMR08-18</b>	840.4	851.3	10.9	3.32	2.82	0.03	4.73	0.42	23.5
<b>CMR08-19</b>	656.6	783.0	126.4	38.53	0.64	0.18	6.91	0.21	24.9
<b>CMR08-22</b>	770.0	868.5	98.5	30.02	1.70	0.17	5.11	0.22	32.8
<i>Includes</i>	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](http://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 Alaska State claims that lie adjacent to 27 Alaska State claims previously staked by Constantine for a total of 63 Alaska 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.

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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, completed in 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 that was mined 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 were:

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 0.46 meter 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.

In December 2008, a 671 kilometer VTEM airborne electromagnetic and magnetometer survey was flown over the Munro Croesus project area that includes the Munro Croesus property and the Four Corners property. Reports for the VTEM airborne survey have been received and will be used to assist in evaluating existing and new exploration targets. A three hole, 843 meter drill program targeting the vein zones discovered below the old Croesus mine workings and those discovered in the south fault block in the 2008 drill program was completed in February 2009. Assay results are pending.

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

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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 allocated \$46,030 of the \$137,076 total cost of the VTEM airborne geophysical survey on the Four Corners property in the latest fiscal quarter. The other \$91,046 was allocated to the Munro Croesus property.

### Results of Operations

In the first quarter of the fiscal year Constantine completed a \$137,000 geophysics program on the Ontario mineral properties. In February 2009 the Company issued 15,000 Constantine shares as part of its obligation in option agreement on the Four Corners property.

Constantine conducted its second drill program on the Munro-Croesus project in February 2009, completing a 3 hole, 843 meter drill program. The Company incurred expenditures of approximately \$150,000 on the drill program in February, in addition to the \$25,000 already incurred at January 31, 2009.

Constantine incurred costs of \$85,470 on the Palmer property during the period, most of which related to project expenses carried over from the 2008 drilling season. Overall, exploration costs increased significantly in the first quarter of 2009 over 2008, due to earlier startup of exploration work on the Company's Ontario mineral properties.

Operating expenses increased significantly in 2009 (\$225,254) compared to 2008 (\$111,033), however the largest amount of increase was due to non-cash expense of stock option compensation of \$119,530 (2008-\$nil). This amount was in regard to 1,250,000 incentive stock options granted in January 2009. General and administrative costs were up slightly to \$38,656 (2008-\$26,095) due to the larger scope of the Company's activities, with the addition of the Munro-Croesus and Four Corner properties in Ontario. Quarterly payroll costs of \$31,796 showed an increase over the prior year (2008-\$11,796) as a result of reclassifying one personnel from consultant to salaried employee status.

In January 2009 the Company entered into an investor relations agreement and granted 75,000 stock options (subject to vesting) in connection with the agreement.

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## Summary of Quarterly Results

In the quarter ended January 31, 2009, the Company spent \$301,842 (2008-\$144,209) on royalty payments 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 of \$225,254 (2008-\$80,935) for the period.

The Company's cash position at January 31, 2009 was \$488,419 (2008-\$1,558,413). The Company will require additional financing to complete all of its proposed drilling beyond its normal corporate obligations. Constantine's working capital position at January 31, 2009 was \$498,957 (2008-\$1,546,193).

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-Jan-09	\$ 226	\$ (225,254)	\$ (0.01)
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)

## Liquidity and Capital Resources

The Company's total cash position at January 31, 2009 was \$488,419 (2008-\$1,558,413). The Company's working capital position at January 31, 2009 was \$498,957 (2008-\$1,546,193).

The Company completed a \$300,000 flow-through private placement financing in December 2008 in order to finance the latest drill program on the Munro-Croesus property.

The Company has no material commitments for capital expenditures at this time. For 2009, holding costs for the Palmer project are estimated at approximately \$100,000 and for the Ontario properties at approximately \$25,000.

In December 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.

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.

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### Outstanding Share Data

At January 31, 2009 the Company had 34,761,772 shares outstanding. As at the date of this report, the Company has 34,791,772 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 and technical fees paid or accrued to companies owned by directors	\$	22,390
Consulting fees and wages paid to officers		53,925
Accounting and administration fees paid or accrued to a company 50% owned by an officer of the Company		15,000
	\$	91,315

### 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

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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.

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### *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 January 31, 2009, 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 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.

### *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

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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 and 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. Darwin Green, vice-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).