



Consolidated Financial Statements of

CONSTANTINE METAL RESOURCES LTD.

(Expressed in Canadian Dollars)

For the years ended October 31, 2019 and 2018

Independent Auditor's Report

To the Shareholders of Constantine Metal Resources Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Constantine Metal Resources Ltd., which comprise the consolidated statements of financial position as at October 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Company as at October 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company is dependent upon the future receipt of equity financing to maintain its operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James D. Gray.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
February 26, 2020



Consolidated Statements of Financial Position

As at October 31, 2019 and 2018

(Expressed in Canadian dollars)

	October 31 2019	October 31 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,197,216	\$ 4,307,962
Amounts receivable (Note 8)	309,797	322,442
Advances and prepaid expenses	16,762	12,230
Investments (Note 4)	26,000	22,500
	1,549,775	4,665,134
Exploration and evaluation properties (Note 5)	20,125,579	20,577,787
Performance bonds	137,200	137,013
	\$ 21,812,554	\$ 25,379,934
Liabilities		
Current liabilities:		
Trade payables and accrued liabilities	\$ 540,558	\$ 443,203
Amounts due to related parties (Note 8)	16,667	17,750
	557,225	460,953
Loan facility (Note 6)	726,906	-
	1,284,131	460,953
Equity		
Share capital (Note 7)	26,960,940	30,055,499
Stock options reserve (Note 7(b))	2,606,273	2,151,843
Warrants reserve	530,054	432,941
Investments reserve (Note 4)	(28,500)	(15,250)
Accumulated deficit	(9,540,344)	(7,706,052)
	20,528,423	24,918,981
	\$ 21,812,554	\$ 25,379,934

Nature of Operations (Note 1)

Commitments (Note 14)

On Behalf of the Board of Directors:

"J. Garfield MacVeigh"

Director

"G. Ross McDonald"

Director

See accompanying notes to the consolidated financial statements.



Consolidated Statements of Loss and Comprehensive Loss

For the years ended October 31, 2019 and 2018

(Expressed in Canadian dollars)

	October 31 2019	October 31 2018
Expenses:		
Consulting	\$ 114,131	\$ 141,063
Finance expense (Note 6)	552	-
General and administrative	210,865	203,149
Insurance	19,484	50,013
Interest	9,946	-
Legal	313,973	8,823
Loan accretion (Note 6)	730	-
Loan interest (Note 6)	3,542	-
Mineral property costs	-	17,475
Professional fees - audit	32,000	46,822
Rent (net)	17,662	3,567
Salaries, wages and benefits	378,371	213,524
Shareholder communications	54,830	49,922
Share-based payments (Note 7(b))	500,000	215,087
Travel	86,882	39,466
Loss from operations	(1,742,968)	(988,911)
Other Items:		
Interest income	\$ 21,432	\$ 10,451
Spin-out transaction costs	(227,235)	-
Gain (loss) on foreign exchange	43,226	(28,517)
Gain on previously written off properties	79,250	75,250
Write-off of exploration and evaluation properties (Note 5(b))	(7,997)	(7,739)
Net loss for the year	\$ (1,834,292)	\$ (939,466)
Other comprehensive loss:		
Change in value of investments (Note 4)	(13,250)	(15,250)
Net loss and comprehensive loss for the year	\$ (1,847,542)	\$ (954,716)
Basic and diluted loss per share	\$ (0.04)	\$ (0.03)
Weighted average number of common shares outstanding *	45,108,253	35,216,728

* Restated to reflect share consolidation which took place on May 18, 2018.

See accompanying notes to the consolidated financial statements.



Consolidated Statements of Cash Flows
For the years ended October 31, 2019 and 2018
(Expressed in Canadian dollars)

	October 31 2019	October 31 2018
Cash provided by (used in):		
Operations:		
Net loss for the year	\$ (1,834,292)	\$ (939,466)
Items not affecting cash:		
Share-based payments (Note 7(b))	500,000	215,087
Write-off of exploration and evaluation properties (Note 5(b))	7,997	7,739
Gain on previously written off exploration and evaluation properties (Note 5(b))	(79,250)	(75,250)
Loan facility transaction costs	(6,888)	-
Changes in non-cash working capital accounts:		
Amounts receivable	(16,215)	(31,166)
Trade payables and accrued liabilities	403,152	(275,212)
Exploration costs recoverable from partner	240,920	(88,044)
Reclamation bonds	-	(104,548)
Amounts due to related parties (Note 8)	(1,083)	17,750
Advances and prepaid expenses	(4,719)	31,963
	(790,378)	(1,241,147)
Investing activities:		
Exploration and evaluation properties (Note 5)	(3,581,275)	(5,964,043)
Property option proceeds	62,500	37,500
	(3,518,775)	(5,926,543)
Financing activities:		
Loan facility, net (Note 6)	830,907	-
Proceeds from exercise of stock options (Note 7(b))	367,500	-
Private placement proceeds (Note 7(a))	-	10,000,000
Share issuance costs	-	(304,740)
	1,198,407	9,695,260
Change in cash and cash equivalents	(3,110,746)	2,527,570
Cash and cash equivalents, beginning of year	4,307,962	1,780,392
Cash and cash equivalents, end of year	\$ 1,197,216	\$ 4,307,962
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Interest income	-	-
Interest paid	9,946	-
Spin-out transaction costs recoverable	212,060	-
Accounts payable related to exploration and evaluation properties	\$ 42,031	\$ 164,896

See accompanying notes to the consolidated financial statements.



Consolidated Statements of Changes in Equity

For the years ended October 31, 2019 and 2018

(Expressed in Canadian dollars)

	Share Capital		Reserves				Total Equity
	Number of Shares*	Capital Stock	Stock Options	Warrants	Investments	Deficit	
Balance, October 31, 2017	29,335,872	\$ 20,360,239	\$ 1,936,756	\$ 432,941	\$ -	\$ (6,766,586)	\$ 15,963,350
Net loss for the year	-	-	-	-	-	(939,466)	(939,466)
Private placement (Note 7(a))	14,705,881	10,000,000	-	-	-	-	10,000,000
Share issuance costs	-	(304,740)	-	-	-	-	(304,740)
Share-based payments (Note 7(b))	-	-	215,087	-	-	-	215,087
Other comprehensive loss (Note 4)	-	-	-	-	(15,250)	-	(15,250)
Balance, October 31, 2018	44,041,753	\$ 30,055,499	\$ 2,151,843	\$ 432,941	\$ (15,250)	\$ (7,706,052)	\$ 24,918,981
Net loss for the year	-	-	-	-	-	(1,834,292)	(1,834,292)
Equity component of loan payable (Note 6)	-	-	-	97,113	-	-	97,113
Exercise of stock options (Note 7(b))	1,312,500	413,070	(45,570)	-	-	-	367,500
Disposition of assets upon spinout (Note 5(b))	-	(3,507,629)	-	-	-	-	(3,507,629)
Share-based payments (Note 7(b))	-	-	500,000	-	-	-	500,000
Other comprehensive loss (Note 4)	-	-	-	-	(13,250)	-	(13,250)
Balance, October 31, 2019	45,354,253	\$ 26,960,940	\$ 2,606,273	\$ 530,054	\$ (28,500)	\$ (9,540,344)	\$ 20,528,423

* Restated to reflect share consolidation which took place on May 18, 2018.

See accompanying notes to the consolidated financial statements.



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

1. Nature of Operations and Going Concern

The Company is in the business of acquiring interests in resource properties that are considered to be sites of potential economic mineralization, and then subsequently developing such assets with a view to enhancing their value and to bringing on a major mining partner for development of the assets. The Company may sell property for an enhanced value or seek a major mining partner to advance one of its projects on a joint venture basis. Currently the Company is principally engaged in the exploration of mineral properties which cannot be considered economic until a commercial feasibility study has been completed. The Company has no sources of operating revenue and, except for cash flow generated from exploration management fees, property option fees and sale of available-for-sale investments, is dependent upon equity financing to maintain current operations and to ultimately develop a mineral property interest or interests which can be profitably sold or further developed and placed into successful commercial production.

The Company has not generated any revenue since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future, as is the inherent nature of mineral exploration. The Company has incurred losses since inception and has an accumulated operating deficit of \$13,047,973. The continuation and long-term viability of the Company remains dependent upon its ability to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its mineral property interests, is dependent on the Company's ability to obtain the necessary financing. The Company will require additional capital to finance future operations and growth. If the Company is unable to obtain additional financing, the Company would be unable to continue. There can be no assurance that management's plans will be successful.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these exploration and evaluation properties, and establish future profitable production, or realize proceeds from the disposition of exploration and evaluation properties. The carrying value of the Company's exploration and evaluation properties does not reflect current or future values.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The head office and principal address of the Company is #320 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

2. Basis of Preparation

a) Statement of Compliance

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies, methods of computation and presentation applied in these financial statements are consistent with those of the previous financial year.

b) Consolidated Financial Statements

These consolidated financial statements of the Company for the years ended October 31, 2019 and 2018 were approved and authorized for issue by the Board of Directors on February 26, 2020.

These consolidated financial statements include the accounts of the Company, its 100% controlled entities, Constantine North Inc. (an Alaska corporation) and its 51% interest in Constantine Mining LLC ("CML") (a Delaware corporation, registered in the state of Alaska). The Company records its proportionate interest in the assets, liabilities and expenses of CML in its consolidated financial statements.

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

c) Adoption of New and Revised Standards and Interpretations

Effective for annual periods beginning on or after January 1, 2018:

- IFRS 9, Financial Instruments;

Under IFRS 9, financial assets are required to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

IFRS 9 provides a three-stage expected credit loss model for calculating impairment for financial assets. Expected credit losses are required to be recognized when financial instruments are initially recognized, and the amount of expected credit losses recognized are required to be updated at each reporting date to reflect changes in the credit risk of the financial instruments.

On initial recognition, IFRS 9 requires financial liabilities to be classified as subsequently measured at amortized cost except for when one of the specified exceptions applies. In cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the statement of loss, unless this creates an accounting mismatch.



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

3. Significant Accounting Policies

a) Judgments and Estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant areas requiring the use of estimates relate to the determination of impairment of exploration and evaluation properties, determination of mineral reserves, and provision for closure and reclamation. During the current year, a significant estimate was required to determine the current fair value of the debt component of the Company's loan facility.

Significant judgment was required in the current fiscal year to determine that the deferred carrying costs applicable to the Company's gold properties formed a reasonable and fair basis for the proceeds received on their disposition. Refer to Note 12.

A significant judgment applicable to the financial statements of the comparative year relates to the determination of the appropriate accounting treatment for the Company's investment in Constantine Mining LLC. Refer to Notes 3(m) and 5(a).

b) Cash and Cash Equivalents

Cash in the statement of financial position comprises cash at banks and on hand. Cash equivalents is comprised of highly liquid investments held at major financial institutions, having maturity dates of three months or less from the date of purchase, which are readily convertible into known amounts of cash.

c) Foreign Currency Translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss, except for differences on the retranslation of available-for-sale instruments, which are recognized in other comprehensive loss.

d) Exploration and Evaluation Properties

Costs directly related to the exploration and evaluation of resource properties are capitalized once the legal rights to explore the resource properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

3. Significant Accounting Policies (continued)

d) Exploration and Evaluation Properties (continued)

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Resource properties are reviewed for impairment at each reporting date.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition of mineral property.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and 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 and non-compliance with regulatory requirements.

e) Impairment of Non-current Assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

f) Provision for Closure and Reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of resource properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

3. Significant Accounting Policies (continued)

g) Income Taxes

The Company uses the balance sheet method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Share-based Payments

The Company has a stock option plan that is described in Note 6(c). Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to stock options reserve. Consideration received on the exercise of stock options is recorded as share capital and the related stock options reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from stock options reserve.

i) Loss per Share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the year. For all years presented, the loss available to common shareholders equals the reported loss. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share, as the effects of including all outstanding options and warrants would be anti-dilutive.

3. Significant Accounting Policies (continued)

j) Financial Instruments and Comprehensive Income

The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

i) Financial Assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial assets are recognized at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost.

Cash and cash equivalents are recognized at their fair value and carried at amortized cost.

Receivables, excluding GST, are initially recognized at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses.

Equity investments are initially recognized at their fair value. Changes in the fair value of equity investments are recognized in comprehensive income (loss) in the period in which they occur.

Interest income is recognized by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets

IFRS 9 replaces the incurred loss model from IAS 39 with an expected loss model ("ECL"). The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The ECL model applies to the Company's trade receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and forecasts that affect the expected collectability of future cash flows of the instrument.

3. Significant Accounting Policies (continued)

j) Financial Instruments and Comprehensive Income (continued)

i) Financial Assets (continued)

In applying this forward-looking approach, the Company separates instruments into the below categories:

1. financial instruments that have not deteriorated significantly since initial recognition or that have low credit risk.
2. financial instruments that have deteriorated significantly since initial recognition and whose credit loss is not low.
3. financial instruments that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate, the Company uses historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis when they possess shared credit risk characteristics and days past due.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets, other than those at FVTPL and amortized cost, are assessed for indicators of impairment at each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

De-recognition of financial assets

A financial asset is derecognized when the contractual right to the asset's cash flows expire or the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

3. Significant Accounting Policies (continued)

j) Financial Instruments and Comprehensive Income (continued)

ii) Financial Liabilities

The Company classifies its financial liabilities in the following category:

Amortized cost

A financial liability is recognized when the Company has the contractual obligation to pay future cash flows. Financial liabilities such as accounts payable and accrued liabilities are recognized at amortized cost using the effective interest rate method.

iii) Fair Value Hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

k) Share Capital

The Company records proceeds from share issuances, net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

l) Valuation of Equity Units Issued in Private Placements

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

m) Accounting Standards Issued but not yet Effective

Effective for annual periods beginning on or after January 1, 2019:

- IFRS 16, Leases

Under IFRS 16, the Company is required to review all its contracts to determine if they contain leases or lease-type arrangements. Virtually all leases are required to be accounted for as finance leases rather than operating leases, where the required lease payments are disclosed as a commitment in the notes to the financial statements (Note 12). As a result, the Company will be required to recognize leased assets (“right-of-use” assets) and the related lease liability on the statement of financial position.



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

3. Significant Accounting Policies (continued)

n) Joint Arrangements

The Company conducts exploration work jointly with other parties in joint ventures and other related legal entities in circumstances where neither party can be said to authoritatively control the entity. Such arrangements are considered, for accounting purposes, to be joint ventures when a separate legal entity exists and where the Company's investment is substantially related only to the net assets of that entity. The Company's interests in a joint venture are accounted for on the equity basis, reflective of the Company's net investment at cost plus the Company's proportionate share of the entity's subsequent income, less its share of any losses incurred.

In circumstances where the Company's interest is considered to substantially relate to the development of a particular asset or assets, such an arrangement is considered to be a joint operation and the Company's proportionate interest in the accounts of that entity are consolidated on a line by line basis with those of the Company in the financial statements of the Company.

o) Comparative Figures

Certain comparative figures have been reclassified in accordance with the current year's presentation.

4. Investments

In May 2019, the Company received a second share payment of 25,000 shares from Fireweed Zinc Ltd. ("Fireweed") in connection with a mineral property option agreement that was signed in May 2018. The Company previously received 25,000 shares of Fireweed at the time of the signing of the original agreement. The value of the Company's 50,000 Fireweed shares was \$26,000 at October 31, 2019. The Company recorded a comprehensive loss of \$13,250 for the year ended October 31, 2019 (2018-\$15,250) in connection with the decrease in the value of its shares of Fireweed.



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

5. Exploration and Evaluation Properties

The following tables are a summary of the Company's exploration and evaluation property interests:

	Balance October 31 2017	Fiscal 2018 Expenditures	Balance October 31 2018	Fiscal 2019 Expenditures	Balance October 31 2019
PALMER PROJECT, ALASKA					
Palmer Property					
Acquisition costs	\$ 878,712	\$ -	\$ 878,712	\$ -	\$ 878,712
Less: Recovery of acquisition costs	(1,140,225)	-	(1,140,225)	-	(1,140,225)
Advance royalty payments	540,876	27,898	568,774	56,762	625,536
Assaying and testing	528,303	105,477	633,780	107,649	741,429
Field transportation	5,867,791	472,702	6,340,493	254,582	6,595,075
Geophysics	892,252	4,827	897,079	22,432	919,511
Drilling	15,148,453	1,708,344	16,856,797	623,465	17,480,262
Property maintenance	792,481	71,492	863,973	51,552	915,525
Geology and field support	10,340,361	642,925	10,983,286	310,235	11,293,521
Environmental	1,587,983	435,321	2,023,304	703,529	2,726,833
Technical consulting and engineering	-	470,869	470,869	196,754	667,623
Travel	631,520	218,693	850,213	82,125	932,338
Construction and development	-	105,531	105,531	301,697	407,228
Cost recoveries	(24,383,441)	-	(24,383,441)	-	(24,383,441)
	\$ 11,685,066	\$ 4,264,079	\$ 15,949,145	\$ 2,710,782	\$ 18,659,927
Haines Block					
Acquisition costs	\$ 129,165	\$ -	\$ 129,165	\$ -	\$ 129,165
Assaying and testing	5,261	-	5,261	-	5,261
Field transportation	427,819	101,024	528,843	-	528,843
Geophysics	99,119	14,084	113,203	-	113,203
Drilling	563,394	382,635	946,029	28,766	974,795
Property maintenance	-	68,045	68,045	15,943	83,988
Geology and field support	179,992	194,924	374,916	-	374,916
Environmental	22,986	-	22,986	-	22,986
Travel	5,781	-	5,781	-	5,781
Construction and development	-	236,075	236,075	-	236,075
Cost recoveries	(1,009,361)	-	(1,009,361)	-	(1,009,361)
	\$ 424,156	\$ 996,787	\$ 1,420,943	\$ 44,709	\$ 1,465,652
Palmer Project Totals	\$ 12,109,222	\$ 5,260,866	\$ 17,370,088	\$ 2,755,491	\$ 20,125,579

(continued on next page)



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

5. Exploration and Evaluation Properties (continued)

	Balance October 31 2017	Fiscal 2018 Expenditures	Balance October 31 2018	Fiscal 2019 Expenditures	Balance October 31 2019
GOLD PROJECTS					
Johnson Tract Property, Alaska					
Acquisition costs	\$ -	\$ 93,991	\$ 93,991	\$ 133,543	\$ 227,534
Community relations & advocacy	-	261	261	151	412
Administration	-	6,469	6,469	8,104	14,573
Camp costs and field support	-	202,626	202,626	929	203,555
Field transportation	-	136,747	136,747	627	137,374
Geology and project mgmt	-	312,963	312,963	56,786	369,749
Environmental	-	1,192	1,192	5,677	6,869
Travel	-	6,210	6,210	1,392	7,602
Disposition of assets upon spin-out (Note 12)	-	-	-	-	(967,668)
	\$ -	\$ 760,459	\$ 760,459	\$ 207,209	\$ -
Munro-Croesus Property, Ontario, Canada					
Acquisition costs	\$ 494,876	\$ 1,266	\$ 496,142	\$ 1,935	\$ 498,077
Assaying and testing	107,655	10	107,665	-	107,665
Drilling	1,127,740	-	1,127,740	-	1,127,740
Field transportation	23,678	-	23,678	-	23,678
Geophysics	149,446	-	149,446	-	149,446
Travel	74,386	-	74,386	-	74,386
Geology and field support	554,395	4,027	558,422	1,000	559,422
Proceeds allocated on sale of mineral claims	(440,512)	-	(440,512)	-	(440,512)
Disposition of assets upon spin-out (Note 12)	-	-	-	-	(2,099,902)
	\$ 2,091,664	\$ 5,303	\$ 2,096,967	\$ 2,935	\$ -
Gold Projects (Sub-Total)	\$ 2,091,664	\$ 765,762	\$ 2,857,426	\$ 210,144	\$ -

(continued on next page)



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

5. Exploration and Evaluation Properties (continued)

	Balance October 31 2017	Fiscal 2018 Expenditures	Balance October 31 2018	Fiscal 2019 Expenditures	Balance October 31 2019
Gold Projects (Balance forward)	\$ 2,091,664	\$ 765,762	\$ 2,857,426	\$ 210,144	\$ -
Golden Mile Property, Ontario, Canada					
Acquisition costs	\$ 218,374	\$ -	\$ 218,374	\$ -	\$ 218,374
Advance royalty payments	-	10,000	10,000	10,000	20,000
Assaying and testing	40,829	-	40,829	-	40,829
Drilling	396,613	-	396,613	-	396,613
Field transportation	22,514	-	22,514	-	22,514
Geophysics	160,669	-	160,669	-	160,669
Geology and field support	525,066	22,619	547,685	5,231	552,916
Technical consulting	90,970	-	90,970	-	90,970
Travel	31,133	3,201	34,334	-	34,334
Cost recoveries	(1,230,468)	-	(1,230,468)	-	(1,230,468)
Disposition of assets upon spin-out (Note 12)	-	-	-	-	(306,751)
	\$ 255,700	\$ 35,820	\$ 291,520	\$ 15,231	\$ -
Golden Perimeter Property, Ontario, Canada					
Acquisition costs	\$ -	\$ 17,900	\$ 17,900	\$ 10,600	\$ 28,500
Geophysics	-	40,000	40,000	62,905	102,905
Geology and field support	-	852	852	1,050	1,902
Disposition of assets upon spin-out (Note 12)	-	-	-	-	(133,307)
	\$ -	\$ 58,752	\$ 58,752	\$ 74,555	\$ -
Yukon, Canada					
Acquisition costs	\$ 57,021	\$ 4,620	\$ 61,641	\$ 5,670	\$ 67,311
Assaying and testing	197,379	-	197,379	-	197,379
Field transportation	476,911	-	476,911	-	476,911
Geology	185,234	1,679	186,913	297	187,210
Geochemistry	290,093	-	290,093	-	290,093
Technical consulting	61,608	-	61,608	-	61,608
Other	573,494	1,440	574,934	2,030	576,964
Cost recoveries	(25,000)	-	(25,000)	-	(25,000)
Writedown of exploration and evaluation properties	(1,816,739)	(7,739)	(1,824,478)	(7,997)	(1,832,475)
Disposition of assets upon spin-out (Note 12)	-	-	-	-	(1)
	\$ 1	\$ -	\$ 1	\$ -	\$ -
Total Gold Projects	\$ 2,347,365	\$ 860,334	\$ 3,207,699	\$ 299,930	\$ -
Total	\$ 14,456,587	\$ 6,121,200	\$ 20,577,787	\$ 3,055,421	\$ 20,125,579



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

5. Exploration and Evaluation Properties (continued)

a) Palmer Project, Alaska USA

i) Palmer Property Description

The Palmer Property is comprised of 340 federal mining claims subject to a 99 year mining lease, dated December 19, 1997, and 63 state mining claims located near Haines, Alaska. To maintain the lease, there is a requirement to make annual advance royalty payments of US\$42,500 and pay Federal claim annual maintenance fees, which were US\$52,700 in 2019.

The lease is subject to a 2.5% net smelter returns ("NSR") royalty. CML 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.

ii) Limited Liability Company holding Palmer Project

In December 2016 Dowa Metals & Mining Co., Ltd. ("Dowa") completed its option to earn a 49% interest in the Palmer Project, having completed US\$22,000,000 in aggregate exploration expenditures on the project. A limited liability company (Constantine Mining LLC, or "CML") was then formed at the end of June 2017 and began operating in October 2017, with the Company owning 51% and Dowa owning 49% of the new entity. The Company's rights to the Palmer Property and a portion of the Haines Block land parcel (see below) have been assigned to CML.

Under the terms of the CML members' agreement, the Company is operator of CML and each party is responsible for its proportionate share of expenses, determined on the basis of ownership and subject to dilution according to standard dilution provisions.

For accounting purposes, the Company's investment in CML is considered to primarily relate to the continued advancement, with Dowa, of the Palmer property and the related elements of the Haines Block land parcel. Funding of CML by both venturers is on an ongoing cash-call basis, and accordingly the third-party assets, liabilities and expenses of CML, other than its mineral property interest, are expected to be relatively nominal at any point in time. Management's judgement is that the fairest accounting presentation for this arrangement is to provide, as a priority, a clear continuity of the Company's beneficial interest in the underlying property costs incurred. Accordingly, the Company's interest in CML has been considered a joint operation and its 51% interest in the accounts of CML have been consolidated within its own financial statements on a line by line basis. The Company recovers, from CML, a 7% management fee on eligible expenditures incurred. On consolidation, this fee is accounted for as a property cost recovery to the extent of Dowa's 49% share, and is offset against the Company's recognition of the same amount recorded as a property cost.

5. Exploration and Evaluation Properties (continued)

a) Palmer Project, Alaska USA (continued)

iii) Haines Block Lease

In 2014, the Company entered into an agreement with the Alaska Mental Health Trust Authority (the "Trust") for the mineral exploration and development of an approximately 92,000 acre package of land (the "Haines Block"). There was a reduction in the size of the land package to 65,196 acres in 2017, in accordance with the terms of the lease agreement. The principal terms of the lease agreement are as follows:

1. Annual payments of US\$25,000 per year for the initial 3 year lease term, US\$40,000 for years 4 to 6, US\$55,000 for years 7 through 9;
2. Work commitments of US\$75,000 per year, escalating by US\$50,000 annually;
3. Annual payments are replaced by royalty payments upon achieving commercial production;
4. Production royalties payable to the Trust include a sliding scale 1% to 4.5% royalty for gold, based on gold price, and a 3.5% royalty on minerals other than gold.

The Haines Block is contiguous with and surrounds the Federal and State mining claims that make up the Palmer Property.

A portion of the Haines Block land parcel with surface and mineral rights comprising approximately 3,483 acres, has been contributed to CML.

b) Gold Projects

Spin-out of Gold Project Assets

On August 1, 2019, the Company completed a spin-out of its gold property assets into a new company, HighGold Mining Inc. ("HighGold"), and distributed the shares of HighGold to the Company's shareholders on a basis proportionate to their shareholdings of the Company.

The following gold projects were spun-out as of August 1, 2019 and no longer form part of the Company's assets (Note 12):

- Johnson Tract Property
- Munro-Croesus Property
- Golden Mile Property
- Golden Perimeter Property
- Yukon Land Position

6. Loan Facility Agreement - Inter World Investments (Canada) Ltd.

On October 10, 2019, the Company entered into a loan facility agreement with Inter-World Investments (Canada) Ltd. (the "Lender") under which it obtained a US\$630,000 loan (the "Loan") from the Lender on an unsecured basis. The principal terms of the loan facility are:



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

6. Loan Facility Agreement - Inter World Investments (Canada) Ltd. (continued)

The Loan has a term of five years, subject to acceleration upon the occurrence of certain events, and accrues simple interest at a rate of 12% per annum. The purpose of the Loan was to allow the Company to meet expenditure requirements in connection with the Company's Palmer Project in southeast Alaska.

As consideration for the Loan, the Company issued 2,701,683 warrants ("Bonus Warrants") to the Lender, with each Bonus Warrant exercisable to purchase one common share of the Company at a price of \$0.31 for a period of five years. The Company also paid finders fees of US\$30,000 in connection with the Loan.

For accounting purposes the Loan is classified as a compound financial instrument with a debt element as a financial liability and recorded initially at fair value, and the warrants treated as equity. The current fair value of the debt component of the Loan was determined based on an interest rate of 16%, which the Company considered to be a reasonable estimate for a comparable instrument and circumstance. On issuance the equity conversion feature was valued at \$97,113, net of transaction costs of \$11,712 which were expensed.

Changes to the Loan balance is comprised of the following:

Receipt of loan, net of transaction costs of \$77,710	\$	830,907
Transaction costs attributable to equity conversion component		(11,712)
Equity conversion component		(97,113)
Accreted interest		730
Finance expense		552
Interest expense		3,542
Carrying amount of debt component, October 31, 2019	\$	726,906

The \$97,113 discount in the carrying amount of the debt component relative to its face value, equivalent also to the equity component, is being accreted to operations over the term of the debt on a straight-line basis. Transaction costs of \$77,710 applicable to the debt component are being amortized over the five year period on the same basis.

7. Share Capital

a) Common Shares

Authorized: unlimited common shares without par value

Issued and outstanding: 45,354,253 common shares

On May 18, 2018, the Company consolidated the outstanding share capital of the Company on the basis of four pre-consolidated shares for one post-consolidated share.

On May 30, 2018, the Company completed the first tranche of a \$10,000,000 private placement, for proceeds of \$8,392,570. The Company issued 12,342,013 units, with each unit consisting of one common share and one transferable share purchase warrant. Each warrant from the first tranche entitles the holder to purchase one common share at a price of \$1.00 per share until May 29, 2023.



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

7. Share Capital (continued)

a) Common Shares (continued)

On October 19, 2018, the Company issued 2,363,868 units for the second tranche of the above private placement, for proceeds of \$1,607,430. Each warrant from the second tranche entitles the holder to purchase one common share at a price of \$1.00 per share until October 19, 2023.

In the months of December 2018 and January 2019, an aggregate of 1,312,500 stock options of the Company were exercised at a price of \$0.28 each, resulting in the issuance of 1,312,500 shares of the Company and cash proceeds to the Company of \$367,500.

The Company has established a stock option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date. Options begin vesting on the grant date based on a schedule outlined in the share purchase option plan. The maximum number of options to be granted under the plan is 10% of the Company's issued capital.

On June 14, 2019, the Company issued 1,210,000 incentive share options, exercisable at a price of \$0.54, expiring June 14, 2024. The stock options were issued to directors, officers and employees of the Company.

b) Stock Options

On December 24, 2018, the Company issued 225,000 incentive share options, exercisable at a price of \$0.44, expiring December 24, 2023. The stock options were issued to a director and officer of the Company.

On June 6, 2018, the Company issued 225,000 incentive share options, exercisable at a price of \$0.68, expiring June 5, 2023. The stock options were issued to a director, an officer and an employee of the Company.

On February 5, 2018, the Company issued 75,000 incentive share options, exercisable at a price of \$0.74, expiring February 5, 2023. The stock options were issued to an officer of the Company.



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

7. Share Capital (continued)

b) Stock Options (continued)

A summary of the status of the Company's stock options at October 31, 2019 and October 31, 2018 and changes during the periods therein is as follows:

	Year ended October 31, 2019		Year ended October 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	3,156,250	\$ 0.44	2,856,250	\$ 0.40
Granted	1,435,000	0.52	300,000	0.74
Exercised	(1,312,500)	0.28	-	-
Balance, end of year	3,278,750		3,156,250	

In the year ended October 31, 2019, the Company recorded share-based payment costs of \$500,000 (2018-\$215,087) in regard to stock options issued.

During the year ended October 31, 2019, the Company recorded a reversal of \$45,570 in fair value costs attributed to the exercise of 1,312,500 options during the year.

The fair value cost of the stock options granted in June 2019 and December and June 2018 were calculated using the Black-Scholes Pricing Model using the following range of assumptions:

	June 2019	December 2018	June 2018	February 2018
Risk-free interest rate	1.33%	1.93%	1.93%	2.04%
Expected life (in days)	1,825	1,825	1,825	1,825
Annualized volatility	79.19%	80.73%	137.93%	82.51%
Dividend rate	n/a	n/a	n/a	n/a

The fair value computed using the Black-Scholes model is only an estimate of the potential value of the individual options and the Company is not required to make payments for such transactions.



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

7. Share Capital (continued)

b) Stock Options (continued)

A summary of the Company's stock options outstanding as at October 31, 2019 is as follows:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Number of Options Exercisable
March 6, 2020	\$ 0.56	350,000	0.85	350,000
June 30, 2021	0.40	612,500	2.16	612,500
June 2, 2022	0.64	581,250	3.09	581,250
February 5, 2023	0.74	75,000	3.77	75,000
June 6, 2023	0.68	225,000	4.10	225,000
December 24, 2023	0.44	225,000	4.65	225,000
June 14, 2024	0.54	1,210,000	4.87	1,210,000
	\$ 0.48	3,278,750	3.53	3,278,750

c) Warrants

The Company issued 2,071,683 warrants on October 22, 2019 as part of the consideration paid for the establishment of a loan facility agreement (Note 6), with each warrant exercisable to purchase one common share of the Company at a price of \$0.31 for a period of five years.

	October 31, 2019		October 31, 2018	
	Number of warrants	Weighted-average exercise price	Number of warrants	Weighted-average exercise price
Outstanding, beginning of year	14,705,881	\$1.00	-	-
Issued	2,701,683	\$0.31	14,705,881	\$1.00
Outstanding, end of year	17,407,564		14,705,881	

A summary of the Company warrants outstanding as of October 31, 2019 is as follows:

Expiry Date	Exercise Price	Number of Warrants
May 29, 2023	\$ 1.00	12,342,013
July 19, 2023	\$ 1.00	2,363,868
October 22, 2019	\$ 0.31	2,701,683
		17,407,564



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

8. Related Party Transactions

The following represents the details of related party transactions paid or accrued for the years ended October 31, 2019 and 2018:

For the years ended October 31,	2019	2018
Consulting, administrative and technical fees paid or accrued to companies owned by directors	\$ 86,162	\$ 82,150
Consulting fees paid to officers	161,315	205,975
Directors fee	-	93,000
Accounting and administration fees paid or accrued to a company 50% owned by an officer	93,468	101,681
Share-based payments to key management	457,229	159,996
	\$ 798,174	\$ 642,802

The Company paid or accrued to NS Star Enterprises Ltd., a company controlled by Mr. Wayne Livingstone, \$86,162 for consulting, management and administration services for the years ended October 31, 2019 (2018-\$71,940). The Company paid or accrued to Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, \$93,468 for accounting, and management and administration services for the years ended October 31, 2019 (2018-\$101,679). The Company paid D. Green Geoscience Inc., a company controlled by the vice-president of exploration, \$161,315 for technical consulting and management and administration services for the years ended October 31, 2019 (2018-\$204,750).

For the years ended October 31, 2019, the Company paid wages totaling \$150,000 (2018-\$105,500) to Mr. J. Garfield MacVeigh in his capacity as President of the Company. For the years ended October 31, 2019, the Company paid wages totaling: \$172,483 (2018-\$181,228) to Elizabeth Cornejo in her capacity as Vice-President, Community and External Affairs of the Company; \$208,030 (2018-\$186,322) to Mr. Ian Cunningham-Dunlop in his capacity as Vice-President, Advanced Projects; and \$170,000 (2018-\$25,286) to Naomi Nemeth in her capacity as Vice-President, Investor Relations.

At October 31, 2019, the Company had accounts payable of \$16,667 (October 31, 2018-\$17,750) due to related parties for outstanding consulting fees and expense reimbursements.

At October 31, 2019, the Company's amounts receivable balance includes \$12,761, representing the 49% non-consolidated portion of the amount receivable from CML (December 31, 2018-\$253,681), \$22,909 from Carlin Gold Corporation representing amounts receivable for rent and joint venture expenses (2018-\$17,264) and \$1,575 from New Oroperu Resources Inc. representing amounts receivable for rent (2018-\$6,900).

9. Management of Capital

The Company manages its cash, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject. There were no significant changes in the Company's approach or the Company's objectives and policies for managing its capital.



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

9. Management of Capital (continued)

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.

10. Financial Instruments

a) Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, amounts receivable, available-for-sale investments, trade payables and amounts due to related parties.

The fair values of cash and cash equivalents, amounts receivable, deposits, trade payables and amounts due to related parties approximate their book values because of the short-term nature of these instruments.

b) Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board approves and monitors the risk management processes.

Credit Risk

The Company's only exposure to credit risk is on its cash and cash equivalents. Cash and cash equivalents are with a Canadian Schedule 1 bank and a US bank for its subsidiary. The Company has no asset-backed commercial paper.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. A portion of the Company's cash is invested in business accounts which are available on demand.

Market Risk

The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its marketable securities portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates and fluctuations, however management does not consider this risk to be significant.

Exchange Risk

The Company's significant operations are carried out in Canada and in Alaska, USA. As a result, a portion of the Company's cash and cash equivalents, amounts receivable, and trade payables are denominated in US dollars and are therefore subject to fluctuations in exchange rates. Management does not believe that the exchange risk is significant.



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

10. Financial Instruments (continued)

c) Fair Value Measurements

The carrying value of financial assets and financial liabilities at October 31, 2019 and October 31, 2018 are as follows:

	October 31 2019	October 31 2018
Financial Assets		
<i>FVTPL, measured at fair value</i>		
Cash and cash equivalents	\$ 1,197,216	\$ 4,307,962
<i>Loans and receivables, measured at amortized cost</i>		
Amounts receivable	309,797	322,442
Advances and prepaid expenses	16,762	12,230
<i>Investments, measured at fair value</i>		
Investments	26,000	22,500
Financial Liabilities		
<i>Other liabilities, measured at amortized cost</i>		
Trade payables and accrued liabilities	\$ 554,812	\$ 443,203
Loan facility (Note 6)	883,376	-
Amounts due to related parties	2,413	17,750

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

	October 31 2019	October 31 2018
As at	Level 1	Level 1
Cash and cash equivalents	\$ 1,197,216	\$ 4,307,962

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



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

11. Segmented Information

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

At October 31, 2019, the Company operates in two geographic areas, being Canada and the United States. The following is an analysis of the non-current assets by geographical area:

	Canada	United States	Total
Non-Current Assets			
Exploration and Evaluation Properties			
As at October 31 2019	\$ -	\$ 20,125,579	\$ 20,125,579
As at October 31, 2018	2,447,240	18,130,547	20,577,787
Performance Bonds			
As at October 31, 2019	-	137,200	137,200
As at October 31, 2018	-	137,013	137,013

12. Disposition of Assets Upon Spinout

On August 1, 2019, the Company completed a spin-out of its gold property assets (the “Gold Projects”) into a new company, HighGold Mining Inc. (“HighGold”) and distributed the shares of HighGold to the Company’s shareholders.

The spin-out was conducted by way of a plan of arrangement under the British Columbia Business Corporations Act. Pursuant to the plan of arrangement (the “Arrangement”), shareholders of the Company received one HighGold share for every three shares of the Company held, distributed on a pro rata basis. Upon completion of the Arrangement, shareholders of the Company received 15,118,075 shares of HighGold.

The following Gold Projects were spun-out as of August 1, 2019 and no longer form part of the Company’s assets:

Gold Project	Aggregate deferred costs incurred by the Company as at August 1, 2019
Johnson Tract	\$ 967,668
Munro Croesus	2,099,902
Golden Mile	306,751
Golden Perimeter	133,307
Yukon Land Position	1
	\$ 3,507,629

On the basis that an accurate and fair valuation of these properties, individually and in the aggregate, is not otherwise reasonably determinable, the Company has recorded these dispositions to HighGold using the current deferred mineral property costs applicable to each. Accordingly, no gain or loss has been recognized herein.



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

13. Income Taxes

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

	2019	2018
Net income (loss) for the year	\$ (1,834,292)	\$ (939,466)
Expected income tax expense (recovery)	(500,865)	(265,465)
Net adjustment for amortization and other non-deductible amounts	113,351	(21,859)
Unrecognized benefit of DIT assets	-	-
Recognition of prior year non-capital losses	387,514	287,324
Total income tax recovery	\$ -	\$ -

There are no deferred tax assets presented in the statement of financial position.

Subject to confirmation with regulatory authorities, deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

	2019	2018
Deferred income tax assets (liabilities):		
Net mineral property carrying amounts in excess of tax pools	\$ -	\$ (2,063,000)
Equipment	59,000	59,000
Share issue costs	183,000	244,000
Non-capital loss carryforwards	6,166,000	4,668,000
	\$ 6,408,000	\$ 2,908,000

The Company has Canadian non-capital losses of approximately \$5,051,000 (2018 - \$3,596,000) and US non-capital losses of US \$1,115,000 (2018–US \$816,000), which will be available to reduce future taxable income in Canada and the US, respectively. The respective non-capital losses will begin to expire in 2017 until 2036.

The Canadian non-capital losses, if not utilized, will expire in the years presented below:

2031	804,000
2032	790,000
2033	540,000
2034	203,000
2035	154,000
2036	429,000
2037	-
2038	709,000
2039	1,422,000
	<u>\$ 5,051,000</u>



Notes to the Consolidated Financial Statements
For the year ended October 31, 2019

14. Commitments

a) Office lease

The Company has a lease agreement for the rental of office space, which expires on May 31, 2021.

The future minimum lease obligations under the lease are as follows:

	Amount
2020 fiscal year	\$ 43,626
2021 fiscal year	25,449
	<u>\$ 69,075</u>

The Company currently rents out a portion of its office space on a month-to-month basis for \$4,389 per month.

b) Financial Advisory Services

In connection with a financial advisory services agreement with an effective date of September 23, 2019, the Company has a commitment to pay RCI Capital Group Inc. an amount of US\$20,000 per month for a minimum of three months. For the year ended October 31, 2019, an amount of \$26,378 has been recorded in accrued liabilities for this commitment.



Management's Discussion and Analysis
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General

The information in this Management's Discussion and Analysis, or MD&A, is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial conditions of Constantine Metal Resources Ltd. (the "Company" or "Constantine"). This MD&A should be read in conjunction with the audited consolidated financial statements of the Company, including the notes thereto, for the years ended October 31, 2019 and 2018, and the MD&A of such financial statements, and other information relating to the Company on file with the Canadian provincial securities regulatory authorities on SEDAR at www.sedar.com. The Company's audited consolidated financial statements for the years ended October 31, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has taken into account information available up to and including February 26, 2020.

Constantine is a junior mining company engaged in the exploration and development of North American mineral properties. Its principal and only project is the Palmer Project, an advanced polymetallic (zinc-copper-silver-gold) volcanogenic massive sulphide exploration project in a very accessible part southeast Alaska. On August 1, 2019, Constantine completed the spinout of all its gold assets pursuant to a Plan of Arrangement supported by Constantine shareholders at the Annual General and Special Meeting of Shareholders in July 2019. HighGold Mining Inc. ("HighGold") acquired Constantine's interest in Constantine's gold assets in exchange for common shares of HighGold distributed to Constantine shareholders, on a basis of one HighGold share for every three Constantine shares held.

The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the TSX Venture Exchange under the symbol CEM, and is quoted on the US over-the-counter trading platform, OTCQX platform.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations. The Company is currently engaged in exploration and development of mineral properties and does not have any source of revenue or operating assets, however the Company has generated cash flow from option earn-in agreements, from fees for management of option-joint venture exploration projects and from sale of available-for-sale investments. The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties. The amounts shown as mineral properties represent net costs to date and do not necessarily represent present or future values.

2019 Year Review

- **Positive Preliminary Economic Assessment for Palmer Zinc-Copper-Silver-Gold Project, Post-Tax NPV of US\$266 million** - The Company reported a positive Preliminary Economic Assessment ("PEA") for the Project on June 3, 2019 and outlined the potential for a low capex, low operating cost, high margin underground mining operation with attractive environmental attributes. The Project is wholly-owned by the Constantine Mining LLC Joint Venture, of which Constantine owns a 51% interest. The NI 43-101 PEA report was filed on Sedar.com on July 18, 2019 (news release NR #168-19).



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- **Gold Spin-out Transaction Completed** - The spin-out of Constantine's Johnson Tract Project, Munro-Croesus Project, Golden Mile Project, Golden Perimeter Project, and Yukon Project (collectively, the "Spin-out Assets") was carried out by way of statutory plan of arrangement. Pursuant to the arrangement, HighGold acquired Constantine's interest in the Spin-out Assets in exchange for shares of HighGold. On September 19, 2019, HighGold closed a non-brokered private placement of 17,000,000 units at a price of C\$0.45 per Unit for gross proceeds of C\$7,650,000. The shares started trading on the TSX-V on September 23, 2019 under the symbol "HIGH". Upon completion of the spin-out, shareholders of the Company received 15,118,075 shares, which had an aggregate value of approximately \$22,000,000 (ie. \$1.47 per HighGold share) at the Company's year-end.
- **2019 Field Program at Palmer Zinc-Copper-Silver-Gold Project** – The Company completed a total of 3,165 meter of drilling in eight holes (CMR19-135 to CMR19-142) on the Palmer Project in 2019. Holes targeted step-outs at: 1) the RW West Zone, 2) the AG Deposit, and 3) a previously untested sub-ice geophysical target to the west of the HG prospect. Drill hole CMR19-140, designed to test the open down-dip and down-plunge extension of the RW West Zone, intersected massive baritic sulphide mineralization over a width of **4.6m* with 4.65% Zinc, 0.52% Copper, 27.7 g/t silver, 0.20, g/t gold and 43.7% Barite**. The new intercept represents a **significant 335 meter step-out of the mineralized zone**.
*estimated 85-90% true width.
- **Approval Received for Underground Exploration Plan of Operations for Palmer Project** – In July 2019, the Constantine Mining LLC Joint Venture, of which Constantine owns a 51% interest, received all the necessary approvals to proceed with an underground exploration plan for the Palmer Zinc-Copper-Silver-Gold Project, Southeast Alaska. The Company has recently been advised that the Waste Management Permit for the project has been remanded to the Alaska Department of Environmental Conservation ("DEC") staff for further review. The remand is due to a 9th Circuit Court Decision related to the Maui vs. Hawaii Wildlife Fund case that is currently before the Supreme Court and being contested by Alaska and eighteen other States.
- **Loan Facility Agreement** – In October 2019, the Company entered into a loan facility agreement with Inter-World Investments (Canada) Ltd. for a US\$667,800 loan on an unsecured basis, in order to meet its 2019 cash call requirements for the Palmer Project joint venture.

Positive Preliminary Economic Assessment for Palmer Zinc-Copper-Silver-Gold Project, Post-Tax NPV of US\$266 million (see June 3, 2019 news release NR #164 – 19)

Highlights of the PEA, assuming base case metal price of \$1.22 per pound zinc, \$2.82 per pound copper, \$16.3 per ounce silver, \$1,296 per ounce gold and \$220 per metric tonne barite, include:

- \$354M pre-tax Net Present Value ("NPV") at 7% discount rate
- \$266M after-tax NPV at 7% discount rate
- 24% pre-tax Internal Rate of Return ("IRR") and 21% post-tax IRR
- Mine life of 11 years after 24-months pre-production (based on current mineral resource)
- two-year ramp up to 3,500 tonnes-per-day steady state mining and processing rate
- Operating cost is \$54.2/tonne (mining, processing, general & administrative)
- Operating costs, including sustaining capital cost for mining only, are \$65.4/tonne



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- Net operating income is \$92.6/tonne (\$81.4/tonne including sustaining capital costs)
- Zinc cash cost including sustaining capital is \$0.11 per lb net of by-product credits
- Pre-production development capital cost of \$278 million
- Sustaining capital and closure cost of \$140 million; total Life of Mine ("LOM") capital cost of \$418 million
- Post-tax payback period of 3.3 years
- 12.48 million tonnes ("Mt") mined at a diluted head grade of 4.24% zinc, 0.81% copper, 49.6 grams per tonne ("g/t") silver, 0.33 g/t gold and 22.6% barite
- LOM recovered metal production of 1,068 M lbs of zinc, 196 M lbs of copper, 18 M oz of silver, 91 K oz of gold and 2.89 M tonnes of barite

The PEA is preliminary in nature and includes inferred mineral resources that are too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that PEA results will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

For more details please refer to June 3, 2019 news release NR #164-19. The NI 43-101 PEA report was filed on Sedar.com on July 18, 2019 (news release NR #168-19).

Gold Spin-out Transaction Completed

On August 1, 2019, the Company completed a spin-out of its gold property assets (the "Gold Projects") into a new company, HighGold Mining Inc. ("HighGold") and distributed the shares of HighGold to the Company's shareholders.

The spin-out was conducted by way of a plan of arrangement under the British Columbia Business Corporations Act. Pursuant to the plan of arrangement (the "Arrangement"), shareholders of the Company received one HighGold share for every three shares of the Company held, distributed on a pro rata basis. Upon completion of the Arrangement, shareholders of the Company received 15,118,075 shares of HighGold, representing 100% of HighGold pre-financing stock.

The following Gold Projects were spun-out as of August 1, 2019 and no longer form part of the Company's assets:

Name of Gold Project	
Johnson Tract	\$ 967,668
Munro Croesus	2,099,902
Golden Mile	306,751
Golden Perimeter	133,307
Yukon Land Position	1
	<hr/>
	\$ 3,507,629

On the basis that an accurate and fair valuation of these properties, individually and in the aggregate, is not otherwise reasonably determinable, the Company has recorded these dispositions to HighGold using



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the current deferred mineral property costs applicable to each. Accordingly, no gain or loss has been recognized herein.

2019 Field Program at Palmer Zinc-Copper-Silver-Gold Project

The Company completed a total of 3,165 meter of drilling in eight holes (CMR19-135 to CMR19-142) on the Palmer Project in 2019. Holes targeted step-outs of: 1) the RW West zone, 2) the AG Deposit area, and 3) a previously untested sub-ice geophysical target to the west of the HG prospect. All assays have been received. Drill hole CMR19-140 designed to test the open down-dip and down-plunge extension of the RW West Zone intersected massive baritic sulphide mineralization over a width of **4.6m* with 4.65% Zinc, 0.52% Copper, 27.7 g/t silver, 0.20, g/t gold and 43.7% Barite**. The new intercept represents a **significant 335 meter step-out of the mineralized zone**.

*estimated 85-90% true width.

The zone is open to further expansion along strike (east and west) and at depth. Mineralization in drill hole CMR19-140 is very similar in character to previous RW Zone drill hole intersections, which were last drilled in 2014. The nearest up-dip intersection is hole CMR14-67 which returned 3.9 meters averaging 5.11% Zinc, 0.19% Copper, 92.5 g/t Ag and 0.37 g/t Au. The RW West Zone previously had an approximate maximum true thickness of 6 meters, a strike length of 375 meters, and a dip length of 325 meters (based on mineral resource wireframes). The RW Zone is located in the Palmer Deposit area and within the same folded mineralized horizon that hosts the main South Wall Zones. Expansion of the RW Zone is important because it is close to the potential mining infrastructure, but not included in the Company's recently released PEA (See Company Press Release dated June 3rd, 2019). This new 335 meter step-out intersection at the RW Zone shows the potential to expand the RW Zone that could ultimately lead to the inclusion of the RW Zone in future economic studies on Palmer and further enhance the Project.

Three stepout holes tested the downdip southeast edge of the AG Deposit area. The drilling to date shows that the AG Deposit remains open up-plunge to the southeast towards the JAG prospect and towards the Waterfall prospect, 1.2 kilometers to the northwest.

At the sub-ice geophysical target, VMS-style barite-zinc mineralization in drill hole CMR19-142 returned 1.3% Zinc and 8.52% Barite from 378.7 to 379.2 meters with extensive strong pyritic footwall style alteration. These results are highly encouraging for follow-up of this target and for the adjacent untested HG prospect.

Approval for Underground Exploration Plan of Operations for the Palmer Project

In July 2019, the Company received all the necessary approvals to proceed with an underground exploration plan for the Palmer Zinc-Copper-Silver-Gold Project, Southeast Alaska.

The approvals for this "Plan of Operations" submission include:

- Excavation of approximately 2,000 meters of underground ramp to provide a drill platform for exploration and to provide access to gather additional geotechnical and hydrological data;
- 30,000 meters of underground exploration drilling;
- Placement on the surface of waste rock from underground excavation;



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- Construction and operation of sediment settling ponds and land application disposal system for the discharge of underground seepage waters;
- Construction of other facilities necessary for the underground excavation and drill programs.

The Plan of Operations was prepared by the Company and submitted to the Alaska Mental Health Trust Lands Office, The Alaska Department of Natural Resources and The Alaska Department of Environmental Conservation in December 2018. Each entity is responsible for the review and approval of the specific elements of the plan pertinent to its interest and authority. The approvals for the Plan of Operations cover a Waste Management Permit to manage wastewater and waste rock issued by the Alaska Department of Environmental Conservation, approval for the Reclamation Plan issued by Alaska Department of Natural Resources and approval for the overall Plan of Operations by the Alaska Mental Health Trust, on whose land package the Palmer project is located.

In July 2019, Constantine was advised that the Waste Management Permit had been remanded to the Alaska Department of Environmental Conservation ("DEC") staff for further review. The remand is due to a 9th Circuit Court Decision related to the Maui vs. Hawaii Wildlife Fund case that is currently before the Supreme Court that may change the way that EPA and DEC permit water discharges in the United States. Alaska has joined 18 other States in supporting EPA's and DEC's current permitting process and asking that the 9th Circuit's decision in the Maui vs. Hawaii Wildlife Fund be reversed.

The Company is continuing to evaluate the schedule for the start of the underground exploration work. Most of road access and other ground-work preparation has been completed, but additional work is required before starting the underground exploration development. Budgets are currently being set for 2020 and because of the uncertainty in the outcome and timing of the US Supreme Court decision on the Maui vs. Hawaii Wildlife case, the current plan is to delay the underground exploration work until 2021.

Loan Facility Agreement

In October 2019, the Company entered into a loan facility agreement with Inter-World Investments (Canada) Ltd. ("Inter-World") under which it obtained a US\$630,000 loan from Inter-World on an unsecured basis. The loan has a term of five years, subject to acceleration upon the occurrence of certain events, and an interest at a rate of 12% per annum. The purpose of the loan was to allow Constantine to meet expenditure requirements in connection with the Company's Palmer Project in Southeast Alaska, without causing dilution of its 51% interest in the project.

As consideration for the loan, the Company issued 2,701,683 warrants ("Bonus Warrants") to Inter-World, with each Bonus Warrant exercisable to purchase one common share of the Company at a price of \$0.31 for a period of five years.

In connection with the loan, the Company recorded interest expense of \$3,542 for the year ended October 31, 2019 (2018-Nil).

Summary of the Palmer Zinc-Copper-Silver-Gold Metal Project

Palmer is an advanced stage, high-grade Volcanogenic Massive Sulfide (VMS) project, with an **Indicated Resource of 4,677,000 tonnes** grading 5.23% zinc, 1.49% copper, 30.8 g/t silver, 0.30 g/t gold, 23.9% barite and **9,594,000 million tonnes Inferred** at 4.95% zinc, 0.59% copper, 0.43% lead, 69.3 g/t silver,



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0.39 g/t gold, 27.7% barite. The project is being advanced in partnership with Dowa, who earned 49% in the project at the end of 2016 by completing aggregate expenditures of US\$22 million over four years. Since that time, Dowa and Constantine have advanced the project by funding on a 49/51% basis respectively. The Palmer project is located in an easily accessed part of coastal southeast Alaska, with road access on the property to the immediate South Wall deposit area. Palmer sits within 60 kilometers of the year-round deep-sea port of Haines. Mineralization at Palmer occurs within the same belt of rocks which hosts the Greens Creek mine, one of the world's richest VMS deposits. There are at least 25 separate base metal and/or barite occurrences and prospects on the Palmer property, indicating the potential for discovery of multiple deposits beyond the RW-South Wall deposit area.

The Company recently reported a positive Preliminary Economic Assessment ("PEA") for the Project on June 3, 2019 and outlined the potential for a low capex, low operating cost, high margin underground mining operation with attractive environmental attributes.

The opportunity to add to the existing mineral resource base and enhance the robust economics of the Project, and to discover new resources to potentially significantly extend the PEA mine life, is considered excellent. The Project benefits from structural folding which has resulted in +10 km of the key mineralized horizon stratigraphy being compressed into a relatively compact area such that multiple deposits can potentially be accessed by a single, centrally-located portal.

Constantine and joint venture partner Dowa Metals & Mining Co. Ltd. will focus on upgrading and expanding the Palmer and AG Deposit resources and locating the faulted offset of the thickest down-dip part of the South Wall Zone that has the potential to significantly increase the project resources. The Joint Venture will continue to carryout environmental/hydrological work required to advance the Palmer project and to fulfill the requirements of existing permits. The Company will continue to work with and keep the local communities informed on project developments and continue to maximize local purchasing and hiring of workers. The long-term vision is to define a multi-decade mining operation at Palmer.

Results of Operations

The Company recorded a net loss of \$1,834,292 for the year ended October 31, 2019 (2018-\$939,466).

Exploration and Evaluation Expenditures

In the year ended October 31, 2019, the Company recorded net expenditure additions of \$3,055,421 on exploration and evaluation properties (2018-\$6,121,200). The Palmer project accounted for \$2,755,491 (2018-\$5,260,866) of these expenditures, and the Johnson Tract project accounted for \$207,209 (2018-\$760,459) of these expenditures before it was spun-out on August 1, 2019. The Company's Golden Perimeter project accounted for \$74,555 (2018-\$58,752) of these expenditures before it was spun-out on August 1, 2019.

Palmer Project Joint Venture Accounting

On July 1, 2017, the Company began accounting for the Palmer Project joint venture as a joint operation for accounting purposes, and only 51% of the exploration expenditures on the Palmer Project joint venture are included in the Company's financial statements since that date.

During the year ended October 31, 2019, the Company made cash contributions totaling \$3,906,088 in order to maintain its 51% interest in the Palmer Project joint venture.



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Change in Use of Proceeds of 2018 Private Placement

The Company completed a \$10,000,000 private placement in July 2018, the proceeds of which were originally announced as intended for use in the Palmer project and general corporate purposes. As a result of acquiring a lease interest in the Johnston Tract property in 2018, the Company determined it to be in its best interests to utilize a portion of the private placement for expenditures related to its new Johnson Tract property in Alaska and its new Golden Perimeter property in Ontario, Canada. Before the spin-out of the Gold Projects on July 31, 2019, a total of \$961,313 was incurred on the Johnson Tract property and \$133,307 was incurred on the Golden Perimeter property.

Operating Costs

The Company had net cash operating expenses of \$1,242,968 for the year ended October 31, 2019 (which excludes \$500,000 for non-cash share-based payments), compared to cash operating costs of \$773,824 for the previous year. The increases in operating costs were primarily due to increased expenditures on corporate development activities. These costs were higher, in terms of salaries, travel and shareholder communication and are expected to remain in a higher range for the remainder of the fiscal year.

General and administrative costs of \$210,865 for the year ended October 31, 2019 were consistent with the total general and administrative costs for the preceding year which totaled \$203,149. A breakdown of total general and administrative costs for the year ended October 31, 2019 is shown below:

General and Administrative expenses for year ended October 31, 2019	Amount
Conferences, trade shows and advertising	\$ 127,753
Accounting and administration	24,000
Office expenses	9,926
Transfer agent, listing and filing fees	49,186
Total	\$ 210,865

For the year ended October 31, 2019, the Company incurred non-recurring costs related to the spin-out of its gold assets in the amount of \$227,235. The Company also incurred increased legal costs during the year ended October 31, 2019 of \$313,973, of which \$272,000 was accrued for legal fees related to the acquisition of the Johnson Tract property.

Annual Financial Information

Selected annual financial information for the three years ended October 31, 2019, 2018 and 2017 are as follows:

At October 31,	2019	2018	2017
Loss before other items	\$ (1,742,968)	\$ (988,911)	\$ (1,027,927)
Net income (loss) for the year	(1,834,292)	(939,466)	2,377,178
Income (loss) per share	(0.04)	(0.03)	0.08
Total assets	21,812,554	25,379,934	16,516,869
Total liabilities	1,284,131	460,953	553,519
Total shareholders' equity	20,528,423	24,918,981	15,963,350



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Summary of Quarterly Results

In the three months ended October 31, 2019, the Company incurred aggregate expenditures of \$431,274 on exploration and evaluations properties, of which \$424,919 was incurred on the Palmer project, the Company's main operational focus. The Company recorded cash operating expenses of \$314,037 for the three months ended October 31, 2019 (excluding \$4,364 for non-cash share-based payments), compared to cash operating costs of \$256,481 for the same quarter last year. Current year expenditures for the quarter were higher primarily due to increased legal costs. In the three months ended October 31, 2019, the Company also incurred or accrued for non-recurring costs related to the spin-out of its gold assets in the amount of \$63,313.

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

For Quarter Ended	Total Assets	Income (Loss)	Income (Loss) per share
October 31, 2019	\$ 21,812,554	\$ (391,383)	\$ (0.01)
July 31, 2019	25,763,494	(821,856)	(0.01)
April 30, 2019	23,464,433	(322,787)	(0.01)
January 31, 2019	25,321,910	(298,266)	(0.01)
October 31, 2018	25,379,934	(116,492)	(0.01)
July 31, 2018	25,852,498	(328,971)	(0.01)
April 30, 2018	15,694,175	(244,992)	(0.01)
January 31, 2018	15,847,100	(249,011)	(0.01)

Financial Condition, Liquidity and Capital Resources

The Company is not in commercial production on any of its mineral properties and accordingly, it does not generate cash from operations. The Company finances its activities by raising capital through the equity markets, by the sale of mineral property assets, and by option and joint venture agreements that provide cash payments and management fees.

The Company and Dowa are responsible for funding the cash requirements of the Palmer Project joint venture, based on their 51:49 interests. As at October 31, 2019, the Company has made aggregate cash contributions to the Palmer Project joint venture totaling US\$10,247,883.

The Company's cash position at October 31, 2019 was \$1,197,216 (October 31, 2018-\$4,307,962) and its working capital was \$992,550 (October 31, 2018-\$4,204,181). In October 2019 the Company obtained an unsecured loan from Inter-World Investments (Canada) Ltd. in the amount of \$630,000 US (\$880,770 CAD) which has a five year term.

In the year ended October 31, 2019, the Company received \$367,500 from the exercise of 1,312,500 stock options.



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The Company is dependent on equity capital to fund exploration and development of exploration properties and its on-going operations. The Company projects that it will require additional equity capital in 2020 to continue to fund its portion of the Palmer Project joint venture and other exploration work as may be determined by the Company's management.

Financial Advisory Services Appointment

In October 2019 the Company appointed RCI Capital Group Inc. ("RCI") as a financial advisor to the Company. RCI facilitated the October 2019 unsecured loan agreement with Inter-World Investments (Canada) Ltd.

Pursuant to a financial services agreement signed with the Company, RCI has agreed to provide non-exclusive financial advisory services to Constantine, including assisting the Company in negotiating and structuring an equity financing or other strategic transaction in connection with the Palmer Project. RCI is a privately held global M&A advisory firm that focuses on inbound Asian strategic capital in the resource sector. RCI has offices in Vancouver, Tokyo, Beijing and Seoul. RCI has been a trusted advisor to both buy-side and sell-side clients, providing services in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income and investment research.

Material Contractual Commitment

In connection with the above financial advisory services agreement, the Company has a commitment to pay RCI an amount of US\$20,000 per month for a minimum of three months starting September 30, 2019. For the year ended October 31, 2019, an amount of \$26,378 has been recorded in accrued liabilities for this commitment.

Corporate and Management Changes

In October 2019, founding director Mr. Brian Irwin retired from the Board of Directors. Mr. Irwin played a key role in guiding and supporting Constantine through the Palmer discovery years and during challenging times in world markets. The Company warmly thanks him for his service to the Company over the past 13 years and wishes him well in the future.

On December 31, 2019, Mr. Darwin Green resigned from his position as Vice-President Exploration of the Company as planned. Mr. Green spearheaded the spin-out of Constantine's gold assets last year and assumed the position of President and CEO of HighGold when it was formed. He guided the new company through its successful public listing while remaining as Vice-President of the Company until the end of the year, when he became the full-time president and CEO of HighGold.

Off-Balance Sheet Arrangements

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



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Related Party Transactions

The following represents the details of related party transactions paid or accrued for the years ended October 31, 2019 and 2018:

For the years ended October 31,	2019	2018
Consulting, administrative and technical fees paid or accrued to companies owned by directors	\$ 86,162	\$ 82,150
Consulting fees paid to officers	161,315	205,975
Directors fees	-	93,000
Accounting and administration fees paid or accrued to a company 50% owned by an officer	93,468	101,681
Share-based payments to key management	457,229	159,996
	\$ 798,174	\$ 642,802

The Company paid or accrued to NS Star Enterprises Ltd., a company controlled by Mr. Wayne Livingstone, \$86,162 for consulting, management and administration services for the years ended October 31, 2019 (2018-\$71,940). The Company paid or accrued to Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, \$93,468 for accounting, and management and administration services for the years ended October 31, 2019 (2018-\$101,679). The Company paid D. Green Geoscience Inc., a company controlled by the vice-president of exploration, \$161,315 for technical consulting and management and administration services for the years ended October 31, 2019 (2018-\$204,750).

For the years ended October 31, 2019, the Company paid wages totaling \$150,000 (2018-\$105,500) to Mr. J. Garfield MacVeigh in his capacity as President of the Company. For the years ended October 31, 2019, the Company paid wages totaling: \$172,483 (2018-\$181,228) to Elizabeth Cornejo in her capacity as Vice-President, Community and External Affairs of the Company; \$208,030 (2018-\$186,322) to Mr. Ian Cunningham-Dunlop in his capacity as Vice-President, Advanced Projects; and \$170,000 (2018-\$25,286) to Naomi Nemeth in her capacity as Vice-President, Investor Relations.

At October 31, 2019, the Company had accounts payable of \$16,667 (October 31, 2018-\$17,750) due to related parties for outstanding consulting fees and expense reimbursements.

At October 31, 2019, the Company's amounts receivable balance includes \$12,761, representing the 49% non-consolidated portion of the amount receivable from CML (December 31, 2018-\$253,681), \$22,909 from Carlin Gold Corporation representing amounts receivable for rent and joint venture expenses (2018-\$17,264) and \$1,575 from New Oproeru Resources Inc. representing amounts receivable for rent (2018-\$6,900).

Management of Capital

The Company manages its cash, common shares and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.



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The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

Summary of Outstanding Shares Data

The Company had 45,354,253 shares outstanding on October 31, 2019 and as of the date of this report.

The following stock options were outstanding on October 31, 2019 and as of the date of this report:

No. of Stock Options	Price per Share	Expiry Date
350,000	\$0.56	March 6, 2020
612,500	\$0.40	June 30, 2021
581,250	\$0.64	June 2, 2022
75,000	\$0.74	February 5, 2023
225,000	\$0.68	June 6, 2023
225,000	\$0.44	December 24, 2023
1,210,000	\$0.54	June 14, 2024
3,278,750		

The following warrants were outstanding on October 31, 2019 and as of the date of this report:

Expiry Date	Exercise Price	Number of Warrants
May 29, 2023	\$ 1.00	12,342,013
July 19, 2023	1.00	2,363,868
October 22, 2024	0.31	2,701,683
		17,407,564

Corporate Governance

Management of the Company is responsible for the preparation and presentation of the interim and annual financial statements and notes thereto, MD&A and other information contained in this MD&A. Additionally, it is management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.



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The Company's management is held accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the annual audited financial statements and MD&A. Responsibility for the review and approval of the Company's unaudited interim financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

Risk Factors

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

Financial

The Company has not generated any revenue since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. As at October 31, 2019, the Company has incurred significant losses since inception and has an accumulated operating deficit of \$13,407,973. The continuation and long-term viability of the Company remains dependent upon its ability to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations.

Going Concern

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its mineral property interests, is dependent on the Company's ability to obtain the necessary financing. The Company will require additional capital to finance future operations and growth. If the Company is unable to obtain additional financing, the Company would be unable to continue. There can be no assurance that management's plans will be successful.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these exploration and evaluation properties, and establish future profitable production, or realize proceeds from the disposition of exploration and evaluation properties. The carrying value of the



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Company's exploration and evaluation properties does not reflect current or future values.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Industry

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

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

Metal Prices

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

Political Risk

The resource properties on which the Company is actively pursuing its exploration and development activities are located in Alaska, USA. 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 monitors proposed and potential changes and management believes the Company remains in compliance with current environmental regulations in the relevant jurisdictions.

In December 2017, a complaint was filed in Alaska against the Bureau of Land Management ("BLM")



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for approving exploration Plans of Operations for the Palmer Project in Environmental Analyses and Decision Records that did not analyze the environmental impacts of full mine development. The Plaintiffs' Motion for Summary Judgment was denied by the United States District Court for the District of Alaska on March 15, 2019. The decision was appealed to the United States Court of Appeals for the Ninth Circuit on May 15, 2019 and will likely be decided in the fall of 2020. Although the action was filed against the BLM, Constantine is an intervenor-Appellee supporting the BLM in its case.

On the Palmer project, reclamation of disturbances related to the Company's permitted exploration activities are bonded under the Alaska State-wide Bond Pool. The Company has also contracted an ASTM Phase 1 environmental site assessment (ESA) on the federal lode mining claims of the Palmer project. The ESA concluded that there are no environmental concerns associated with the Property at this time.

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.

Cyber security risk

Cyber security risk is the risk of negative impact on the operations and financial affairs of the Company due to cyber-attacks, destruction or corruption of data, and breaches of its electronic systems. Management believes that it has taken reasonable and adequate steps to mitigate the risk of potential damage to the Company from such risks. The Company also relies on third-party service providers for the storage and processing of various data. A cyber security incident against the Company or its service providers could result in the loss of business sensitive, confidential or personal information as well as violation of privacy and security laws, litigation and regulatory enforcement and costs. The Company has not experienced any material losses relating to cyber-attacks or other information security breaches, however there can be no assurance that it will not incur such losses in the future.

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At October 31, 2019, the Company had a total cash balance of \$1,197,216 to settle current liabilities of \$557,225.



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Trade payables and amounts due to related parties have maturities of 30 days or are due on demand and are subject to normal trade terms. The loan facility from Inter-World has a five year term, subject certain acceleration provisions.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is insignificant and therefore does not hedge its foreign exchange risk.

Sensitivity analysis

The carrying value of cash, receivables, accounts payable, and amounts due to related parties closely approximate their fair values in view of the relatively short periods to maturities of these financial instruments.

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

Forward-Looking Statements

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

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

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These statements are based on a number of assumptions and factors,



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including assumptions regarding general market conditions; future prices of gold and other metals; possible variations in ore resources, grade or recovery rates; actual results of current exploration activities; actual results of current reclamation activities; conclusions of future economic evaluations; changes in project parameters as plans continue to be refined; failure of plant, equipment, or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; risks related to joint venture operations; timing and receipt of regulatory approvals of operations; the ability of the Company and other relevant parties to satisfy regulatory requirements; the availability of financing for proposed transactions and programs on reasonable terms; the ability of third-party service providers to deliver services on reasonable terms and in a timely manner; and delays in the completion of development or construction activities. Other factors that could cause the actual results to differ include market prices, results of exploration, availability of capital and financing on acceptable terms, inability to obtain required regulatory approvals, unanticipated difficulties or costs in any rehabilitation which may be necessary, market conditions and general business, economic, competitive, political and social conditions. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, there may be other factors which cause actual results to differ. Significant additional drilling is required by the Company at its Palmer property to fully understand the system size. Accordingly, readers should not place undue reliance on forward-looking statements.

This MD&A includes, but is not limited to, forward-looking statements regarding the Company's plans for upcoming exploration work on the Company's exploration properties in Alaska, and the Company's ability to meet its working capital needs for the rest of the fiscal year.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.

Approval

Ian Cunningham-Dunlop, P. Eng., Vice-President, Advanced Projects, for Constantine, and a qualified person as defined by Canadian National Instrument 43-101, has reviewed the technical information contained in this MD&A and has also verified the analytical data for drill core samples disclosed in this release by reviewing the blanks duplicates and certified reference material standards and confirming that they fall within limits as determined by acceptable industry practice.

James N. Gray, P.Geo. of Advantage Geoservices Ltd. is the Qualified Person as defined by NI 43-101 for the resource estimate discussed above. Mr. Gray and Mr. Cunningham-Dunlop have reviewed and approved the resource estimate statements in this MD&A.

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

Additional disclosures pertaining to the Company's technical reports, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.