

Consolidated Financial Statements of

CONSTANTINE METAL RESOURCES LTD.

For the nine months ended July 31, 2007

(Interim Unaudited – Prepared by Management)

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 July 31 2007 and October 31, 2006

	July 31, 2007	October 31, 2006
		(Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,235,527	\$ 1,543,169
Accounts receivable	54,446	34,126
Prepaid expenses	2,812	2,194
	2,292,785	1,579,489
Equipment	3,611	3,611
Mineral properties (Schedule, Note 4)	1,745,091	1,633,872
	\$ 4,041,487	\$ 3,216,972
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,855	\$ 134,342
Shareholders' equity		
Share capital (Note 5a)	4,094,246	3,045,209
Contributed surplus	658,431	540,495
Deficit	(713,045)	(503,074)
	4,039,632	3,082,630
	\$ 4,041,487	\$ 3,216,972

Approved by the Board of Directors:

Garfield MacVeigh
Director

K. Wayne Livingstone
Director

CONSTANTINE METAL RESOURCES LTD.

Consolidated Statement of Operations and Deficit

(Interim Unaudited – Prepared by Management)

For the 3 months and 9 months ended July 31, 2007 and 2006

	Three months ended		Nine months ended *	
	July 31	July 31	July 31	July 31
	2007	2006	2007	2006
Interest income	\$ 23,978	\$ -	\$ 36,617	\$ -
Expenses:				
General and administrative	10,025	247	35,954	247
General exploration	2,803	-	10,413	-
Legal	11,417	7,582	20,767	7,582
Management fees	20,367	4,700	46,896	4,700
Professional fees – audit	-	7,500	(2,210)	7,500
Rent	4,150	-	10,775	-
Shareholder communication	2,503	-	2,503	-
Stock based compensation	-	358,530	-	358,530
Travel	4,793	-	8,532	-
	56,058	378,559	133,630	378,559
Loss before Other Income (expenses)	\$ (32,080)	\$ -	\$ (97,013)	\$ -
Foreign exchange loss	(31,368)	-	(112,959)	-
Loss for the period	\$ (63,447)	(378,559)	\$ (209,971)	(378,559)
Deficit, beginning of period	(649,598)	-	(503,074)	-
Deficit, end of period	\$ (713,045)	\$ (378,559)	\$ (713,045)	\$ (378,559)
Loss per share	\$ (0.01)	\$ (.03)	\$ (0.01)	\$ (.03)
Weighted average number of common shares outstanding	15,128,219	14,790,153	15,128,219	14,790,153

*Note: July 31, 2006 comparative figures start from date of inception March 3, 2006.

See accompanying notes to financial statements.

CONSTANTINE METAL RESOURCES LTD.

Consolidated Statement of Cash Flows

(Interim Unaudited – Prepared by Management)

For the 3 and 9 months ended July 31, 2007 and 2006

	Three months ended		Nine months ended *	
	July 31 2007	July 31 2006	July 31 2007	July 31 2006
Cash provided by (used in):				
Operations:				
Loss for the period	\$ (63,447)	\$ (378,559)	\$ (209,971)	\$ (378,559)
Stock based compensation	-	358,530	-	358,530
Changes in non-cash working capital accounts:	-	-	-	-
Accounts receivable	(28,184)	(40,059)	(20,320)	(40,059)
Accounts payable	(7,145)	7,875	(132,487)	7,875
Prepaid expenses	2,716	-	(618)	-
	\$ (96,060)	\$ (52,213)	\$ (363,396)	\$ (52,213)
Investing activities:				
Mineral property expenditures (Note 4)	(47,328)	(108,796)	(111,219)	(108,796)
Financing activities:				
Seed private placement shares	-	375,000	-	395,000
Initial public offering shares	-	2,200,000	-	2,200,000
Private placement shares issued (Note 5a)	1,190,000	-	1,190,000	-
Less: share issuance costs	(23,027)	(311,360)	(23,027)	(311,360)
Increase (decrease) in cash	\$ 1,023,585	\$ 2,102,631	\$ (692,358)	\$ 2,122,631
Cash, beginning of period	\$ 1,211,942	\$ 20,000	\$ 1,543,169	\$ -
Cash, end of period	\$ 2,235,527	\$ 2,122,631	\$ 2,235,527	\$ 2,122,631

*Note: July 31, 2006 comparative figures start from date of inception March 3, 2006.

CONSTANTINE METAL RESOURCES LTD.

Schedule of Deferred Mineral Property Costs
(Interim Unaudited – Prepared by Management)
For the 9 months ended July 31, 2007

Palmer Property, Alaska, USA (Note 4a)	
Acquisition	\$ 878,712
Exploration	755,160
Balance at October 31, 2006	<u>1,633,872</u>
Expenditures incurred in the period:	
Advance royalty payments	36,625
Assaying and testing	2,782
Field transportation	2,537
Drilling	12,453
Property filing and maintenance fees	423
Other and miscellaneous	34,406
	<u>89,226</u>
	\$ <u>1,723,098</u>
Croesus Property, Ontario, Canada (Note 4b)	
Acquisition	\$ <u>21,993</u>
Balance, July 31, 2007	\$ 1,745,091

See accompanying notes to financial statements.

CONSTANTINE METAL RESOURCES LTD.

Notes to Consolidated Financial Statements
(Interim Unaudited – Prepared by Management)
For the 9 months ended July 31, 2007

1. Nature of Operations

The Company was incorporated under the Business Corporations Act (British Columbia) on March 3, 2006. 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.

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 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) 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.

d) 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.

e) 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.

f) **Stock-Based Compensation**

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method.

g) **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.

h) **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.

i) **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.

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.

4. **Mineral Properties**

a) Acquisition of Toquima North and the Palmer Property

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 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 return ("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. 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 addition to the acquisition cost, the Company has spent \$844,386 on the Palmer property to date, bringing its total investment in the project to \$1,723,098 at July 31, 2007.

b) Croesus Property, Ontario

On May 8, 2007 the Company entered into an agreement to acquire the Croesus gold mineral property, including the former Croesus Gold mine, consisting of 22 patented mining claims and leases (416 hectares), located 90 kilometers east of Timmins, Ontario.

In order to acquire a 100% interest in the project, Constantine must make payments totaling \$40,000 (\$10,000 on signing the Letter Agreement [paid] and \$30,000 on signing a definitive agreement) and issue 750,000 shares. The vendor will retain 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. A definitive agreement was signed on July 28, 2007, which is still subject to approval by the Ontario Department of Northern Development and Mines for the official transfer of the property to the Company.

At July 31, 2007 the Company had spent \$21,993 on acquisition costs for this property.

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For the 9 months ended July 31, 2007

5. **Share Capital**

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

	Shares		Amount		Contributed Surplus
Authorized:					
Unlimited common shares without par value					
Issued:					
Balance – October 31, 2006	14,790,153	\$	3,045,209	\$	540,495
Shares issued for private placement	3,400,000		1,190,000		-
Share issuance costs	-		(238,317)		-
Finders' shares issued	278,155		97,354		-
Finders' warrants issued, at fair value	-		-		117,936
Balance – July 31, 2007	18,468,308	\$	4,094,246	\$	658,431

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 transferable warrant, exercisable at \$0.40 per share for two years. The Company paid finders' fees consisting of \$2,395.75 and 278,155 compensation units to finders 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 424,077 finders' warrants issued in the transaction had a fair value of \$117,936, which was applied to share issuance costs and contributed surplus.

b) **Warrants**

As at July 31, 2007, the following share purchase warrants were outstanding:

Number	Price per Share	Expiry Date
1,500,000	\$0.35	July 31, 2008
2,750,000	\$0.50	July 31, 2008
25,000	\$0.40/0.50	July 31, 2007/2008
99,620	\$0.40/0.50	July 31, 2007/2008
550,000	\$0.40/0.50	July 31, 2007/2008
2,124,077	\$0.40	July 6, 2009

c) **Escrow Shares**

As at July 31, 2007, 5,355,630 shares were held in escrow and will be released over a three year period, 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

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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.

A summary of the Company's options outstanding as at July 31, 2007 is as follows:

Number	Price per Share	Expiry Date
1,425,000	\$0.40	May 11, 2011
200,000	\$0.50	July 15, 2010
1,625,000		

The following assumptions for used for the Black-Scholes option 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

6. Related Party Transactions

The following represents the details of related party transactions paid or accrued during the period ended July 31, 2007:

Management fees and consulting fees paid to a company owned by a director	\$ 25,255
Management fees and consulting fees paid to an officer	10,450
Accounting and administration fees paid or accrued to a company 50% owned by an officer of the Company	27,000
	\$ 62,675

7. Segmented Information

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

	July 31 2007
Canada	\$ 2,318,389
United States	1,723,098
Total	\$ 4,041,487

CONSTANTINE METAL RESOURCES LTD.

FORM 51-102F1
MANAGEMENT DISCUSSION & ANALYSIS

July 31, 2007

This MD&A should be read in conjunction with the interim consolidated financial statements and notes for the quarter ended July 31, 2007, and includes information up to September 27, 2007. It is further assumed that the reader has access to the Company's audited consolidated financial statements for the year ended October 31, 2006.

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.

Constantine was incorporated in March 2006 pursuant to a Plan of Arrangement between Carlin Gold Corporation and Toquima Minerals Corporation ("Toquima"), which resulted in Constantine acquiring the Palmer project from Toquima.

In July 2006 the Company completed an initial public offering for \$2,200,000 and became a reporting issuer in British Columbia, Alberta and Ontario. Constantine trades on the TSX Venture Exchange under the symbol CEM.

The proceeds of the IPO were used for exploration of the Palmer project and general working capital. The Company began a projected \$875,000, Phase 1 drilling program in August 2006, concurrent with the completion of the company's IPO and listing on the TSX Venture Exchange. The program was terminated on September 14th, 2006 after completion of 829 meters of the planned 2400 metre Phase 1 drill program. The drill program resumed in July 2007 when seasonal weather permitted and drill crews were available.

In order to broaden its mineral exploration potential and its mineral exploration activities beyond the Alaska exploration season, in early 2007 the Company sought another mineral property for acquisition. In May 2007 announced a letter agreement to acquire the Croesus gold property near Timmins, Ontario. A definitive agreement on the transaction was signed on July 28, 2007, which was still subject to approval by the Ontario Department of Northern Development and Mines for the official transfer of the property to the Company.

In the period ending July 31, 2007, the Company spent \$111,219 on exploration and incurred a loss of \$209,971.

In July, 2007 the Company completed a \$1,190,000 non-brokered private placement. Constantine incurred finders' fees of \$99,750 on the transaction, of which only \$2,395 was paid in cash and the balance was paid in units of the private placement.

The Company's cash position at July 31, 2007 (that includes the private placement) was \$2,235,527 (2006-\$2,122,631), which is projected to be sufficient to meet the Company's project and corporate needs for the next year. Constantine's working capital position at July 31, 2007 was \$2,290,930 (2006-\$2,114,756).

In July 2007 Constantine hired an investor relations company at the rate of \$8,000/month to handle its investor relations. Constantine also granted the company 200,000 options at an exercise price of \$0.50 per share, which will be vested in equal quarterly increments over one year starting October 15, 2007.

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

CONSTANTINE METAL RESOURCES LTD.

FORM 51-102F1 MANAGEMENT DISCUSSION & ANALYSIS

July 31, 2007

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 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. As of mid-September, 5 holes have been completed and a sixth hole is in progress with greater than 5500 feet (1676m) drilled to date. Two drill holes tested the Cap prospect and the remaining holes are testing the Southwall, RW and Main Zone horizons at the Glacier Creek prospect. On September 26, 2007 the Company announced partial analytical results for 1 drill hole. Partial assay results have been received for hole CMR07-07 as follows (all other assay results are pending).

Hole CMR07-07 intersected 45.90 ft (14.0m) of 3.79% copper, 7.24% zinc, 0.37 g/t gold, 47 g/t silver. The intersection can be divided into an upper zinc zone; 14.30 ft (4.4m) - 13.60% zinc, 0.65% copper, 0.15 g/t gold, 18 g/t silver and a contiguous underlying copper zone; 31.60 ft (9.6m) 5.22% copper, 4.36% zinc, 0.47 g/t gold, 60 g/t silver. The estimated true width of the intersection is approximately 85-90% of the core length. The intersection is on the Glacier Creek prospect and is located in the footwall to the RW Zone at base of the RW rhyolite. It represents a third stacked high grade mineralized horizon (RW2) that can be tested with surface drilling. For further details, please refer to the Company's news release dated September 26, 2007.

Two of the three holes completed in 2006 intersected high-grade zinc values in the RW Zone. Hole CMR06-01 intersected 5.12 meters grading 10.86% zinc, 0.13% lead, 0.23% copper, 0.134 g/t gold and 44.4 g/t silver while hole CMR06-02 contained 19.5% zinc over 0.79 metres of which 0.37 meters was recovered. The estimated true width of these intersections is 90-100% of the core length. An underlying pyrite-sphalerite stringer zone in hole CMR06-02 assayed 1.02% Zn over 16.61 meters. Hole CMR06-01 is located 60 meters downdip of the near surface oxidized intersection in hole RMC98-03 and is the first hole to confirm the interpretation that the leached and oxidized near surface mineralization represents high-grade sulphide mineralization. This highlights the downdip potential of the RW and Main Zones oxide elsewhere. Hole CMR06-02 is located an additional 50 meters north of hole CMR06-01 and establishes a minimum north-south extent of the RW zone oxide and sulphide mineralization on this section of 220 meters. The RW Zone is now indicated over a total east-west extent of 800 metres and a 375 meter north-south distance. More drilling is required to determine the continuity of mineralization within this area and to expand on the extent of the mineralization that remains open.

Drill hole CMR06-02 tested for the stratigraphically lower and deeper Main Zone horizon and intersected 2 wide intervals (40 metres and 38.7metres) of stringer mineralization and alteration. Work in 2007 has confirmed that the deeper mineralized and altered zone represents the Main zone horizon and contains an interval of 3.55% zinc over 1.3m. Hole CMR06-03 tested the RW horizon 120 meters west of hole CMR06-01 and contained an 11 metre interval of rhyolite hosted massive pyrite stringers within the RW horizon that assayed 0.81% Zn and 0.15% Cu.

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MANAGEMENT DISCUSSION & ANALYSIS

July 31, 2007

The 2006 drilling confirmed the presence of potentially ore grade mineralization indicated in prior drilling and outcrop and continues to outline the importance of the Glacier Creek prospect; one of several high quality prospects on the Palmer property.

Croesus Gold Project – Ontario

In July 2007 the Company signed the definitive agreement with Munro-Croesus Gold Mines Limited to acquire an outright 100% interest in the high grade 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. Final closing arrangements to transfer the 100% interest in the property to Constantine have not been completed as of the date of this report.

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 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 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 has initiated a digital compilation of the historical Croesus project information. The information will be used to develop a 3D interpretation of the immediate former mine area and will guide the Company's future exploration on the project, including a proposed drill program later in 2007 or early 2008. For further details please refer to the Company's news release dated May 8, 2007.

The Munro Croesus acquisition is 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 has declared his interest and has abstained from voting with respect to this acquisition.

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July 31, 2007

Results of Operations

The Company did not have any field operations during the winter months. In May it announced the agreement to acquire the Croesus Gold property and began technical and legal due diligence on the property. In June the Company began mobilization for the summer drilling season on the Palmer property, and began drilling in July. Since the beginning of the fiscal year \$125,342 of the Company's cash has been used to reduce accounts payable, from costs incurred during the last drilling season.

The Company's net loss before Other Expenses was \$97,013. Due to significant decline of the U.S. dollar during the second fiscal quarter, the Company also incurred an unrealized loss on foreign exchange of \$112,959 as a result of conversion of \$1,035,000 U.S. dollars in February 2007.

Constantine incurred costs of \$89,226 in regard to the Palmer property, including \$36,626 on advance royalty payments, during the period. The Company expects to spend another \$950,000 on this year's drilling exploration program in Alaska.

The Company earned \$36,617 in interest income during the period from a bank investment deposits. The Company does not have any cash investments in commercial grade notes. All of its cash investments consist of short term investments in bank deposit notes at major Canadian banks.

Summary of Quarterly Results

During the quarter Constantine began its summer drilling program at the Palmer property, and incurred the following expenses on the project to July 31, 2007:

Assaying and testing	\$ 825
Drilling	9,575
Other and miscellaneous	14,936
Total	<u>\$ 25,336</u>

Of the \$56,258 in total expenses for the quarter, \$20,367 was booked to Management Fees, which included allocations of management costs for the Croesus acquisition, the private placement financing and general administration.

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.

Interest income during the quarter of \$23,978 included some accrued income from the previous quarter.

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

Quarter ended	Total Revenues	Income (Loss)	Income (Loss) per share
July 31, 2007	\$ 23,978	\$ (63,447)	\$ (0.01)
April 30, 2007	\$ 3,544	\$(139,888)	\$ (0.01)

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July 31, 2007

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 July 31, 2007 was \$2,235,527 (2006-\$2,122,631), sufficient to meet its project and corporate needs for the ensuing year. The Company's working capital position at July 31, 2007 was \$2,290,930 (2006-\$2,114,756).

The Company has no material commitments for capital expenditures at this time, except for drilling contracts related to the current 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 \$117,936 for the fair value costs of the warrants issued as part of the finders fees.

Off-Balance Sheet Arrangements

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

Related Party Transactions

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

Management fees and consulting fees paid to a company owned by a director	\$	25,255
Management fees and consulting fees paid to an officer		10,450
Accounting and administration fees paid or accrued to a company 50% owned by an officer of the Company		27,000
	\$	<u>62,675</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

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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.

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.

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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

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