Marcona Copper Project

Background

The Marcona Copper Project is owned by Marcobre S.A.C. ("Marcobre"), a corporation existing under the laws of Peru. Chariot Resources Limited (the Corporation) indirectly owns 70% of the outstanding shares of Marcobre and Korea Resources Corporation and LS-Nikko Copper Inc. (together, the "Korean Partners") indirectly own 30% of the outstanding shares of Marcobre. The Corporation and its Korean Partners have entered into a shareholders agreement with respect to the corporate governance of Marcobre and the ownership, development and operation of the Marcona Copper Project.

Description, Location and Certain Additional Information

The Marcona Copper Project is located within Nazca Province, Ica Department in the southern coastal plain area of Peru approximately 20 to 30 kilometres from the Pacific Ocean and approximately 400 kilometres southeast of Lima. The centre of the Marcona Copper Project lies approximately 25 kilometres north of the coastal town of San Juan de Marcona. The town of Nazca on the Pan American highway is located approximately 35 kilometres to the north-northeast of the Marcona Copper Project. Elevations range from 500 metres above sea level to nearly 1,200 metres above sea level and the geographic co-ordinates of the centre of the Marcona Copper Project are approximately 15°08'S and 75°04'W.

The Marcona Copper Project covers 32,889 hectares on which there are located five prospects (the "Prospects"): the Mina Justa Prospect, the Achupallas Prospect, the Miramar Prospect, the Clavelinas Prospect and the La Apreciada Prospect. The Mina Justa Prospect is currently the principal development project.

Preliminary Economic Assessment

In August 2005, the Corporation retained GRD Minproc Limited ("GRD Minproc") to undertake a preliminary economic assessment with respect to the Mina Justa Prospect and prepare a technical report (the "GRD Minproc Report") in compliance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

The GRD Minproc Report is dated June 15, 2006 and summarized below. A copy of the GRD Minproc Report is available electronically at www.sedar.com.

> ***Resources.*** The GRD Minproc Report was based on an Indicated Mineral Resource of 132 million tonnes at a grade of 0.74% copper and an Inferred Mineral Resource of 279 million tonnes at a grade of 0.57% copper, in each case using a cut-off grade of 0.20%. This estimate was reviewed by Snowden Mining Industry Consultants Inc.
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> ***Mining.*** The GRD Minproc Report contemplates that mining at the Mina Justa Prospect will be by conventional open pit methods. Underground mining was considered but not pursued as part of the GRD Minproc Report as there was insufficient definition of mineralization at depth. A pit design exercise was completed as part of the GRD Minproc Report to produce staged and life of mine pits with a life of mine inventory of 56.8 million tonnes classified as Indicated Mineral Resources and 85.2 million tonnes classified as Inferred Mineral Resources at 0.82% copper and a strip ratio of 2.5:1 and a cut-off grade of 0.30% copper.
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> ***Processing and Recovery.*** The GRD Minproc Report contemplates a 13.5 year mine life. The Mina Justa Prospect would be developed initially as a conventional heap leach operation (60,000 t/a of copper cathode for approximately 10 years) with a concentrator to commence production in year five (2.5 million t/a flotation circuit from year 5 to year 13). The process design incorporates tertiary crushing, agglomeration, single use leach pads, SX/EW and conventional flotation circuit and conventional tailings disposal. The following metallurgical recovery assumptions were carried forward to the operating costs estimate and cash flow assessment: heap leaching (82% recovery of total copper and 80% of acid soluble copper in mixed zone, 6 month leaching cycle and 15 kg/t acid consumption) and concentrator (93% recovery of copper in sulphide zone and 90% of cyanide soluble and residual copper in mixed zone and concentrate grades of 27% and 35% for chalcopyrite and bornite-chalcocite ore, respectively). The GRD Minproc Report notes that additional metallurgical test work will be required to support the assumed recoveries.
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> ***Life of Mine Capital Costs.*** The estimated capital costs under the GRD Minproc Report were as follows: U.S.$235.5 million of initial capital expenditures, including U.S.$177.6 million for the leaching circuit (including a 20% engineering contingency) and U.S.$57.9 million with respect to pre-production costs (principally pre-stripping). The estimated remaining capital expenditures are U.S.$94.5 million (including U.S.$49.8 million for the concentrator and U.S.$44.7 million for sustaining capital and closure) which the Corporation intends to fund from operating cash flow.

Operating Costs. The estimated operating costs under the GRD Minproc Report were as follows: average mining costs (U.S.$1.22 per tonne of material); heap leaching (U.S.$2.45 per tonne, including normal maintenance costs); flotation (U.S.$4.54 per tonne, including normal maintenance); and general and administrative operating costs (U.S.$0.32 per tonne of ore processed) transport and treatment charges (U.S.$0.38 per pound of copper concentrate).

Total Copper Production. The GRD Minproc Report contemplates a total life-of-mine production of 945,677 tonnes of copper.

Net Present Value. The GRD Minproc Report calculated a pre-tax net present value for the Mina Justa Prospect of U.S.$364 million (on a 100% equity basis using an 8% discount rate and a copper price of U.S.$1.20 per pound).

Readers should note that the GDR Minproc Report is dated June 15, 2006 and was prepared based on information available prior to that time. Information available since June 15, 2006, including the information described below under "Updated Resource Estimate" and "Metallurgical Testing" will affect the technical and financial outcomes contemplated in the GDR Minproc Report. In particular, the change from conventional heap leaching to vat leaching will result in increased capital and operating costs as summarized below under "Metallurgical Testing". In addition, underlying increases in capital and operating costs affecting the mining industry in general and changes to the price of copper since June 2006 will also have an impact on the project economics with respect to the Mina Justa Prospect. The overall impact of these and other changes since June 15, 2006 will be considered as part of the feasibility study described below under "Feasibility Study".

Readers should also note the following:

- the GRD Minproc Report is preliminary in nature and includes Inferred Mineral Resources which do not have demonstrated economic viability and are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves;

- the GRD Minproc Report states that in the absence of detailed process testwork data and geotechnical information, the capital and operating cost estimates contained in the GRD Minproc Report are subject to an overall accuracy of plus or minus 30%;

- there can be no assurance that the preliminary economic assessment contained in the GRD Minproc Report will be realized (see "Risk Factors");

- changes in the assumptions underlying the GRD Minproc Report could result in a material adverse change to the net present value calculation;

- the GRD Minproc Report was not prepared with a view toward compliance with the guidelines established by the Canadian Institute of Chartered Accountants for the preparation and presentation of prospective financial information; and

- the projections, forecasts and estimates included in this section of the Prospectus (including those with respect to net present value) and as set out below under "Metallurgical Testing" constitute forward-looking statements and readers are urged not to place undue reliance on such forward-looking statements (see "Forward-Looking Statements").

Updated Resource Estimate

In June 2006, the Corporation retained Snowden Mining Industry Consultants Inc. ("Snowden") to update the Corporation's resource estimate with respect to the Mina Justa Prospect and prepare a technical report (the "Snowden Report") in compliance with NI 43-101.

The estimated mineral resources as set out in the table below are stated as at November 16, 2006 and are based on the Snowden Report. A copy of the Snowden Report is available electronically at www.sedar.com.

Mina Justa Prospect – Total Mineral Resources(1)(2)

Cut-off Grade (%)[3]	Mtonnes	CuT (%)	Mlbs Cu
		Measured	
0.20	—	—	—
0.30	—	—	—
		Indicated	
0.20	419	0.63	5,831
0.30	347	0.71	5,418
		Measured + Indicated	
0.20	419	0.63	5,831
0.30	347	0.71	5,418
		Inferred	
0.20	172	0.51	
0.30	128	0.60	

Notes:

(1) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. Measured Mineral Resources are that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. Indicated Mineral Resources are that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. Inferred Mineral Resources are that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed but not verified.

(2) The Snowden Report was prepared in compliance with NI 43-101. The mineral resource classifications used in the Snowden Report are, in all material respects, equivalent to the resource classification definitions used by the Canadian Institute of Mining, Metallurgy and Petroleum.

(3) The mineral resource estimate is presented using cut-off grades of 0.20% and 0.30%, respectively, on the basis that the actual cut-off grade for the Mina Justa Prospect will not be determined until completion of more detailed economic studies.

Metallurgical Testing

Following the completion of the GRD Minproc Report which had contemplated the use of conventional heap leaching, the Corporation encountered occasionally variable and higher than expected acid consumption during subsequent metallurgical testing. In February 2007, a group of experts appointed by the Corporation to review alternative leaching methods recommended that the Corporation initiate a review of vat leaching and thin layer heap leaching as possible alternatives to conventional heap leaching. The Corporation subsequently appointed CADE-IDEPE (a Chilean engineering services company) ("Cade") to perform a trade-off study comparing the capital and operating costs of vat leaching and thin layer heap leaching. The Corporation also initiated additional metallurgical testing with respect to vat leaching. In May 2007, GRD Minproc reviewed the Cade reports and the results of the additional metallurgical testing and recommended that the Corporation utilize vat leaching as the preferred process for incorporation into the feasibility study with respect to the Mina Justa Prospect.

The table below summarizes the impact of the decision to employ vat leaching on certain cost, processing and recovery assumptions contained in the GRD Minproc Report as at May 1, 2007.

	Conventional Heap Leaching[1]	Vat Leaching
Direct capital costs for leaching area (U.S.$ millions)	45.8[2]	75.6
Operating cost (U.S.$/t ore)[3]	2.45	3.90
Unit operating cost (U.S.$/c/lb)[3]	23.4	35.9
Acid consumption (GAC) (kg/t)	15	35
Recovery (% Cu)	82	85
Leach cycle time (days)	110	5.5

Notes:

(1) The information under the column "Conventional Heap Leaching" is from the GRD Minproc Report.

(2) Includes capital for future pad expansions.

(3) Includes costs relating to crushing, agglomeration, leaching, management of leached tails, SX/EW and infrastructure. Does not include costs relating to mining, general and administrative, off-site and contingencies.

Additional metallurgical testing (including the construction and operation of a vat leaching demonstration plant) conducted after May 1, 2007 has demonstrated that vat leaching recoveries tend to vary with the grade of the copper in the ore. Low grade samples had an average copper recovery of 75%, mid-grade samples had an average copper recovery of 80% and higher grade samples had an average recovery of 87%. More definitive projections with respect to expected recoveries will not be known until a final mine plan has been developed as part of the feasibility study described below under "Feasibility Study".

Additional Drilling and Optimization Studies

During 2007, the Corporation continued its drilling program at the Mina Justa Prospect which began in March 2005. The cost of the 2007 drilling program was U.S.$6.2 million. A total of approximately 70,000 metres were drilled in 2007 using reverse circulation and core drill rigs.

As part of the development of the Mina Justa Prospect, the Corporation is also undertaking optimization studies which may result in changes to the resource model and the potential mineable resource contained in the GRD Minproc Report. In particular, preliminary optimization studies have indicated that the leachable resource may vary from that previously disclosed publicly (up or down) and the transition sulphide resource may be smaller or larger than that previously disclosed publicly, although the overall trend has been an increase in the transition sulphide resource. The Corporation does not believe that any of these changes, individually or in the aggregate, would require the filing of an updated technical report in accordance with the requirements of NI 43-101.

Feasibility Study

In August 2006, the Corporation retained a consortium of companies led by GRD Minproc to prepare a feasibility study (the "Feasibility Study") with respect to developing a mine plan which will be incorporated into the Mina Justa Prospect.

The Corporation currently intends to incorporate drilling data obtained prior to December 2007 in an updated resource estimate which will be used for developing a mine plan which will be incorporated into the Feasibility Study. The Corporation may determine to preclude the separate release of any further resource updates with respect to the Mina Justa Prospect prior to the release of the Feasibility Study which is expected to be completed during the second quarter of 2008. The Corporation believes that this may simplify and expedite the Feasibility Study preparation process currently underway and will also ensure that the resource update will be disclosed as part of the Feasibility Study which will include an updated assessment of the project economics and will be prepared in compliance with NI 43-101.

Increased capital and operating costs currently experienced across the mining and resource sector may materially impact the project economics of the Mina Just Prospect. These costs and the overall impact of other changes since the GRD Minproc Report will be addressed in the Feasibility Study.

Environmental and Social Impact Assessment

In June 2006, the Corporation retained Vector Peru S.A.C. to prepare an environmental and social impact assessment (the "ESIA") for submission to the Peruvian Ministry of Energy and Mines. The Corporation currently expects to complete the ESIA approximately two months after the Feasibility Study is completed. Following completion, the ESIA will be submitted to the Peruvian regulatory authorities to start the permitting process.

Project Debt

In August 2007, the Corporation announced that Marcobre had appointed Bank of Nova Scotia, Canadian Imperial Bank of Commerce and Standard Chartered Bank to arrange and underwrite a senior loan of up to U.S.$180 million to finance a portion of the development costs of the Mina Justa Prospect.

In October 2007, the Corporation announced that Marcobre had appointed Export Development Canada, The Export-Import Bank of Korea and KfW IPEX-Bank to provide additional senior loans of up to U.S.$145 million to finance a portion of the development costs of the Mina Justa Prospect.

Subject to completion of, among other things, due diligence by the bank arrangers and the agencies and the project financing documentation, the Corporation expects that Marcobre will seek committed financing offers from the bank arrangers and the agencies following completion of the Feasibility Study and the ESIA.

Stability Agreement

On August 31, 2005, Marcobre entered into a stability agreement with the Peruvian government. Under the terms of this agreement, the Peruvian government has agreed to guarantee the legal stability of certain tax, employment and export promotion regimes for a period of ten years.

Exploration Investment Agreement

Holders of mining concessions in Peru are entitled to apply for early recovery of certain Peruvian sales tax amounts which have been paid and would not otherwise be recoverable until commercial production. In order to apply for early recovery, the concession holder must enter into an exploration investment agreement with the Peruvian government. The amounts recoverable relate to sales tax applicable to goods, services and construction contracts directly utilized in exploration activities. The exploration investment agreements also typically require that the concession holder agrees to make a specified exploration investment commitment consistent with a program submitted by the holder and in an amount of not less than U.S.$500,000.

For the twelve months ended April 30, 2007 and the nine months ended January 31, 2008, Marcobre recovered $1.3 million and $0.2 million, respectively, under the terms of an exploration investment agreement between Marcobre and the Peruvian government which expired on December 31, 2007. Marcobre has filed an application with the Peruvian Ministry of Energy and Mines to execute a new exploration investment agreement for 2008.