



Consolidated Financial Statements of

**CONSTANTINE METAL RESOURCES LTD.**

(Expressed in Canadian Dollars)

For the years ended October 31, 2020 and 2019

## **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, 2020 and 2019, 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, 2020 and 2019, 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.

The image shows 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, 2021

As at October 31, 2020 and 2019  
(Expressed in Canadian dollars)

	October 31, 2020	October 31, 2019
<b>Assets</b>		
Current assets:		
Cash	\$ 268,101	\$ 1,197,216
Amounts receivable	89,046	309,797
Advances and prepaid expenses	18,285	16,762
Investments (Note 4)	-	26,000
	<b>375,432</b>	<b>1,549,775</b>
Exploration and evaluation properties (Note 5)	<b>21,364,628</b>	20,125,579
Land (Note 6)	<b>28,506</b>	-
Performance bonds	<b>33,295</b>	137,200
Right-of-use asset (Note 7)	<b>167,719</b>	-
	<b>\$ 21,969,580</b>	<b>\$ 21,812,554</b>
<b>Liabilities</b>		
Current liabilities:		
Trade payables and accrued liabilities	\$ 759,829	\$ 540,558
Current portion of lease liability (Note 7)	30,039	-
Amounts due to related parties (Note 10)	204,155	16,667
	<b>994,023</b>	<b>557,225</b>
Long-term liabilities:		
Long-term portion of lease liability (Note 7)	144,486	-
Loan facility (Note 8)	865,522	726,906
	<b>1,010,008</b>	<b>726,906</b>
	<b>2,004,031</b>	<b>1,284,131</b>
<b>Equity</b>		
Share capital (Note 9)	27,445,422	26,960,940
Stock options reserve (Note 9(b))	2,622,810	2,606,273
Warrants reserve	530,054	530,054
Investments reserve (Note 4)	-	(28,500)
Accumulated deficit	(10,632,737)	(9,540,344)
	<b>19,965,549</b>	<b>20,528,423</b>
	<b>\$ 21,969,580</b>	<b>\$ 21,812,554</b>

Nature of Operations (Note 1)  
Event Subsequent to the end of the Year (Note 16)

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, 2020 and 2019

(Expressed in Canadian dollars)

	October 31, 2020	October 31, 2019
<b>Expenses:</b>		
Amortization (Note 7)	\$ 30,039	\$ -
Consulting	166,381	114,131
Finance expense (Note 8)	15,861	552
General and administrative	107,931	210,865
Insurance	22,677	19,484
Interest	20,393	9,946
Legal	256,752	313,973
Loan accretion (Note 8)	21,005	730
Loan interest (Note 8)	101,750	3,542
Professional fees - audit	39,495	32,000
Rent (net)	-	17,662
Salaries, wages and benefits	300,432	378,371
Shareholder communications	6,057	54,830
Share-based payments (Note 9(b))	16,537	500,000
Travel	11,710	86,882
<b>Loss from operations</b>	<b>(1,117,020)</b>	<b>(1,742,968)</b>
<b>Other Items:</b>		
Interest income	\$ 4,004	\$ 21,432
Spin-out transaction costs (Note 5)	-	(227,235)
Gain (loss) on foreign exchange	(4,749)	43,226
Gain on previously written off properties	20,000	79,250
Write-off of exploration and evaluation properties	-	(7,997)
Loss on sale of available-for-sale investments (Note 4)	(23,128)	-
<b>Net loss for the year</b>	<b>\$ (1,120,893)</b>	<b>\$ (1,834,292)</b>
<b>Other comprehensive income (loss):</b>		
Change in value of available-for-sale investments (Note 4)	28,500	(13,250)
<b>Net and comprehensive loss for the year</b>	<b>\$ (1,092,393)</b>	<b>\$ (1,847,542)</b>
Basic and diluted loss per share	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding	46,130,323	45,108,253

See accompanying notes to the consolidated financial statements.

## Consolidated Statements of Cash Flows

For the years ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

	October 31, 2020	October 31, 2019
Cash provided by (used in):		
<b>Operations:</b>		
Net loss for the year	\$ (1,092,393)	\$ (1,834,292)
Items not affecting cash:		
Amortization (Note 7)	30,039	-
Share-based payments (Note 9(b))	16,537	500,000
Write-off of exploration and evaluation properties	-	7,997
Gain on previously written off exploration and evaluation properties	(20,000)	(79,250)
Loss on sale of Investments (Note 4)	23,128	-
Loan facility interest, finance expense and accretion (Note 8)	138,616	(6,888)
Changes in non-cash working capital accounts:		
Amounts receivable	181,186	(16,215)
Trade payables and accrued liabilities	233,667	403,152
Exploration costs recoverable from partner	39,564	240,920
Reclamation bonds	104,300	-
Amounts due to related parties (Note 10)	187,488	(1,083)
Advances and prepaid expenses	(1,918)	(4,719)
	<b>(159,786)</b>	<b>(790,378)</b>
<b>Investing activities:</b>		
Exploration and evaluation properties (Note 5)	(1,253,444)	(3,581,275)
Purchase of land (Note 6)	(28,506)	-
Property option proceeds	20,000	62,500
Proceeds from sale of Investments (Note 4)	31,372	-
	<b>(1,230,578)</b>	<b>(3,518,775)</b>
<b>Financing activities:</b>		
Loan facility, net (Note 8)	-	830,907
Proceeds from exercise of stock options (Note 9(a))	-	367,500
Private placement proceeds (Note 9(a))	501,250	-
Share issuance costs (Note 9(a))	(16,768)	-
Principal repayments on lease liability (Note 7)	(23,233)	-
	<b>461,249</b>	<b>1,198,407</b>
Decrease in cash	(929,115)	(3,110,746)
Cash, beginning of year	1,197,216	4,307,962
Cash, end of year	<b>\$ 268,101</b>	<b>\$ 1,197,216</b>
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities:</b>		
Interest income	358	-
Interest expense	101,750	9,946
Spin-out transaction costs recoverable	-	212,060
Accounts payable related to exploration and evaluation properties	<b>\$ 27,635</b>	<b>\$ 42,031</b>

See accompanying notes to the consolidated financial statements.

## Consolidated Statements of Changes in Equity

For the years ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

	Share Capital		Reserves			Deficit	Total Equity
	Number of Shares	Capital Stock	Stock Options	Warrants	Investments		
<b>Balance, October 31, 2018</b>	<b>44,041,753</b>	<b>\$ 30,055,499</b>	<b>\$ 2,151,843</b>	<b>\$ 432,941</b>	<b>\$ (15,250)</b>	<b>\$ (7,706,052)</b>	<b>\$ 24,918,981</b>
Net loss for the year	-	-	-	-	-	(1,834,292)	(1,834,292)
Equity component of loan payable (Note 8)	-	-	-	97,113	-	-	97,113
Exercise of stock options (Note 9(b))	1,312,500	413,070	(45,570)	-	-	-	367,500
Disposition of assets upon spinout (Note 14)	-	(3,507,629)	-	-	-	-	(3,507,629)
Share-based payments (Note 9(b))	-	-	500,000	-	-	-	500,000
Other comprehensive loss (Note 4)	-	-	-	-	(13,250)	-	(13,250)
<b>Balance, October 31, 2019</b>	<b>45,354,253</b>	<b>\$ 26,960,940</b>	<b>\$ 2,606,273</b>	<b>\$ 530,054</b>	<b>\$ (28,500)</b>	<b>\$ (9,540,344)</b>	<b>\$ 20,528,423</b>
Net loss for the year	-	-	-	-	-	(1,092,393)	(1,092,393)
Share-based payments (Note 9(b))	-	-	16,537	-	-	-	16,537
Private placement (Note 9(a))	3,341,665	501,250	-	-	-	-	501,250
Share issue costs (Note 9(a))	-	(16,768)	-	-	-	-	(16,768)
Other comprehensive income (Note 4)	-	-	-	-	28,500	-	28,500
<b>Balance, October 31, 2020</b>	<b>48,695,918</b>	<b>\$ 27,445,422</b>	<b>\$ 2,622,810</b>	<b>\$ 530,054</b>	<b>\$ -</b>	<b>\$ (10,632,737)</b>	<b>\$ 19,965,549</b>

See accompanying notes to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

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### 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 \$10,632,737. As at October 31, 2020, the Company has a \$618,591 working capital deficiency (2019 – \$992,550 working capital). 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 COVID-19 pandemic creates uncertainty in respect to global economic and market conditions however its specific, identifiable impact on the Company has not, to date, been material. Future developments in the course of the pandemic could negatively impact the Company's operations, however such future outcomes cannot currently be predicted beyond those expected to affect society as a whole.

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, 2020

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### 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, 2020 and 2019 were approved and authorized for issue by the Board of Directors on February 26, 2021.

These consolidated financial statements include the accounts of the Company, its 100% controlled entities, Constantine North Inc. (an Alaska corporation) and its 50.34% 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, 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 7). As a result, the Company recognized leased assets (“right-of-use” assets) and the related lease liability on the statement of financial position.

### 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 prior year, a significant estimate was required to determine the current fair value of the debt component of the Company’s loan facility.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

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### 3. Significant Accounting Policies (continued)

#### a) Judgments and Estimates (continued)

A significant judgment applicable to the financial statements 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) 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.

#### c) 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.

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.

#### d) 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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

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### 3. Significant Accounting Policies (continued)

#### d) Impairment of Non-current Assets (continued)

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.

#### e) 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.

#### f) Leases

The Company adopted all of the requirements of IFRS 16 Leases ("IFRS 16") as of November 1, 2019. IFRS 16 replaces IAS 17 Leases ("IAS 17"). IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has adopted IFRS 16 using the modified retrospective application method, where the 2019 comparatives are not restated and a cumulative catch-up adjustment is recorded on November 1, 2019 for any differences identified, including adjustments to opening retained earnings balance. The Company chose to measure the right of use assets equal to the lease liability calculated for each lease on initial adoption, using a borrowing rate of 12%.

The following is the Company's new accounting policy for leases under IFRS 16:

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

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### 3. Significant Accounting Policies (continued)

#### f) Leases (continued)

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

The Company has elected to exclude non-lease components related to premises leases in the determination of the lease liability. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve-months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

#### 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 9(b). 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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

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### 3. Significant Accounting Policies (continued)

#### i) Loss per Share (continued)

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.

#### 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 is 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

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### 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

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### 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) 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

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### 3. Significant Accounting Policies (continued)

#### n) Comparative Figures

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

### 4. Investments

In connection with a mineral property option agreement signed in May 2018, the Company received 50,000 shares of Fireweed Zinc Ltd. ("Fireweed"). During the year ended October 31, 2020 the Company sold its 50,000 shares of Fireweed for proceeds of \$31,372. For the year ended October 31, 2020, the Company recorded comprehensive income of \$28,500 (2019 – a loss of \$13,250) on the change in the value of the Fireweed shares since the beginning of the year, and a loss of \$23,128 on the subsequent sale of the 50,000 shares.



**Notes to the Consolidated Financial Statements**  
For the year ended October 31, 2020

**5. Exploration and Evaluation Properties**

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

	Balance October 31 2018	Fiscal 2019 Expenditures	Disposition of Assets upon Spin-out	Balance October 31 2019	Fiscal 2020 Expenditures	Balance October 31 2020
<b>PALMER PROJECT, ALASKA</b>						
<b>Palmer Property</b>						
Acquisition costs	\$ 878,712	\$ -	\$ -	\$ 878,712	\$ 1,174	\$ 879,886
Less: Recovery of acquisition costs	(1,140,225)	-	-	(1,140,225)	-	(1,140,225)
Advance royalty payments	568,774	56,762	-	625,536	27,880	653,416
Assaying and testing	633,780	107,649	-	741,429	6,487	747,916
Field transportation	6,340,493	254,582	-	6,595,075	16,147	6,611,222
Geophysics	897,079	22,432	-	919,511	-	919,511
Drilling	16,856,797	623,465	-	17,480,262	67,828	17,548,090
Property maintenance	863,973	51,552	-	915,525	(774)	914,751
Geology and field support	10,983,286	310,235	-	11,293,521	130,986	11,424,507
Environmental	2,023,304	703,529	-	2,726,833	377,432	3,104,265
Technical consulting and engineering	470,869	196,754	-	667,623	34,228	701,851
Travel	850,213	82,125	-	932,338	28,548	960,886
Construction and development	105,531	301,697	-	407,228	74,479	481,707
Cost recoveries	(24,383,441)	-	-	(24,383,441)	-	(24,383,441)
	\$ 15,949,145	\$ 2,710,782	\$ -	\$ 18,659,927	\$ 764,415	\$ 19,424,342
<b>Haines Block</b>						
Acquisition costs	\$ 129,165	\$ -	\$ -	\$ 129,165	\$ -	\$ 129,165
Assaying and testing	5,261	-	-	5,261	-	5,261
Field transportation	528,843	-	-	528,843	-	528,843
Geophysics	113,203	-	-	113,203	-	113,203
Drilling	946,029	28,766	-	974,795	-	974,795
Property maintenance	68,045	15,943	-	83,988	19,585	103,573
Geology and field support	374,916	-	-	374,916	8,418	383,334
Environmental	22,986	-	-	22,986	(7,936)	15,050
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)
	\$ 1,420,943	\$ 44,709	\$ -	\$ 1,465,652	\$ 20,067	\$ 1,485,719
<b>Palmer Project Totals</b>	<b>\$ 17,370,088</b>	<b>\$ 2,755,491</b>	<b>\$ -</b>	<b>\$ 20,125,579</b>	<b>\$ 784,482</b>	<b>\$ 20,910,061</b>

(continued on next page)

**Notes to the Consolidated Financial Statements**  
For the year ended October 31, 2020

**5. Exploration and Evaluation Properties (continued)**

	Balance October 31 2018	Fiscal 2019 Expenditures	Disposition of Assets upon Spin-out	Balance October 31 2019	Fiscal 2020 Expenditures	Balance October 31 2020
<b>GOLD PROJECTS</b>						
<b>Big Nugget Property, Alaska</b>						
Acquisition costs	\$ -	\$ -	\$ -	\$ -	\$ 11,723	\$ 11,723
Geology and field support	-	-	-	-	134,674	134,674
Assaying and testing	-	-	-	-	43,601	43,601
Environmental	-	-	-	-	5,870	5,870
Field transportation	-	-	-	-	35,074	35,074
Travel	-	-	-	-	29,292	29,292
	\$ -	\$ -	\$ -	\$ -	\$ 260,234	\$ 260,234
<b>Due Diligence Properties (AZ and ID, USA)</b>						
Acquisition costs	\$ -	\$ -	\$ -	\$ -	\$ 165,256	\$ 165,256
Geology and project mgmt	-	-	-	-	23,277	23,277
Travel	-	-	-	-	5,800	5,800
	\$ -	\$ -	\$ -	\$ -	\$ 194,333	\$ 194,333
<b>Johnson Tract Property, Alaska</b>						
Acquisition costs	\$ 93,991	\$ 133,543	\$ (227,534)	\$ -	\$ -	\$ -
Community relations & advocacy	261	151	(412)	-	-	-
Administration	6,469	8,104	(14,573)	-	-	-
Camp costs and field support	202,626	929	(203,555)	-	-	-
Field transportation	136,747	627	(137,374)	-	-	-
Geology and project mgmt	312,963	56,786	(369,749)	-	-	-
Environmental	1,192	5,677	(6,869)	-	-	-
Travel	6,210	1,392	(7,602)	-	-	-
	\$ 760,459	\$ 207,209	\$ (967,668)	\$ -	\$ -	\$ -
<b>Munro-Croesus Property, Ontario, Canada</b>						
Acquisition costs	\$ 496,142	\$ 1,935	\$ (498,077)	\$ -	\$ -	\$ -
Assaying and testing	107,665	-	(107,665)	-	-	-
Drilling	1,127,740	-	(1,127,740)	-	-	-
Field transportation	23,678	-	(23,678)	-	-	-
Geophysics	149,446	-	(149,446)	-	-	-
Travel	74,386	-	(74,386)	-	-	-
Geology and field support claims	558,422 (440,512)	1,000 -	(559,422) 440,512	-	-	-
	\$ 2,096,967	\$ 2,935	\$ (2,099,902)	\$ -	\$ -	\$ -
<b>Gold Projects (Sub-Total)</b>	\$ 2,857,426	\$ 210,144	\$ (3,067,570)	\$ -	\$ -	\$ -

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**Notes to the Consolidated Financial Statements**  
For the year ended October 31, 2020

**5. Exploration and Evaluation Properties** (continued)

	Balance October 31 2018		Fiscal 2019 Expenditures	Disposition of Assets upon Spin-out	Balance October 31 2019		Fiscal 2020 Expenditures	Balance October 31 2020
<b>Gold Projects (Balance forward)</b>	\$	2,857,426	\$ 210,144	\$ (3,067,570)	\$	-	\$ -	\$ -
<b>Golden Mile Property, Ontario, Canada</b>								
Acquisition costs	\$	218,374	\$ -	\$ (218,374)	\$	-	\$ -	\$ -
Advance royalty payments		10,000	10,000	(20,000)		-	-	-
Assaying and testing		40,829	-	(40,829)		-	-	-
Drilling		396,613	-	(396,613)		-	-	-
Field transportation		22,514	-	(22,514)		-	-	-
Geophysics		160,669	-	(160,669)		-	-	-
Geology and field support		547,685	5,231	(552,916)		-	-	-
Technical consulting		90,970	-	(90,970)		-	-	-
Travel		34,334	-	(34,334)		-	-	-
Cost recoveries		(1,230,468)	-	1,230,468		-	-	-
	\$	291,520	\$ 15,231	\$ (306,751)	\$	-	\$ -	\$ -
<b>Golden Perimeter Property, Ontario, Canada</b>								
Acquisition costs	\$	17,900	\$ 10,600	\$ (28,500)	\$	-	\$ -	\$ -
Geophysics		40,000	62,905	(102,905)		-	-	-
Geology and field support		852	1,050	(1,902)		-	-	-
	\$	58,752	\$ 74,555	\$ (133,307)	\$	-	\$ -	\$ -
<b>Yukon, Canada</b>								
Acquisition costs	\$	61,641	\$ 5,670	\$ (67,311)	\$	-	\$ -	\$ -
Assaying and testing		197,379	-	(197,379)		-	-	-
Field transportation		476,911	-	(476,911)		-	-	-
Geology		186,913	297	(187,210)		-	-	-
Geochemistry		290,093	-	(290,093)		-	-	-
Technical consulting		61,608	-	(61,608)		-	-	-
Other		574,934	2,030	(576,964)		-	-	-
Cost recoveries		(25,000)	-	25,000		-	-	-
Writedown of exploration and evaluation properties		(1,824,478)	(7,997)	1,832,476		-	-	-
	\$	1	\$ -	\$ -	\$	-	\$ -	\$ -
<b>Total Gold Projects</b>	\$	3,207,699	\$ 299,930	\$ (3,507,628)	\$	-	\$ 454,567	\$ 454,567
<b>Total</b>	\$	20,577,787	\$ 3,055,421	\$ (3,507,628)	\$	20,125,579	\$ 1,239,049	\$ 21,364,628

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

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### 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 2020.

The lease is subject to a 2.5% net smelter returns (“NSR”) royalty. The lessee 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) 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 42,000 acre package of land (the “Haines Block”). There was a reduction in the size of the land package to 42,237 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 the Palmer Project.

##### iii) 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 initially 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 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

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### 5. Exploration and Evaluation Properties (continued)

#### a) Palmer Project, Alaska USA (continued)

##### iii) Limited Liability Company holding Palmer Project (continued)

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 proportionate 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 proportionate share, and is offset against the Company's recognition of the same amount recorded as a property cost.

During the year ended October 31, 2020, the Company's interest in the CML joint venture was diluted from 51.00% to 50.34% as a result of cash contributions made by Dowa, during the current fiscal year, which were not matched by the Company. The dilution represents the cumulative cash contributions by both parties such that as at October 31, 2020, the Company's cumulative contribution to CML relative to Dowa was 50.34%.

The Company's net dollar value investment in the joint venture is therefore unchanged during the current year and the exploration costs incurred relate to the spending of its share of the joint venture's net working capital at the outset of the year.

Refer to Note 16.

#### b) Gold Projects

##### i) Big Nugget Property, Alaska USA

In 2020, the Company designated a portion of its Haines Block Lease claims in Alaska, that were never contributed to CML, as the Big Nugget Property, and staked an additional 39 Alaska State claims to be included in the project. No historical property costs were recognized in connection with the presentation of these leased claims as a separate project.

##### ii) Due Diligence Properties, Arizona and Idaho USA

In August 2020, the Company entered into an option-to-purchase agreement on five mineral properties situated in Idaho and Arizona. Under the terms of the agreement, the Company has the right to lease-to-purchase or purchase any or all of the five projects. The Company paid \$165,256 (US\$125,000) for the option at the time of signing, and a further US\$15,000 since that date, to extend the option period until March 31, 2021. In the year ended October 31, 2020, the Company incurred aggregate costs of \$29,076 for due diligence work on the properties. The US\$140,000 payments made to date will be applied to the first year lease or purchase payments on the properties selected.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

### 5. Exploration and Evaluation Properties (continued)

#### iii) Spin-out of Gold Project Assets

On August 1, 2019, the Company completed a spin-out of its then-current 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 Company incurred \$227,235 in transaction costs related to the spin-out.

The following gold projects were spun-out as of August 1, 2019 and no longer form part of the Company's assets (Note 14):

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

### 6. Land

In April 2020, CML acquired a 2.0 hectare real estate property in Haines, Alaska at a cost of \$55,896, in which the Company's 50.34% (\$28,506) interest is shown on the Company's Statement of Financial Position.

### 7. Right-of-Use Asset/Lease

As at November 1, 2019, the Company was the lessee to a premise lease. The incremental rate of borrowing for this lease was estimated by management to be 12% per annum.

The reconciliation of the lease liability as at November 1, 2019 is as follows:

	Premise
Future aggregate minimum lease payments	\$ 285,222
Effect of discounting at the incremental rate of borrowing	(87,463)
Lease liability as at November 1, 2019	\$ 197,759

The impact of the adoption of IFRS 16 on the Company's financial statements for the year ended October 31, 2020 is as follows:

#### Right-of-use assets

As at October 31, 2020, the right-of-use assets recorded for the Company's premises were as follows:

	Premise
As at October 31, 2019	\$ -
IFRS 16 adoption	197,759
Depreciation	(30,039)
As at October 31, 2020	\$ 167,720

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

### 7. Right-of-Use Asset/Lease (continued)

#### Lease liability

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	2020
Undiscounted minimum lease payments:	
Less than one year	\$ 42,387
Two to three years	41,478
Three to four years	42,635
Four to five years	43,461
Five to six years	45,031
Six to seven years	26,605
	241,597
Effect of discounting	(67,071)
Present value of minimum lease payments	174,526
Less current portion	(30,039)
Long-term portion	\$ 144,487

#### Lease liability continuity

The net change in the lease liability is as follows:

	Premise
<b>As at October 31, 2019</b>	\$ -
IFRS 16 adoption	197,759
Cash flows:	
Principal payments	(23,233)
<b>As at October 31, 2020</b>	\$ 174,526

During the year ended October 31, 2020, interest of \$20,393 (2019 – \$Nil) was paid.

### 8. 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:

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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

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

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 from the date of issuance to October 31, 2020 are comprised of the following:

Receipt of US\$630,000 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
<hr/>		
Carrying amount of debt component, October 31, 2019	\$	726,906
<hr/>		
Accreted interest		21,005
Interest expense		101,750
Finance expense		15,861
<hr/>		
Carrying amount of debt component, October 31, 2020	\$	865,522

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.

### 9. Share Capital

#### a) Common Shares

**Authorized:** unlimited common shares without par value

**Issued and outstanding:** 48,695,918 common shares

On August 7, 2020, the Company completed a non-brokered private placement, consisting of 3,341,665 units at a price of \$0.15 per unit for aggregate proceeds of \$501,250. Each unit consisted of one common share of the Issuer and one-half of one transferable share purchase warrant of the Issuer. Each warrant is exercisable to acquire one common share at an exercise price of \$0.20 for a period of two years from the date of closing of the private placement. The Company recorded \$16,768 in share issue costs in respect to this financing.

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.



## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

### 9. Share Capital (continued)

#### b) Stock Options

On August 1, 2020, the Company issued 250,000 incentive share options, exercisable at a price of \$0.17, expiring August 1, 2025. The stock options were issued to an officer of the Company.

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.

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.

The Company has an established 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.

A summary of the status of the Company's stock options at October 31, 2020 and October 31, 2019 and changes during the periods therein is as follows:

	Year ended October 31, 2020		Year ended October 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	3,278,750	\$ 0.48	3,156,250	\$ 0.44
Granted	250,000	0.17	1,435,000	0.52
Exercised	-	-	(1,312,500)	0.28
Expired	(350,000)	0.56	-	-
Balance, end of year	3,178,750	\$ 0.45	3,278,750	\$ 0.48

In the year ended October 31, 2020, the Company recorded share-based payments of \$16,537 (2019-\$500,000) in regards to stock options issued during the year.

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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

### 9. Share Capital (continued)

#### b) Stock Options (continued)

The fair value cost of the stock options granted in August 2020, June 2019 and December 2018 were calculated using the Black-Scholes Pricing Model using the following range of assumptions:

	August 2020	June 2019	December 2018
Risk-free interest rate	0.54%	1.33%	1.93%
Expected life (in days)	1,825	1,825	1,825
Annualized volatility	82.51%	79.19%	80.73%
Dividend rate	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.

A summary of the Company's stock options outstanding as at October 31, 2020 is as follows:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Number of Options Exercisable
June 30, 2021	0.40	612,500	0.66	612,500
June 2, 2022	0.64	581,250	1.59	581,250
February 5, 2023	0.74	75,000	2.27	75,000
June 6, 2023	0.68	225,000	2.59	225,000
December 24, 2023	0.44	225,000	3.15	225,000
June 14, 2024	0.54	1,210,000	3.62	1,210,000
August 1, 2025	0.17	250,000	4.75	62,500
	\$ 0.50	3,178,750	2.63	2,991,250

#### c) Warrants

The Company issued 1,670,833 warrants on August 7, 2020, in connection with a non-brokered private placement of that date. Each warrant is exercisable to purchase one common share of the Company at a price of \$0.20 for a period of two years.

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 8), with each warrant exercisable to purchase one common share of the Company at a price of \$0.31 for a period of five years.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

### 9. Share Capital (continued)

#### c) Warrants (continued)

A summary of the status of the Company's warrants at October 31, 2020 and 2019, and changes during the years therein is as follows:

	October 31, 2020		October 31, 2019	
	Number of warrants	Weighted-average exercise price	Number of warrants	Weighted-average exercise price
Outstanding, beginning of year	17,407,564	\$0.89	14,705,881	\$1.00
Issued	1,670,833	\$0.20	2,701,683	\$0.31
Balance, October 31, 2020	19,078,397	\$0.83	17,407,564	\$0.89

A summary of the Company warrants outstanding as of October 31, 2020 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 10, 2024	\$ 0.31	2,701,683
August 7, 2022	\$ 0.20	1,670,833
		19,078,397

### 10. Related Party Transactions

The following represents the details of related party transactions paid or accrued for the years ended October 31, 2020 and 2019:

For the years ended October 31,	2020	2019
Accounting and administration fees paid or accrued to a company 50% owned by an officer	\$ 97,968	\$ 93,468
Consulting, administrative and technical fees paid or accrued to companies owned by directors	73,275	86,162
Consulting fees paid to officers	-	161,315
Directors' fees (accrued)	171,000	-
Salaries, wages and benefits	368,577	700,513
Share-based payments to key management	16,537	457,229
	\$ 727,357	\$ 1,498,687

The Company paid or accrued to NS Star Enterprises Ltd., a company controlled by Mr. Wayne Livingstone, \$73,275 for consulting, management and administration services for the years ended October 31, 2020 (2019-\$71,940). The Company paid or accrued to Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, \$97,968 for accounting, and management and administration services for the years ended October 31, 2020 (2018-\$101,679).

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

### 10. Related Party Transactions (continued)

For the year ended October 31, 2020, the Company paid wages totaling \$150,000 (2019 - \$105,500) to Mr. J. Garfield MacVeigh in his capacity as President of the Company. For the year ended October 31, 2020, the Company paid wages totaling: \$88,404 (2019 -\$172,483) to Elizabeth Cornejo in her capacity as Vice-President, Community and External Affairs of the Company; and \$29,290 (2019 - \$208,030) to Mr. Ian Cunningham-Dunlop in his capacity as Vice-President, Advanced Projects.

At October 31, 2020, the Company had accounts payable of \$204,154 (October 31, 2019 - \$16,667) due to related parties for outstanding legal fees, consulting fees and expense reimbursements as follows:

	October 31, 2020	October 31, 2019
Accrued director fees payable (to non-executive directors)	\$ 171,000	\$ -
NS Star Enterprises Ltd. (consulting co. of director K. Wayne Livingstone)	23,048	16,667
Expense reports payable (to CEO J. Garfield MacVeigh)	10,107	-
	<b>\$ 204,155</b>	<b>\$ 16,667</b>

### 11. 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.

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.

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.

### 12. 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, amounts receivable, available-for-sale investments, trade payables and amounts due to related parties.

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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

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### 12. Financial Instruments (continued)

#### 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. Cash is 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, 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, 2020

**12. Financial Instruments** (continued)

**c) Fair Value Measurements**

The carrying value of financial assets and financial liabilities at October 31, 2020 and 2019 are as follows:

	October 31, 2020	October 31, 2019
<b>Financial Assets</b>		
<i>Assets measured at amortized cost</i>		
Cash	\$ 268,101	\$ 1,197,216
Amounts receivable, excluding GST	80,120	277,585
Advances and prepaid expenses	18,285	16,762
<i>Investments, measured at fair value through other comprehensive income</i>		
Investments	-	26,000
<b>Financial Liabilities</b>		
<i>Liabilities at amortized cost</i>		
Trade payables and accrued liabilities	\$ 759,829	\$ 540,558
Loan facility	865,522	726,906
Lease liability	174,525	-
Amounts due to related parties	204,155	16,667

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

	October 31, 2020	October 31, 2019
As at	Level 1	Level 1
Cash	\$ 268,101	\$ 1,197,216

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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

### 13. Segmented Information

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

At October 31, 2020, 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			
<b>As at October 31 2020</b>	\$ -	\$ 21,364,628	\$ 21,364,628
As at October 31, 2019	-	20,125,579	20,125,579
Land			
<b>As at October 31 2020</b>	-	29,579	29,579
As at October 31, 2019	-	-	-
Performance Bonds			
<b>As at October 31 2020</b>	-	33,295	33,295
As at October 31, 2019	-	137,200	137,200
Right-of-use asset			
<b>As at October 31 2020</b>	167,719	-	167,719
As at October 31, 2019	-	-	-

### 14. 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 Projects	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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2020

### 14. Disposition of Assets Upon Spinout (continued)

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.

### 15. Income Taxes

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

	2020	2019
Net loss for the year	\$ (1,093,393)	\$ (1,834,292)
Expected income recovery	(291,066)	(500,865)
Net adjustment for amortization and other non-deductible amounts	14	113,351
Unrecognized benefit of DIT assets	-	-
Recognition of prior year non-capital losses	291,052	387,514
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:

	2020	2019
Deferred income tax assets:		
Net mineral property carrying amounts in excess of tax pools	\$ 559,000	\$ -
Equipment	59,000	59,000
Share issue costs	135,000	183,000
Non-capital and net capital loss carryforwards	5,209,000	6,166,000
	\$ 5,962,000	\$ 6,408,000

The Company has Canadian non-capital losses of approximately \$4,091,000 (2019 - \$5,051,000) and US non-capital losses of US \$1,115,000 (2019–US \$1,115,000), 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 2031 until 2040.

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

2031	96,000
2032	790,000
2033	540,000
2034	203,000
2035	154,000
2036	429,000
2037	-
2038	709,000
2039	-
2040	1,170,000
	<u>\$ 4,091,000</u>



**Notes to the Consolidated Financial Statements**

For the year ended October 31, 2020

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**16. Event subsequent to the end of the year**

At December 31, 2020, the Company's interest in the CML joint venture had been further diluted from 50.34% to 50.04% as a result of cash contributions made by Dowa which were not matched by the Company.

## 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, 2020 and 2019, 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](http://www.sedar.com). The Company's audited consolidated financial statements for the years ended October 31, 2020 and 2019 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, 2021.

Constantine is a junior mining company engaged in the exploration and development of North American mineral properties. Its principal project is the Palmer Project, an advanced polymetallic (zinc-copper-silver-gold) volcanogenic massive sulphide exploration project in a very accessible part of southeast Alaska.

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 with the symbol CNSNF.

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.

## 2021 Palmer Budget

Constantine and its joint venture partner Dowa Metal and Mining (Alaska), Ltd. ("Dowa"), are currently in the process of finalizing the budget and plan for the 2021 Palmer Zinc-Copper-Silver-Gold Project, the Company's flagship project in Alaska.

## \$501,250 Private Placement Completed

In August 2020, the Company completed a non-brokered private placement, consisting of 3,341,665 units at a price of \$0.15 per unit for aggregate proceeds of \$501,250. Each unit consists of one common share of the Company and one-half of one transferable share purchase warrant of the Company. Each warrant is exercisable to acquire one common share at an exercise price of \$0.20 for a period of two years from the date of closing of the private placement. Proceeds from the private placement will be used for general corporate purposes and to evaluate precious and base metal opportunities, including the potential for gold exploration on the Company's approximately 154 square kilometer 100% owned lands contiguous to the Palmer Project joint venture lands.

### High-Grade Gold Identified on Southeast Alaska Property – Big Nugget Project

In August 2020, the Company announced that it identified a potential source area for the historic Porcupine gold placer mining operation (see news release August 13, 2020). The gold prospects with high-grade gold sampling results, described in historical government reports are located on Constantine's 100% leased lands, about 8 kilometers east of the Company's advanced stage Palmer Cu-Zn-Au-Ag massive sulphide project.

Big Nugget fieldwork was carried out in 2 separate programs that included resampling of the Golden Eagle prospect area (118 samples), an orientation soil survey (544 samples) and reconnaissance geology. The work program confirmed the historical reported high grade gold mineralization and has provided new information to develop targets for follow up drilling. Highlights include:

- Confirmation of high grade gold mineralization at the Golden Eagle prospect (Vug vein zone) with outcrop grab samples ranging from trace to 44.7 g/t gold. The Vug vein zone is characterized by quartz-pyrite-pyrrhotite-sphalerite veins that cut through a 4 meter wide, tan coloured, silica-carbonate altered mafic dyke hosted in metasediments (Porcupine Slate). Chip samples across the Vug vein zone returned 9.8 g/t gold over 2.3 meters and 3.6 g/t gold over 1.0 meter.
- Pyritic-quartz vein grab samples from outcrops located 140, 160 and 185 meters downstream (northwest) of the Golden Eagle prospect returned 22.4 g/t gold, 53.7 g/t gold and 38.9 g/t gold, respectively. Upstream of the Golden Eagle prospect, at about 400 meters, quartz-pyrite-sphalerite boulder samples returned 8.0 g/t gold (34.5% Zn) and at about 800 meters, quartz-pyrite veins in altered mafic dyke boulders returned 8.1 g/t gold.
- Soil sampling outlined a broad, 250 to 300 meter wide >50ppb gold-in-soil anomaly at the McKinley Creek Falls prospect with results ranging up to 970 ppb gold. The gold-in-soil anomaly extends approximately 650 meters to the east along a previously interpreted fault zone. Soils appear to be an effective exploration tool and additional sampling is required to determine the full-extent of the anomaly.
- The McKinley Creek gold mineralization is associated with quartz-carbonate-muscovite ± sulphide (pyrite-sphalerite-pyrrhotite-chalcopyrite) veining within altered mafic dykes and to a lesser extent within the Porcupine slates. The altered mafic dykes range in thickness from a few centimeters to upwards of 10 meters in width and crosscut and parallel the slate stratigraphy. The Porcupine slates and altered mafic dykes are moderate to tightly folded about east-west trending fold axes with an overall shallow to moderate westerly plunge. Mineralized gold bearing veins appear to be controlled in part by extension linked to the folding.

Forty-one State claims were staked to cover subsurface gold potential adjacent to Constantine's 100% TLO lease lands and the Porcupine placer area.

### 2020 Palmer Project Program

The 2020 Palmer field work was planned and carried out from mid-to-late summer to reduce the concerns of COVID-19 exposure and transmission, with an emphasis on using local Haines employees for as much of the work as possible. The program was successfully completed in compliance with strict Alaska State COVID-19 protocols and Company camp procedures. Environmental and project permitting work is ongoing for future underground exploration development and continued outreach to keep the Haines Borough and State of Alaska informed on project activities.

Surface geological work focused on upgrading geological and prospect information to assist in advancing drill targets and resolving the offset on the Kudo fault that displaces the thickest part of the downdip South Wall deposit (CMR14-65 - **89.0 meters grading 0.79% copper and 5.03% zinc including 7.4 meters grading 2.05% copper and 10.23% zinc**). Some of this work was carried out from the new road that has been established to an underground exploration portal site. A highlight of the geological work is the identification of rocks on the offset side of the Kudo fault with a geochemical signature similar to the immediate hanging rocks of the South Wall deposit in addition to critical stratigraphic tops information. The location of these rocks stratigraphically below the high grade untested HG prospect (grab samples up to 0.36% Cu, 14.1% Zn 2.3% Pb, 198.9 g/t Ag) suggests the potential for two mineralized stratigraphic horizons.

Additional work is also in progress on the AG deposit (**4.3 million tonnes at 4.64% zinc, 0.12% Copper, 119.5 g/t silver, 0.53 g/t gold, 34.8% barite**) that is the subject of a Master of Science dissertation.

Clean-up work was completed on a five acre land purchase in the project area that will be used for expanded drill core storage and for a future underground exploration base.

#### *2020 Environmental Studies and Permitting Update*

The Company continues to build and expand the baseline environmental science database, fulfill environmental monitoring requirements and advance project permitting for future underground exploration.

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. Subsequent to approval, the Waste Management Permit ("WMP") to manage wastewater and waste rock issued by the Alaska Department of Environmental Conservation ("ADEC") was remanded to ADEC staff for further review due to a 9<sup>th</sup> Circuit Court Decision in the *County of Maui vs. Hawaii Wildlife Fund*. That review is continuing so that the Company can comply with the new interpretation of the Clean Water Act that arose out of the Supreme Court's April 23, 2020 Opinion in the *County of Maui vs. Hawaii Wildlife Fund* case. The Company, in consultation with ADEC, has been collecting additional hydrologic information and plans to submit an updated Wastewater Discharge System Design and supporting data to ADEC for final discharge authorization in the future. More recently the United States Environmental Protection Agency (EPA) has provided some useful guidance to assist in the interpretation of the Clean Water Act as a result of Supreme Court Decision.

#### **BLM Wins 9<sup>th</sup> Circuit Court Appeal**

In December 2017 groups aligned with the Southeast Alaska Conservation Council (SEACC) sued the Bureau of Land Management (BLM) for granting Constantine's Plan of Operations (PoO) authorizing construction of 2.5 miles of road in support of exploration, contending that the impacts of a future mine should have been part of the exploration approval process. On March 15, 2019 Judge Burgess, presiding Judge of the Federal District Court for the District of Alaska, granted summary judgment to the BLM, Constantine, Alyu Mining Co., Inc. and Haines Mining & Exploration Inc. thereby denying each of SEACC's claims. In an eight-page Decision filed on August 28, 2020 the Ninth Circuit affirmed Judge Burgess's Order.

The Company agrees with the Court's opinion that the potential impacts of a future mine were not

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required to authorize construction of 2.5 miles of road in support of exploration. Constantine recognizes the importance of ongoing scientific studies and stakeholder discussions during the exploration process and remains committed to quality science and meaningful engagement with stakeholders through every step of our mineral exploration, that will help us create a responsible mine proposal for consideration in the future.

**Positive Preliminary Economic Assessment ("PEA") 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
- 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).

**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, 0.39 g/t gold, 27.7% barite. The project is being advanced in partnership with Dowa Metals & Mining Alaska, Ltd. ("Dowa"), who earned 49% in the project at the end of 2016 by completing aggregate expenditures of US\$22 million over four years. During the year ended October 31, 2020, the Company's interest in the Palmer project was diluted from 51.00% to 50.34%. As of the date of this report, the

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Company's interest in the Palmer project is 50.04% due to further dilution. 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 reported a positive Preliminary Economic Assessment ("PEA") for the Project in June 2019 and outlined the potential for a low capex, low operating cost, high margin underground mining operation with attractive environmental attributes. Summary details of the PEA are provided above.

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. Exploration to locate the faulted offset of the thickest down-dip part of the South Wall Zone has the potential to significantly increase the project resources in the immediate South Wall Zone area.

The Joint Venture will continue to carry out environmental/hydrological work required to advance the Palmer project and to fulfill the requirements of existing permits. The Company will also continue to work with and keep the local communities informed on project developments and continue to maximize local purchasing and hiring of workers.

The Company's long-term vision is to define a multi-decade mining operation at Palmer.

#### **New Director and VP Exploration Appointed**

At the Company annual general meeting of shareholders on December 9, 2020, new director, Mr. David Reid, LL.B., was added to the board of directors. Mr. Reid is the Global Co-Chair, Mining of DLA Piper, one of the world's biggest law firms. As a recognized leading Canadian lawyer in global mining and a former board member of TSX and NYSE listed companies, Mr. Reid brings to the Company his extensive experience, practical approach and industry expertise.

In August 2020, the Company announced the appointment of Mr. Michael Vande Guchte, P. Geo. as Vice President Exploration.

Mr. Vande Guchte has over 20 years' experience in the generation, management and implementation of successful gold and base metal exploration projects in North and South America. He began his career with Falconbridge Limited exploring for volcanogenic massive sulphide (VMS) deposits in British Columbia followed by various junior resource companies exploring for orogenic gold, magmatic Ni-Cu sulphides and VMS deposits. More recently, he was involved in the discovery and advancement of the Lemarchant VMS deposit in central Newfoundland as CEO of Paragon Minerals Corporation (acquired by Canadian Zinc Corporation in 2012) and as Vice President Exploration for Canadian Zinc from 2012 to 2019. Mr. Vande Guchte is a registered Professional Geoscientist with APEGBC and APEGNL and holds a Bachelor of Science in Geology from the University of Alberta.

## Results of Operations

The Company recorded a net loss of \$1,120,893 for the year ended October 31, 2020 (2019-\$1,834,292).

### *Exploration and Evaluation Expenditures*

In the year ended October 31, 2020, the Company recorded net expenditures of \$1,239,049 on exploration and evaluation properties (2019-\$3,055,421), of which \$784,482 was spent on the Palmer project. The expenditures on the Palmer project were from the Company's share of the joint venture's net working capital at the outset of the year.

The Company also spent \$260,234 on its newly designated "Big Nugget" property, which is adjacent to the Palmer project.

As at October 31, 2020, the Company incurred a total of \$194,333 in expenditures to secure an option right and conduct due diligence on five mineral properties in Idaho and Arizona, for the purpose of acquiring some or all of them.

### *Palmer Project Joint Venture Accounting*

The Company accounts for the Palmer Project as a joint operation for accounting purposes. In 2020, the Company ownership of the project was reduced from 51.00% to 50.34% as a result of financial dilution. Accordingly, 50.34% of the Palmer Project joint venture is included in the Company's financial statements at October 31, 2020.

### *Land Purchase in Haines, Alaska*

In April 2020, the Company purchased a real estate property in Haines, Alaska through Constantine Mining LLC, the joint operation owned by the Constantine and Dowa Metals Mining Co., Ltd. The 2.0 hectare property was purchased at a cost of \$55,895, of which the Company's 50.34% interest (\$28,506) is shown on the Company's Statement of Financial Position.

### *Operating Costs*

The Company had a net loss from operations of \$1,117,020 for the year ended October 31, 2020, compared to cash operating costs of \$1,742,968 for the previous year. The increase in consulting costs was due to \$133,474 in financial advisory services incurred from RCI Capital Group Inc. during the year. During the year ended October 31, 2020, the Company incurred \$256,752 legal expenses, for legal fees related to increased corporate activities in the period. The Company incurred lower salaries, wages and benefit costs during the year ended October 31, 2020, as a result of reduced senior and administrative level staffing.

The Company recorded finance, interest and accretion expenses totaling \$138,616 during the year in regard to an outstanding US\$630,000 loan facility that was arranged with Inter World Investments (Canada) Ltd. in October 2019.

The Company recorded significantly lower general and administrative costs during the year ended October 31, 2020, due to reductions in conference, trade show and advertising expenditures. A breakdown of total general and administrative costs for the year ended October 31, 2020 is shown below:

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General and Administrative expenses for the year ended October 31, 2020	Amount
Conferences, trade shows and advertising	\$ 29,013
Accounting and administration	28,500
Office expenses	10,995
Transfer agent, listing and filing fees	39,423
<b>Total</b>	<b>\$ 107,931</b>

### Annual Financial Information

Selected annual financial information for the three years ended October 31, 2020, 2019 and 2018 are as follows:

<i>At October 31,</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Loss before other items	\$ (1,117,020)	\$ (1,742,968)	\$ (988,911)
Net income (loss) for the year	(1,120,893)	(1,834,292)	(939,466)
Income (loss) per share	(0.02)	(0.04)	(0.03)
Total assets	21,969,580	21,812,554	25,379,934
Total liabilities	2,004,031	1,284,131	460,953
Total shareholders' equity	19,965,549	20,528,423	24,918,981

### Summary of Quarterly Results

In the three months ended October 31, 2020, the Company incurred aggregate expenditures of \$426,338 on exploration and evaluations properties, of which \$260,234 was incurred on the Big Nugget property. During the quarter, the Company incurred \$194,333 in expenditures to secure an option right and conduct due diligence on five mineral properties in Idaho and Arizona.

The Company recorded a net loss from operations of \$348,400 for the three months ended October 31, 2020, compared to \$318,401 for the same quarter last year. Current period general and administrative costs for the quarter were lower, due to decreased conference, trade show and advertising costs. The Company also incurred lower salaries, wages and benefit costs during the quarter, as a result of reduced senior and administrative level staffing.



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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, 2020	\$ 21,969,580	\$ (349,388)	\$ (0.01)
July 31, 2020	21,459,308	(329,390)	(0.01)
April 30, 2020	21,405,085	(115,401)	(0.01)
January 31, 2020	21,423,160	(326,714)	(0.01)
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)

#### Quarterly Result General Trends

The Company's operating losses over the past two years have been in the order of \$250,000-300,000 per quarter, before occasional non-cash items such as stock based compensation, and extraordinary items like spin-out transaction costs. These costs were slightly higher in the quarter ended October 31, 2020 and the Company is projecting general operating expenses in the range of \$250,000 to \$350,000 for the next fiscal year.

#### Financial Condition, Liquidity and Capital Resources

The Company is not in commercial production on any of its mineral properties and accordingly, 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.

During the year ended October 31, 2020, the Company's interest in the Palmer Project was diluted from 51.00% to 50.34% as a result of cash contributions made by Dowa which were not matched by the Company. The dilution represents the cumulative cash contributions by both parties, such that as at October 31, 2020, the Company's cumulative contribution to the Palmer Project relative to Dowa was 50.34%.

As at December 31, 2020, the Company's cumulative contribution to the Palmer Project was 50.04% and Dowa's contribution was 49.96%.

At October 31, 2020, the Company's cash position was \$268,101 (2019-\$1,197,216) and it had a working capital deficiency of \$615,591 (2019-\$992,550 working capital). 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 and is accruing interest at the rate of 12% p.a.

In August 2020, the Company completed a non-brokered private placement, consisting of 3,341,665 units at a price of \$0.15 per unit for aggregate proceeds of \$501,250. Each unit consisted of one common share of the Company and one-half of one transferable share purchase warrant of the Company. Each

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warrant is exercisable to acquire one common share at an exercise price of \$0.20 for a period of two years from the date of closing of the private placement. Proceeds from the private placement were intended to be used for general corporate purposes and to evaluate precious metals opportunities, including the potential for gold exploration on the Company's 100% owned lands contiguous to the Palmer Project Joint Venture lands. The proceeds of the private placement have been used for these purposes.

The Company is dependent on equity capital to fund exploration and development of exploration properties and its on-going operations. The Company will require additional capital in 2021. If the Company is unwilling or unable to participate in funding its part of future Palmer Project funding it will be subject to further dilution, in accordance with the provision of the LLC joint venture agreement.

### Off-Balance Sheet Arrangements

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

### Related Party Transactions

The following represents the details of related party transactions paid or accrued for the years ended October 31, 2020 and 2019:

For the years ended October 31,	2020	2019
Accounting and administration fees paid or accrued to a company 50% owned by an officer	\$ 97,968	\$ 93,468
Consulting, administrative and technical fees paid or accrued to companies owned by directors	73,275	86,162
Consulting fees paid to officers	-	161,315
Directors' fees (accrued)	171,000	-
Salaries, wages and benefits	368,577	700,513
Share-based payments to key management	16,537	457,229
	<b>\$ 727,357</b>	<b>\$ 1,498,687</b>

The Company paid or accrued to NS Star Enterprises Ltd., a company controlled by Mr. Wayne Livingstone, \$73,275 for consulting, management and administration services for the years ended October 31, 2020 (2019-\$71,940). The Company paid or accrued to Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, \$97,968 for accounting, and management and administration services for the years ended October 31, 2020 (2018-\$101,679). During the year ended October 31, 2020, the Company paid or accrued to DLA Piper (Canada) LLP, a law firm of which director David Reid is a partner, a total of \$412,000 in legal fees (2019-\$401,000).

For the years ended October 31, 2020, the Company paid wages totaling \$150,000 (2019 - \$105,500) to Mr. J. Garfield MacVeigh in his capacity as President of the Company. For the years ended October 31, 2020, the Company paid wages totaling: \$88,404 (2019 -\$172,483) to Elizabeth Cornejo in her capacity as Vice-President, Community and External Affairs of the Company; and \$29,290 (2019 - \$208,030) to Mr. Ian Cunningham-Dunlop in his capacity as Vice-President, Advanced Projects.

At October 31, 2020, the Company had accounts payable of \$204,155 (October 31, 2019 - \$16,667) due to related parties for outstanding legal fees, consulting fees and expense reimbursements as follows:

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	October 31, 2020	October 31, 2019
Accrued director fees payable (to non-executive directors)	\$ 171,000	\$ -
NS Star Enterprises Ltd. (consulting co. of director K. Wayne Livingstone)	23,048	16,667
Expense reports payable (to CEO J. Garfield MacVeigh)	10,107	-
	<b>\$ 204,155</b>	<b>\$ 16,667</b>

### 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.

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 48,695,918 shares outstanding on October 31, 2020 and as of the date of this report.

The following stock options were outstanding on October 31, 2020 and as of the date of this report:

No. of Stock Options	Price per Share	Expiry Date
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
250,000	\$0.17	August 1, 2025
3,178,750		

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The following warrants were outstanding on October 31, 2020 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
August 7, 2022	\$0.20	1,670,833
		19,078,397

### 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.

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, 2020, the Company has incurred significant losses since inception and has an accumulated operating deficit of \$10,632,737. 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 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 the Palmer Project.

### *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") for approving the exploration Plan 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 in 2019 and the decision was appealed to the United States Court of Appeals for the Ninth Circuit. In August 2020, the Ninth Circuit court issued a decision on the case, affirming the BLM's position and denying each of the appellant's claims. Although the action was filed against the BLM, Constantine was 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.

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*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, 2020, the Company had a total cash balance of \$268,101 to settle current liabilities of \$994,023.

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 variable 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.

### *Coronavirus global pandemic risk*

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant fluctuations in the equity markets, and the movement of people and goods has become restricted.

The Company's ability to fund ongoing operations and exploration is affected by the availability of financing. Due to market uncertainty the Company may be restricted in its ability to raise additional funding.

The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of going concern uncertainty.

### **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, 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, such as the coronavirus global pandemic, which could 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.





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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

Michael J. Vande Guchte, P. Geo., a qualified person as defined by Canadian National Instrument 43-101, has reviewed the technical information contained 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](http://www.sedar.com).