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**CHARIOT RESOURCES LIMITED**

ANNUAL INFORMATION FORM FOR THE  
YEAR ENDED APRIL 30, 2009

JULY 27, 2009

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## Forward-Looking Statements

This Annual Information Form and the documents incorporated by reference herein contain certain forward-looking statements. These statements relate to future events or future performance and reflect management's expectations and assumptions regarding the growth, results of operations, performance, prospects and opportunities of Chariot Resources Limited ("Chariot or the Company"). When used in this Annual Information Form and the documents incorporated herein by reference such statements use such words as "may", "would", "could", "will", "should", "expect", "believe", "plan", "anticipate", "forecast", "estimate", "predict", "potential", "budget" or the negative of these terms or other similar expressions concerning matters that are not historical facts. In particular, statements regarding the Company's future operating results, economic performance and product development efforts are or involve forward-looking statements. These statements reflect management's expectations as of the date of such forward-looking statement regarding the Company's future operational or financial performance and should not be read as guarantees of future performance or results.

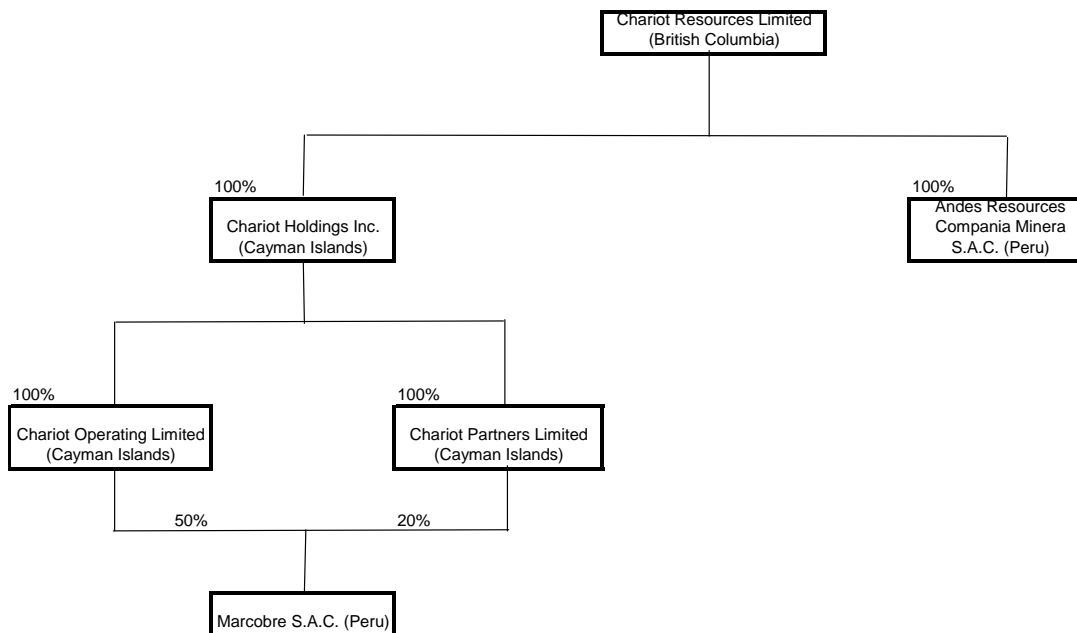
Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the factors discussed under "Risk Factors" and in certain documents incorporated by reference herein. Although the Company has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that actual events, performance or results will be consistent with these forward-looking statements and accordingly, readers should not place undue reliance on forward-looking statements. The Company assumes no obligation to update or revise forward-looking statements to reflect new events or circumstances, except as required by law.

## Corporate Structure

Chariot Resources Limited ("Chariot" or the "Company") was incorporated under the laws of the Yukon on November 12, 1996 under the name Hyperion Resources Corp. On February 21, 2002, the shares of the Company were consolidated on the basis one new for five old shares and the name of the Company was changed to Chariot Resources Limited. On October 28, 2004, the Company was continued under the *Business Corporations Act* (British Columbia). The head office of the Company is located at Suite 702, 55 University Avenue, Toronto, Ontario M5J 2H7 and the principal business office of the Company is located at Av. Benavides No.1180, Miraflores, Lima 18, Peru. The registered office of the Company is located at Suite 2800, 666 Burrard Street, Park Place, Vancouver, British Columbia, V6C 2Z7.

The Company and its subsidiaries are engaged in the acquisition, exploration and development of mineral properties (principally copper) located in South America. The Company's principal asset is its interest in the Marcona Copper Project. The Marcona Copper Project is located in Peru and is owned by Marcobre S.A.C. (a corporation existing under the laws of Peru and 70% owned by the Company). See "The Marcona Copper Project".

The following are the subsidiaries of the Company.



In July 2003, the Company acquired the issued and outstanding shares of Andes Resources Compania Minera S.A.C. (“Andes Resources”) for consideration consisting of 3,500,000 Common Shares of the Company issued at a price of \$0.15 per share. Andes Resources has entered into Service Agreements with Marcobre S.A.C. (“Marcobre”) to provide management services to Marcobre with respect to the Marcona Copper Project (“Marcona”). See “Marcobre Joint Venture – Services Agreement” and “Information with respect to the Korean Partners”.

Marcobre was formed to acquire, explore, develop and operate Marcona. Chariot indirectly owns 70% of the outstanding shares of Marcobre and Korea Resources Company (“KORES”) and LS-Nikko Copper Inc. (“LS-Nikko”), formerly LG-Nikko Copper Inc. (together the “Korean Partners”) indirectly own 30% of the outstanding shares of Marcobre. See “Acquisition of Marcona Copper Project” and “Marcobre Shareholders Agreement”.

## Development of the business

### *Significant acquisition*

See “Acquisition of the Marcona Copper Project – Acquisition and Ownership” for a description of the Company’s purchase of a 70% interest in the Marcona Copper Project.

In July 2003, the Company acquired the issued and outstanding shares of Andes Resources for consideration consisting of 3,500,000 Common Shares of the Company issued at a price of \$0.15 per share.

### *Significant financings*

On July 13, 2005, the Company completed a brokered private placement of 16,644,000 units at \$0.32 per unit for gross proceeds of \$5.3 million. The units issued consisted of one common share in the capital of the Company and one-half of a common share purchase warrant. Each whole common share purchase warrant entitled the holder on exercise to purchase one common share in the capital of the Company at a price of \$0.35 per common share on or before the close of business on December 22, 2006.

On March 21, 2006 the Company completed a public offering of 40,000,000 common shares at a price of \$0.43 per share. In addition to the shares issued to the public the underwriters of the offering syndicate purchased an additional 2,500,000 common shares at \$0.43 per share Pursuant to the exercise of an over-allotment option. The gross proceeds of the underwriting and exercise of the underwriters' option amounted to \$18,275,000. The net proceeds to the Company after underwriters' fees and expenses of \$1,247,961 were \$17,027,039.

The warrants issued pursuant to the equity financing in December 2005 and a brokered private placement in July 2006 expired on December 22, 2006. The Company received \$25,312,064 from the exercise of the warrants in the year ended April 30, 2007.

On March 20, 2008 the Company completed a public offering of 22,000,000 common shares at a price of \$1.00 per share. In addition to the shares issued to the public, the underwriters of the offering syndicate purchased an additional 1,204,500 common shares at \$1.00 per share pursuant to the exercise of an over-allotment option. The gross proceeds of the underwriting and exercise of the underwriters' option amounted to \$23,204,500. The net proceeds to the Company after underwriters' fees and expenses of \$1,544,074 were \$21,660,426

### ***Employees***

The business of the Company had 25 full-time employees as of the date of this report.

## **Information with respect to Peru**

The Marcona Copper Property, of which the Mina Justa Project is a part, is located in Peru. Set out below is an overview of Peru and its regulatory environment with respect to exploration and mining activities.

### ***Overview***

The Republic of Peru is a democratic constitutional republic governed by an elected government headed by a president who is both the chief of state and the head of government. The President also appoints the members of the Council of Ministers.

Following presidential and congressional elections held in May and June 2006, Mr. Alan Garcia was elected president, and together with the new congress assumed office for a five-year term in July 2006. The President may not serve consecutive terms. A new president will therefore take office following the next presidential election in 2011. The legislative branch of government is a unicameral Congress composed of 120 members elected to serve five-year terms. The judicial branch of government has at its head a Supreme Court of Justice whose judges are appointed by the National Council of the Judiciary.

The country is organized into 24 regions (formally known as departments) and one constitutional province. Peru is implementing a decentralization program whereby the 25 regional administrations will begin to exercise greater governmental authority over their territories. In November 2006, voters elected new regional presidents and other municipal and local authorities. The authority that the regional governments currently exercise will increase over the years although it will take time to decentralize most government functions.

Peru's economy reflects its varied geography and local climates. The country consists of an arid coastal region; the Andes Mountains further inland and tropical lands bordering Colombia and Brazil. Abundant mineral resources are found in the mountainous areas and the coastal waters provide excellent fishing grounds. An overdependence on minerals and metals however, subjects the economy to fluctuations in world metal prices. After several years of inconsistent economic performance the Peruvian economy now boasts one of the fastest growing economies in Latin America.

Peru has a developed mining infrastructure, a large pool of skilled technical and professional personnel and an established legal system. Due to an abundance of mineral resources Peru has become

a leading destination for foreign investment in South America's mining sector.

## **Regulatory Environment in Peru**

### ***Mining Laws***

Mining activities in Peru are subject to the Uniform Text of Mining Law which was approved by Supreme Decree No. 14-92 EM on June 4, 1992. Under law, the right to explore for and exploit minerals is granted by way of concessions. A mining concession is a property-related right, distinct and independent from the ownership of the land on which it is located. The term of a concession is indefinite, provided that annual fees are paid, penalties for not reaching minimum production levels established by law are paid when applicable, and the aforesaid minimum production levels are reached within the maximum term established. The rights conferred by a mining concession are enforceable against third parties, transferable, chargeable and may be the subject of any transaction or contract. Mining concessions may be privately owned and no state participation is required. Buildings and other permanent structures used in a mining operation are considered real property accessories to the concession on which they are situated.

### ***Annual Fees and Annual Minimum Production***

Mining concession holders must pay an annual fee by June 30 of each year. The annual fee is U.S.\$3.00 per hectare (except for small and artisan miners that pay a lower fee). In addition to the annual fee, the General Mining Law establishes minimum annual production levels and penalties for failing to achieve such levels. Two different schemes are currently in effect: the original framework and the amended framework.

Pursuant to the original framework, mining concession holders must achieve a minimum level of annual commercial production of at least U.S.\$100.00 per hectare in gross sales within six years of the year following the date that the concession was granted or, if the concession has not been put into production within that period, pay a penalty equal to U.S.\$6.00 per hectare for the seventh through the eleventh years following the date on which the concession was granted. After the eleventh year, the penalty increases to U.S.\$20.00 per hectare per year. Failure to pay the annual fee or penalties for two consecutive years results in cancellation of the concession.

The original framework was amended, setting new minimum production requirements, penalty fees, and causes for cancellation for any new mining concessions granted on or after October 11, 2008. As from 2019, the amended regime will also apply to concessions existing prior to October 11, 2008.

Since Marcobre's mining concessions were granted before October 11, 2008, Marcobre shall continue to be regulated by the minimum production and penalties provisions of the original framework until December 31, 2018, after which Marcobre shall be subject to the amended framework.

For large metallic mineral mines, the new minimum annual commercial production requires the concession holder to achieve a minimum level of commercial production of at least one Tax Unit per hectare per year, to be reached by the end of tenth year following the date on which the concession was granted. For 2009, one Tax Unit equals S/. 3,550.00 (approximately U.S.\$1,180).

Failure to reach the minimum production within ten years following the year in which the mining concession is granted results, as from the eleventh year, in a penalty fee of ten percent of one Tax Unit per hectare per annum.

For mining concessions granted on or after October 11, 2008, if minimum production is not reached by the end of the fifteenth year following the date on which the concession was granted, the concession shall be cancelled unless the title holder can, as from the sixteenth year, provide evidence of force majeure events which have prevented it from reaching minimum production, and/or pay the applicable penalties and provide evidence of having invested not less than 10 times the amount of applicable penalties in mining activities and/or infrastructure works.

If the minimum production level is not reached by the end of the 20th year following the date

on which the concession was granted, the concession shall be cancelled, without exception.

The regulations amending the causes for cancellation apply to concessions existing prior to October 11, 2008, but only from 1 January 2024.

### ***Ownership of Mining Rights***

Among other things, the Uniform Text of Mining Law provides that:

- No restrictions are placed on the remittance of dividends, funds to repay debts and royalties from mineral production to persons outside of Peru;
- Mining rights (i.e., the mining concession) may be forfeited if annual fees or penalties are not paid for two consecutive years;
- Equal rights to explore for and exploit minerals by way of concession may be granted to either Peruvian nationals or foreigners (except for areas within 50 kilometers of Peruvian national borders, in which case foreigners require special authorization); and
- The right to sell mining production freely in world markets is established.

### ***Mine Closure and Remediation***

On October 14, 2003, the Peruvian government published Law 28090, the so-called “Mine Closure Act”, while on August 16, 2005 regulations for such law were provided. The Mine Closure Act and its regulations established provisions related to the closure of mining units in their different stages (exploration, exploitation, post exploitation etc.) through the structure and fulfillment of an environmental instrument called a “Mine Closure Plan”. Such Plan must include all environmental actions that must be adopted by the owner of a mine in order to remediate all environmental impacts caused by the mining activities carried out within its production unit. In connection therewith, it established different stages for the closure such as a “Progressive Mine Closure” during the exploitation stage and through the life of the mine up to a “Post Closure Plan” to be executed once the mine’s reserves have been exhausted.

The Mine Closure Act and its regulations also established an obligation for the owner of a mine to provide an “Environmental Guarantee” in order to guarantee the fulfillment of the estimated costs associated with its Mine Closure Plan. The regulations expressly allow different types of guarantees such as pledges, mortgages, cash collateral, trust agreements or other forms as permitted by the Peruvian law and acceptable to the relevant authorities. Accordingly, the regulations establish when the warranties must be in place and the different levels and types of guarantees that companies must submit, depending on the level of risk to the environment if the company does not comply with its closure plan.

### ***Environmental provisions***

According to Peruvian environmental law, the competent environmental authority for each activity is the ministry responsible for the relevant economic sector. The Peruvian Ministry of Energy and Mines is therefore the competent authority regulating environmental affairs in respect of mining activities. Such authority includes establishing the requirements for and approving environmental impact studies and environmental protection policy regarding mining activities, as well as establishing maximum allowable levels for effluents, emissions etc.; signing environmental administrative stability agreements; among others.

Notwithstanding the above, recently authority over supervision of mining operations fulfillment of environmental obligations has been transferred to the Supervising Agency of Private Investment in Energy and Mining (OSINERGMIN). In connection therewith, OSINERGMIN is now in charge of supervising the compliance of all environmental obligations as well as mining health and safety provisions within mining operations, and has the authority to impose administrative sanctions for noncompliance.

Finally it is important to establish that for the development of mining activities, the holder of the mining unit would need to obtain a large number of permits and licenses from a variety of entities, for example, a license for the use of water from the Ministry of Agriculture, authorization for the use of explosives, etc.

### ***Royalties***

In June 2004, Peru's Congress passed a law (for which the enabling regulations were enacted in November 2004) that imposed royalty payments on Peruvian mine production which are payable at the following rates:

- 1.0% for annual sales up to U.S.\$ 60 million;
- 2.0% on the excess of sales between U.S.\$ 60 million and U.S.\$ 120 million; and
- 3.0% on sales greater than U.S.\$ 120 million.

This royalty is deductible as a cost for Peruvian income tax purposes.

### ***Taxation***

Companies incorporated in Peru are generally subject to corporate income tax levied at a rate of 30% on their net income subject to tax. Companies that pay dividends to individuals (whether "domiciled" or "non-domiciled" in Peru) or to "non-domiciled" corporations must withhold tax at the rate of 4.1% on the amount of such dividends. A company developing a new mine or expanding an existing mine can obtain a mining stability agreement which guarantees stability of, among other things, tax law, the right to freely export project production and foreign exchange laws; in this case a fixed income tax rate of 32% applies for the term of the agreement which can range from 10 to 15 years depending on the processing rate and capital cost of the project..

Peruvian taxpayers are generally entitled to carry forward at least a portion of any losses sustained in previous taxation years to offset taxable income in subsequent taxation years. Taxpayers may choose one of two loss carry-forward methodologies: the first allows tax losses to be carried forward for four years from the year incurred without any limit on the amount of the loss that can be applied in any one year, and the second allows tax losses to be carried forward indefinitely, but only to offset up to 50% of taxable income earned during subsequent taxation years.

Capital assets used in the course of a business may be depreciated for Peruvian income tax purposes. The annual depreciation amount is a deduction in the determination of taxable income. Depreciation rates are calculated on a declining balance and generally at the following annual rates:

- 20% in the case of machinery and equipment;
- 25% in the case of hardware;
- 3% in the case of buildings; and
- 10% in the case of most other fixed assets.

Taxpayers that enter into a 15 year mining stability agreement are entitled to claim enhanced depreciation deductions of 20% for machinery, industrial equipment and other fixed assets, other than buildings which have a depreciation limit of 5%.

Payments of interest by Peruvian taxpayers to non-resident persons are subject to withholding tax levied at the rate of 30%. However, under certain circumstances, a reduced withholding rate of 4.99% may apply where interest payments are made to unrelated, non-resident lenders not domiciled in a tax haven. In addition, reduced withholding tax rates may also apply where there is an income tax convention between Peru and the lender's country of residence. For example, the Peru-Canada Tax Convention (2003) provides for a maximum withholding tax rate of 15% on interest payments made by Peruvian borrowers to lenders that are resident in Canada.

### ***General Sales Tax***

There is a 19% Peruvian General Sales Tax (*Impuesto General a las Ventas* or "IGV") that

applies to certain transactions, including sales of goods within Peru, services performed or utilized within Peru, construction contracts and the importation of goods. IGV must be collected on the sale of goods or services within Peru. In respect of exports of goods or services an IGV credit is calculated and is equal to the amount of IGV that would apply on exported goods or services had such goods or services been sold within Peru and not exported. IGV paid by a Company is offset by IGV collected or calculated as a credit on exports.

The effect on companies that generate sales revenue from domestic or export sales of the IGV is generally tax neutral except for the incremental cost of financing the working capital arising as a result of delays between the payment of IGV and the eventual collection of IGV. For companies that do not generate sales, IGV is paid and not recovered until such time as sales or exports of goods or services occur and then only to the extent, in any period of time, of the amount of IGV collected for domestic sales or calculated as an export credit. During the period of exploration activities concession holders may apply for the recovery of IGV with respect to goods, services and construction contracts directly utilized in respect of exploration activities provided that certain legal and administrative requirements have been met. In order to apply for recovery of IGV, a concession holder must enter into an exploration investment agreement with the Peruvian government.

Mining companies that enter into a mining stability agreement can also enter into an investment agreement with the Government of Peru which grants the benefit of early recovery of IGV incurred during the construction period in much the same way as an exploration investment agreement grants the benefit of early recovery of IGV during the exploration stage.

#### ***Stability Agreements***

On August 31, 2005, Marcobre S.A.C. and its shareholders entered into stability agreements with the Peruvian government. Under the terms of these agreements, the Peruvian government has agreed to guarantee the legal stability of certain tax, employment and export promotion regimes for a period of ten years in consideration for an aggregate investment by the shareholders to Marcobre S.A.C. of U.S.\$30 million on or before August 31, 2007. Contributions made by shareholders to Marcobre S.A.C. prior to August 31, 2005 but not capitalized (including approximately U.S.\$31 million which has been provided by the shareholders to Marcobre S.A.C. by means of loans) may be subsequently capitalized under the terms of the stability agreement and included for purposes of calculating the U.S.\$30 million investment. The required US\$30 million investment and/or capitalization have been completed.

#### ***Exploration Investment Agreement***

On November 29, 2005, Marcobre S.A.C. and the Peruvian government entered into an exploration investment agreement pursuant to which Marcobre S.A.C. committed to invest US\$16,840,000 in exploration from November 2005 to December 2006 in exchange for the benefits of certain Peruvian tax laws which provide for the refund of Peruvian sales tax (VAT) to holders of mining concessions during the exploration stage.

Originally, the law which granted the VAT refund benefit to mining companies in exploration stage was to be in force until January 8, 2007. However, on December 24, 2006, this benefit was extended until December 31, 2009. Based on this extension, Marcobre S.A.C. executed a new exploration investment agreement with the State on August 29, 2007, which covered the period from August 2007 to December 2007, with a total investment commitment of U.S.\$ 2,714,000.

On May 30, 2008, Marcobre S.A.C. executed a third exploration investment agreement with the State, which covers the period from May 2008 to December 2008, with a total investment commitment of US\$ 6,533,000.

Consequently, the IGV rebate benefit has been in force during the following periods and for the following amounts (investment commitments):

- (i) From November 2005 to December 2006, with a total investment commitment of U.S.\$ 16,840,000.

- (ii) From August 2007 to December 2007, with a total investment commitment of U.S.\$ 2,714,000.
- (iii) From May 2008 to December 2008, with a total investment commitment of U.S.\$ 6,533,000.

### ***Foreign Exchange Controls***

There are no restrictions on the ability of a company operating in Peru to transfer foreign currency to or from Peru to other countries or to convert Peruvian currency into foreign currency or vice versa.

### **Information with respect to the Korean Partners**

KORES is a South Korean state organization which was established in 1967 as a comprehensive mining support service organization. The mandate of KORES is to secure overseas mineral resources for South Korean companies, assist in the rational development of domestic mining operations and provide research and technical assistance services for the development and acquisition of international mineral resources. The head office of KORES is in Seoul, two branch offices are in the mining district of South Korea, one in North Korea and six offices are located internationally, including an office in Canada. KORES employs over 350 people.

LS-Nikko is a joint venture formed by LS Cable, one of the world's largest manufacturers of copper cables, and a Japanese consortium lead by Nippon Mining & Metals with assets that include the Onsan smelter. The Onsan smelter is located in South Korea and has a capacity to produce 560,000 tonnes per year of copper cathode, 41 tonnes per year of gold and 435 tonnes per year of silver.

### **Risk factors**

#### ***Risks relating to mineral exploration and development***

An investment in the Company's securities is subject to a number of risks. In addition to other information contained in this Annual Information Form prospective purchasers should give careful consideration to the following factors relating to the Company and its business.

#### ***Exploration, Development and Operating Risk***

The Company is a development stage company engaged in mineral exploration and development. Mineral exploration and development is highly speculative in nature and involves many risks and is frequently not economically successful. Increasing mineral resources or reserves depends on a number of factors including, among others, the quality of a company's management and their geological and technical expertise and the quality of land available for exploration. Once mineralization is discovered it may take several years of additional exploration and development until production is possible during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling or drifting, to determine the optimal metallurgical process and to finance and construct mining and processing facilities. At each stage of exploration, development, construction and mine operating various permits and authorizations are required. Applications for many permits require significant amounts of management time and the expenditure of substantial amounts for engineering, legal, environmental, social and other activities. At each stage of a project's life, delays may be encountered because of permitting difficulties. Such delays add to the overall cost of a project and may reduce its economic feasibility. As a result of these uncertainties, there can be no assurance that a mineral exploration and development company's programs will result in profitable commercial production.

Companies engaged in mining activities are subject to all of the hazards and risks inherent in exploring for and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, social unrest, encountering

unusual or unexpected geological formations or other geological or grade problems, unanticipated metallurgical characteristics or less than expected mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses. Should any of these risks or hazards affect a company's exploration, development or mining activities it may: cause the cost of development or production to increase to a point where it would no longer be economic to produce metal from the company's mineral resources or expected reserves; result in a write down or write-off of the carrying value of one or more mineral projects; cause delays or stoppage of mining or processing; result in the destruction of mineral properties, processing facilities or third party facilities necessary to the company's operations; cause personal injury or death and related legal liability; or result in the loss of insurance coverage – any or all of which could have a material adverse effect on the financial condition, results of operations or cash flows of the company.

### ***Limited Operating History***

The Company has a limited operating history in the mineral exploration and development business and there can be no assurance that the Company will be profitable.

The Company expects to incur losses in the foreseeable future. Readers should note that the Company's consolidated financial statements for the year ended April 30, 2009 have been prepared on a going-concern basis which contemplates the realization of assets and the settlement of liabilities in the normal course of business.

### ***No History of Mineral Production***

The Company currently has no exploration and development projects other than the Marcona Copper Project. The Marcona Copper Project is a development project that has no operating history upon which to base estimates of future cash operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations. There can be no assurance that commercial quantities of minerals will be discovered at the Marcona Copper Project.

### ***Limited Experience with Development-Stage Mining Operations***

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource property into production.

### ***Mineral Resource or Reserve Estimates for Development Properties***

Mineral resource and reserve estimates for development projects are, to a large extent, based on interpretations of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive costs based on anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates of metal from the ore, estimated operating costs, estimated capital costs, estimated site remediation costs and asset retirement costs, anticipated climatic conditions and other factors. There is significant uncertainty in any mineral resource estimate and the actual deposits encountered and the economic viability of a mining deposit may differ materially from the Company's estimates. Mineral resources which are not mineral reserves do not have demonstrated economic viability. As a result of these uncertainties, there can be no assurance that the Company's exploration programs will result in profitable commercial mining operations. If the Company's exploration efforts are not successful at individual properties, the expenditures at these properties will be written off which may have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

Even if commercial quantities of minerals are discovered, there can be no assurance that any of the Company's properties will ever be brought to a stage where mineral resources can be profitably produced from such properties. Estimated mineral resources are periodically recalculated based on

changes in mineral resource prices, changes in expected operating and capital costs and asset retirement obligations, further exploration or development activity or actual production experience. Such recalculations could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors which influence mineral resource or mineral reserve estimates. Market price fluctuations for mineral resources, increased production costs or reduced recovery rates or other factors might render proven and probable mineral reserves uneconomic or unprofitable to develop; such factors could result in the reclassification of mineralized material into the resource category from proven or probable reserves that would result in write downs of the carrying value of the affected property or might accelerate the timing of payment of reclamation costs and asset retirement obligations

#### ***Availability of Additional Financing***

If the Corporation's exploration efforts are successful, additional funds will be required to continue exploration and to develop an economic ore body and place it into commercial production. Exploration and future development of the Marcona Copper Project will depend on the Corporation's ability to obtain adequate financing through the joint venturing of projects, debt financing, equity financing or by other means. There can be no assurance that the Corporation will be successful in obtaining the required financing. Failure to obtain such financing would result in delay or indefinite postponement of exploration and future development work on the Corporation's properties and could result in possible loss of properties.

#### ***Environmental Risks***

The Company's current or future operations, including exploration and development activities, are subject to environmental regulations which may negatively affect their economic viability or prohibit them altogether. The Company is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products which could occur as a result of mineral exploration, development and production.

To the extent that the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce the funds otherwise available to it and could have a material adverse effect on the financial condition, results of operations or cash flow results of the Company. If the Company is unable to fully remedy an environmental problem, it may be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the financial condition, results of operations or cash flows of the Company. The Company has not purchased insurance for environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production.

#### ***Fluctuations in Price and Consumption of Copper***

The Company's future profitability and long-term viability will depend in large part on the market price and worldwide consumption of copper. Market prices for copper are volatile and are affected by numerous factors beyond the Company's control, including expectations regarding inflation, global and regional demand, speculative activities, political and economic conditions and production costs in major copper-producing regions. The aggregate effect of these factors on copper prices and consumption is impossible for the Company to predict. There can be no assurance that a decline in the price or consumption of copper or other metals will not have a material adverse impact on the financial condition, results of operations and cash flows of the Company.

#### ***Currency Fluctuations***

Fluctuations in currency exchange rates, principally the CAD\$/US\$, the Peruvian Nuevo Sol/CAD\$ and the Peruvian Nuevo Sol/US\$ exchange rates, may significantly impact the Company's earnings and cash flows. The appreciation of the Peruvian Nuevo Sol against the Canadian dollar or the US dollar would increase the cost of exploration and development of the Marcona Copper Project which could have a material adverse effect on the financial condition, results of operations or cash flow

results of the Company. The Company does not currently intend to enter into any hedging arrangements with respect to foreign currencies but intends to hold a portion of its cash balances in US\$ and Peruvian Nuevos Soles

### ***Title to Properties***

Although the Company has verified title to its properties according to usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title, such properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects that could be material and adverse to the Company.

### ***Government Regulations***

Exploration and development activities and mining operations are subject to laws and regulations governing health and worker safety, employment standards, environmental matters, mine development, prospecting, mineral production, exports, taxes, labour standards, reclamation obligations and other matters. Notwithstanding the fact that Marcobre has entered a ten year stability agreement with the State of Peru it is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of permits and agreements applicable to Marcobre or its property which could have a material adverse impact on Marcobre's current exploration program and future development projects. Where required, obtaining necessary permits and licenses can be a complex, time consuming process and there can be no assurance that required permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict Marcobre from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

### ***Uninsurable Risks***

The mining industry is subject to significant risks, including unexpected or unusual geological formations or operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability, which could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining and monetary losses and possible legal liability. Accordingly, the Company may become subject to losses, liabilities, delays or damages against which it cannot insure or against which it may elect not to insure because insurance costs are too expensive relative to the perceived risk. The impact of any uninsured liabilities may have a material adverse effect on the financial condition, results of operations or cash flows of the Company. The Company has not purchased insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) as it is not generally available at a reasonable price.

### ***Insurance***

The mining industry is subject to significant risks which could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining and monetary losses and possible legal liability. Accordingly, Marcobre may become subject to losses, liabilities or damages against which it cannot insure or against which it may elect not to insure because insurance costs are too expensive relative to the perceived risk. The impact of any uninsured liabilities may have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

### ***Competition***

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large, established

mining companies with substantial capabilities and greater financial and technical resources than Marcobre, accordingly, Marcobre may be unable to acquire additional potential mineral properties on terms it considers acceptable. Marcobre also competes with other mining companies, many of which have greater resources than the Company, for the recruitment and retention of qualified employees.

### ***Reliance on Management***

The Company is heavily reliant on the personal efforts, experience and expertise of its directors and senior officers. If any of these individuals should cease to be available to manage the affairs of the Company, its activities and operations could be adversely affected. Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, the Company will require additional key financial, administrative and mining personnel as well as additional operations staff. Although the Company believes that it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which in turn could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

### ***Recovery of Peruvian Sales Tax***

As at April 30, 2009, the Company has included CAD\$9,232,217 (2008 \$7,846,085) as a non-current assets on its balance sheet. This amount relates to Peruvian sales tax which has been paid by the Company and which will be deductible from the amount of Peruvian sales tax applicable at such time as the Marcona Copper Project commences commercial production and the sale of copper. The inclusion of this amount as a non-current asset is based on, among other things, the Company's expectation that the Marcona Copper Project will be brought into commercial production. There can be no assurance that the Marcona Copper Project will be brought into commercial production.

### ***Dividends***

The Company has not declared or paid any dividends on its Common Shares. The current policy of the board of directors is to retain and invest the future earnings of the Company. Any decision to pay dividends on Common Shares in the future will be made by the board of directors of the Company on the basis of all relevant factors, including the earnings, financial position and financial requirements of the Company and its subsidiaries.

### ***Common Share Volatility***

The market price of the Company's Common Shares has been and may continue to be volatile. In addition, the broader stock market has experienced significant price and volume fluctuations in recent years.

Some of the factors that could affect the price of the Common Shares are the announcement of exploration, development and production activities by the Company or its competitors, consolidations, dispositions, acquisitions and financings, changes in the market price of copper, revenue and earnings results, investment community analysis and speculation in the press or investment community about the Company's strategic position, financial condition, results of operations, business or significant transactions.

General market conditions and domestic or international macroeconomic and geopolitical factors unrelated to the performance of the Company may also affect the price of the Common Shares. For these reasons, purchasers of Common Shares should not rely on historical trends to predict future stock prices or financial results

### ***Political and Foreign Risk***

Political and related legal and economic uncertainty may exist in Peru where the Company operates. The Company's mineral exploration and mining activities may be adversely affected by political instability and changes to government regulations relating to the mining industry.

Other risks of foreign operations include political unrest, labour disputes, invalidation of governmental orders and permits, corruption, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries, foreign taxation, price controls, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on exports of production and increased financing costs. These risks may limit or disrupt the Company's projects, restrict the movement of funds or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation.

Presently, the Company's only mineral property is located in Peru. There can be no assurance that changes in the laws of Peru or changes in the regulatory environment for mining companies or for non-domiciled companies in Peru will not be made that would adversely affect the Company. It is also possible that current or future social unrest in Peru will adversely affect the Company's operations.

### ***Enforceability of Judgments***

Substantially all of the Company's assets are located outside of Canada. It may be difficult or impossible to enforce judgements obtained in Canadian courts predicated upon the civil liability provisions of the securities laws of the various Canadian provinces against the Company's assets located outside of Canada.

## **Acquisition of the Marcona Copper Project**

### ***Acquisition and Ownership***

Chariot acquired the Marcona Copper Project on January 3, 2005 and registration of title to the project with the Peruvian authorities was finalized on March 17, 2005. The acquisition transaction comprised:

- the acquisition by Marcobre (an indirect subsidiary of the Company owned as to 70% by the Company and as to 30% by the Korean Partners) of the assets comprising the Marcona Copper Project (the "Acquisition") from Rio Tinto Peru and Shougang Peru (together the "Vendors"); and
- entering into a shareholders agreement between the Company, the Korea Partners and Marcobre with respect to the ownership, development and operation of the Marcona Copper Project (the "Marcobre Shareholders Agreement").

### ***Acquisition***

The Vendors, Marcobre and the Company entered into a number of agreements as described below (collectively the "Acquisition Agreements"):

- Target Area 1 Transfer Agreement pursuant to which Shougang Peru transferred Target Area 1 together with its constituent and integral parts and appurtenances and the right to use all surface rights located within the boundaries of Target Area 1 to Marcobre;
- Option Assignment Agreement pursuant to which Rio Tinto Peru assigned its option to earn a 57.5% interest in Target Area 1 together with certain studies prepared by Rio Tinto Peru (including a block model for the Mina Justa Prospect and all drilling, geochemical, geophysical and geological data relating to the Marcona Copper Project) to Marcobre;

- Claims Transfer Agreement pursuant to which Rio Tinto Peru transferred the Chariot Claims located along the north and east margins of Target Area 1 to Marcobre;
- Target Area 1 Mortgage Agreement pursuant to which Marcobre granted a mortgage over Target Area 1 in favour of the Vendors as security for its payment obligations under the Acquisition Agreements; and
- Share Pledge Agreements pursuant to which the Company pledged the shares that it holds indirectly in Marcobre as security for Marcobre's payment obligations under the Acquisition Agreements.

For a description of Target Area 1 and the Chariot Claims, see "Description of the Marcona Copper Project".

### ***Purchase Price***

Under the terms of the Acquisition Agreements the Vendors transferred the assets comprising the Marcona Copper Project to Marcobre in consideration for the payment of:

- U.S.\$20,500,000 which was paid on the Closing Date ("January 3, 2005"); and
- U.S.\$13,000,000 which was paid on the second anniversary of the Closing Date.

The purchase price paid on closing was decreased by certain annual concession fees which were paid by Marcobre in 2005. See "Regulatory Environment in Peru – Annual Fees".

The purchase price did not include payments of U.S.\$1.97 million with respect to Peruvian General Sales Tax which were paid by Marcobre on January 3, 2005.

In the event that the Company and the Korean Partners approve the start of construction of mine and plant to process mineralized material from Marcona, additional contingent payments will be required as follows:

An amount of U.S.\$3.0 million will be payable to the Vendors if the total mineral resource on the TA1 concession (which includes the Mina Justa deposit and the Magnetite Manto deposit) is greater than the equivalent of 2.58 million tonnes of contained copper metal using a copper equivalent cut-off grade of 0.3% .

An additional amount of U.S.\$7.0 million will be payable to the Vendors if the total mineral resource on the TA1 concession is greater than the equivalent of 3.44 million tonnes of contained copper metal using a copper equivalent cut-off grade of 0.3%.

These contingency payments will not exceed U.S.\$10 million.

Under the terms of:

- a master agreement between the Company and the Korean Partners, the Company funded 70% of the purchase price paid on closing and the Korean Partners funded 30% of the purchase price paid closing (including payments with respect to Peruvian General Sales Tax); and
- the Shareholders Agreement with respect to the Marcobre Joint Venture, the Company and the Korean Partners will fund the post closing and contingent payments relating to the acquisition as described above in proportion to their respective holdings of shares in Marcobre (including payments with respect to Peruvian General Sales Tax).

See " Marcobre Shareholders Agreement".

### ***Guarantee and Share Pledge***

The Company agreed to guarantee the payment obligations of Marcobre under the terms of the Acquisition Agreements. The Company also agreed to pledge the shares that it holds indirectly in Marcobre as security to secure the payment obligations of Marcobre under the Acquisition Agreements.

The Korean Partners have made similar guarantees and share pledges. The guarantees and obligations of the Company and the Korean Partners are limited to their respective pro rata share ownership of Marcobre.

### **Marcobre Shareholders Agreement**

Marcobre, the Company and Korea Resources Company and LS-Nikko Copper Inc. (together, the “KORES/LS-Nikko Shareholder Group”) have entered into the Shareholders Agreement with respect to the ownership, development and operations of the Marcona Copper Project. The principal provisions of the Shareholders Agreement made as of December 30, 2004 are summarized below.

#### ***Corporate Governance***

The board of directors of Marcobre consists of five directors comprising three nominees of the Company (including the Chairman of the board of directors) and two nominees of the Korean Partners. The following matters are subject to the approval of the board of directors: development plans; annual budgets; project and exploration programs; accounting matters (including financial reporting and control procedures); feasibility studies; financing plans; and expansion plans. All matters determined by the board of directors will be determined by a simple majority of the directors present. The Chairman of the board of directors will not have a vote on matters determined by the board of directors unless there is a tie in which circumstance the Chairman will have a casting vote which will be exercisable in the discretion of the Chairman and will be exercised in good faith with a view to the best interests of Marcobre. The Chairman will be a nominee of the shareholder which holds the largest number of shares of Marcobre.

Certain matters will require the prior written consent of shareholders holding at least 30% of the total outstanding shares of Marcobre, including: a Decision to Mine; project debt financing and project debt guarantees from a shareholder; changes to the terms and conditions of any issued shares in the capital of Marcobre or the articles or bylaws of Marcobre (other than as expressly contemplated under the Shareholders Agreement); certain fundamental changes such as any amalgamation or merger of Marcobre with another person, or entity or any sale of all or substantially all of the assets of Marcobre; and the amendment of the Services Agreement or the Off-Take arrangements described below.

The board of directors appoints a Project Manager who is responsible for the implementation of the corporate objectives of Marcobre; the co-ordination of services delivered to Marcobre under the terms of the Services Agreement described below; reporting to the board of directors of Marcobre on a monthly basis with respect to the technical and financial status of the Marcona Copper Project and any other material developments; making recommendations to the board on matters on which the board is required to make decisions; developing and presenting to the board of directors for its review and approval development plans, budgets, programs, plans, and studies; together with the board of directors, recruiting senior management; and performing such other functions as may be reasonably requested by the board of directors or as contemplated under the Shareholders Agreement. The board of directors met two times in the year ended April 30, 2009.

#### ***Service Agreements***

On December 30, 2004 Marcobre entered into a two year services agreement (the “Services Agreement”) with Andes Resources (a wholly-owned subsidiary of the Company) to provide such management services as the board of directors may approve during the period before a decision to mine is made, including: preparing a detailed two-year expenditure and activity program to complete the feasibility study for the Marcona Copper Project; where required, the secondment of employees of

Andes Resources or its affiliates (including the Project Manager) to assist in the completion of the feasibility study; retaining the necessary consultants to complete the feasibility study; where required, directing the recruitment of additional senior employees by Marcobre; where required, directing the purchase of necessary assets by Marcobre; and such other services as the board of directors of Marcobre may request. Marcobre will reimburse Andes Resources for the costs of the services provided under the Services Agreement. In February 2006 a second contract for geological consulting services was entered into between Andes and Marcobre. This contract was for two years.

The contracts have been extended and modified a number of times but the basic terms have not been substantially altered.

### ***Off-Take Arrangements***

Under the terms of the Shareholders Agreement, Marcobre and LS-Nikko Copper Inc. have agreed to finalize off-take agreements pursuant to which LS-Nikko Copper Inc. will purchase 90% of the annual copper concentrate and 70% of the annual copper cathode produced from Target Area 1 and the Chariot Claims. The off-take agreements will last for 120 months from the commencement of production and will be subject to extension on mutually acceptable terms. The pricing terms of the off-take agreements will be based on arm's length internationally accepted commercial terms and the other provisions of the off-take agreements will be consistent with standard terms applicable to long-term sales contracts negotiated in the mining industry. The off-take agreements will terminate if: LS-Nikko Copper Inc. is in material default of the provisions described below under "Additional Funding" and "Project Debt Financing" or any other material provision of the Shareholders Agreement; the KORES/LS-Nikko Shareholder Group owns less than 15% of the outstanding shares of Marcobre; or the KORES/LS-Nikko Shareholder Group is an exiting shareholder as described below under "Exit Mechanism". If, at any time, the KORES/LS-Nikko Shareholder Group owns less than 20% but at least 15% of the outstanding shares of Marcobre, the off-take agreements will be amended to reduce the amount of concentrate covered thereby from 90% to 45% and reduce the amount of cathode covered thereby from 70% to 35%.

### ***Additional Funding***

The shareholders will be under an obligation to fund in proportion to their then respective holdings of shares in Marcobre the contingent post closing payments (up to U.S.\$10 million) payable to the Vendors in accordance with the terms of the Acquisition Agreements; and subject to the availability of project debt financing (see "Project Debt Financing" below), operating and capital expenditures approved by the board of directors of Marcobre in accordance with the terms of the Shareholders Agreement.

If a shareholder fails to make a funding contribution under the terms of the Shareholders Agreement (the "defaulting shareholder"), the other shareholder (the "non-defaulting shareholder") will be entitled, in addition to and without prejudice to any other remedy which the non-defaulting shareholder may be entitled under the Shareholders Agreement, at law or in equity, to: acquire the shares of the defaulting shareholder pursuant to the exercise of the call right described below under "Dealing with Shares"; require the defaulting shareholder to convert its shares into a 2% net smelter royalty; make an excess advance equal to all or part of the amount the defaulting shareholder failed to advance (at the option of the non-defaulting shareholder, the excess advance will be treated as a demand loan at an annual interest rate equal to 5% above the prime rate or an equity contribution at a 50% discount to the subscription price); or arrange for a third party to subscribe for the shares that the defaulting shareholder was unable or unwilling to purchase.

### ***Project Debt Financing***

The Shareholders Agreement provides that: capital expenditures relating to the implementation of the Marcona Copper Project, together with working capital requirements, will be financed, to the maximum degree possible on a project finance, non-recourse basis; each shareholder will provide such guarantees, project support or similar assurances, if required, to implement project debt financing in the same proportion as their respective holdings of shares of Marcobre on a separate and not joint basis; and subject to the exercise of shareholder approval rights described above under "Corporate Governance", no shareholder will take any action or refrain from taking any action that is

reasonably likely to materially hinder the ability of Marcobre to obtain project debt financing.

### ***Dealing with Shares***

Subject to certain exceptions described below, the shareholders are not permitted to transfer their shares in Marcobre during the Hold Period. The “Hold Period” is defined in the Shareholders Agreement as the period: (a) from the December 30, 2004 until the date that the feasibility study with respect to the Marcona Copper Project is approved in accordance with the terms of the Shareholders Agreement; and (b) after the date the financing plan for the Marcona Copper Project is approved in accordance with the terms of the Shareholders Agreement until the earlier of completion of the Marcona Copper Project and the date a decision is made not to proceed with the construction of a mine or processing plant.

The Shareholders Agreement contemplates certain exceptions to the prohibition on share transfer, including: rights of first refusal and rights of first offer; a one-time right (exercisable by the Company at any time after the feasibility study for the Marcona Copper Project is approved in accordance with the terms of the Shareholders Agreement until a Decision to Mine is made) to sell up to that number of shares which would reduce its percentage ownership in Marcobre to 30% of the outstanding shares of Marcobre; a one-time right (exercisable by the KORES/LS-Nikko Shareholder Group if Marcobre has not made a Decision to Mine within 18 months after the date that the feasibility study with respect to the Marcona Copper Project has been approved in accordance with the terms of the Shareholders Agreement) to sell the shares owned by the KORES/LS-Nikko Shareholder Group; a call right to purchase the shares of the other shareholder in certain circumstances (including circumstances where a shareholder makes an assignment for the benefit of creditors, or commences, acquiesces or consents to any proceedings under any bankruptcy or insolvency law; a shareholder fails to provide the equity contributions described above under “Additional Funding”; a shareholder fails to provide the project guarantee described above under “Project Debt Financing” such that Marcobre would, in the absence of such project guarantee, be unable to obtain the required project debt financing; and a default under any project guarantee given to a financial institution to obtain project debt financing which default is materially adverse to the commencement and completion of the Marcona Copper Project and such default is not rectified or such project guarantee is not replaced within 30 days of the receipt of such default notice).

### ***Exit Mechanism***

If at any time, a shareholder (the “exiting shareholder”): does not approve a Decision to Mine, project financing or project guarantees as described above under “Corporate Governance”; owns less than 10% of the outstanding shares of Marcobre; or has referred more than 10 matters to an expert or to arbitration under the terms of the Shareholders Agreement and has lost 70% or more of the matters referred to an expert or 70% or more of the matters referred to arbitration (excluding matters relating to the Off-Take Arrangements), then the other shareholder (the “remaining shareholder”) will be entitled, in addition to and without prejudice to any other remedy to which the remaining shareholder may be entitled under the Shareholders Agreement, at law or in equity, to exercise the call right and purchase the shares of the exiting shareholder or require the exiting shareholder to sell the shares to a third party within a period of 120 days (if a sale is not completed, the shares of the exiting shareholder will be converted into a 2% net smelter royalty).

### ***Marcona Copper Project***

#### ***Introduction***

Marcobre acquired the assets comprising the Marcona copper property in January 2005. See “Acquisition of the Marcona Copper Project”. The principal exploration and development target located within the Marcona copper property is the Mina Justa prospect, which consists of two deposits: the Mina Justa deposit and the much smaller Magnetite Manto deposit. The development project focussed on these two deposits and is referred to as the Mina Justa Project.

In August 2006, Marcobre retained a consortium of companies led by GRD Minproc Limited (“GRD Minproc”) to prepare a feasibility study with respect to the Mina Justa Project. The information

set out below is based on a technical report (the “Technical Report”) prepared in accordance with the requirements of NI 43-101 dated June 8, 2009 entitled “Marcona Copper Property – Mina Justa Project – Definitive Feasibility Study – Technical Report NI 43-101”. The “qualified persons” (as such term is defined in NI 43-101) responsible for the preparation of the Technical Report are: David Greig, Ross Oliver, Dean David and Branislav Grbovic of GRD Minproc; Warwick Board of Snowden Mining Industry Consultants Inc. (“Snowden”); Adam Johnston of Transmin Metallurgical Consultants; Joe Schlitt of Hydrometal Inc.; Daniel Yang and Thomas Kerr of Knight Piésold; and Anthony Sanford of Vector Peru S.A.C., each of whom is “independent” (as such term is defined in NI 43-101) of the Company. The information set out below is also subject to the assumptions, qualifications and procedures described in the Technical Report. A copy of the Technical Report is available electronically at [www.sedar.com](http://www.sedar.com).

### ***Property Description and Location***

The Mina Justa 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 south-east of Lima. The Project lies approximately 25 kilometres north-east of the coastal town of San Juan de Marcona and approximately 35 kilometres south-west of the town of Nazca. The Mina Justa Prospect occurs at elevations ranging from 785 metres above sea level to 810 metres above sea level and the geographic co-ordinates are 15°08’S and 75°04’W.

### ***Mining Concessions and Surface Rights***

Under Peruvian mining law, the right to explore for and exploit minerals is granted by way of concession (see “Information with Respect to Peru – Regulatory Environment in Peru – Mining Laws”). Marcobre has acquired and is the registered holder of all material mining concessions related to the Marcona copper property. The Mina Justa and Magnetite Manto deposits, are located on the Target Area 1 concession which covers an area of approximately 3,969 hectares. The balance of the Marcona copper property comprises 44 mining concessions covering an area of approximately 28,920 hectares.

Under Peruvian mining law, a mining concession does not grant its holder ownership of or access to the overlying surface area. In order for the holder of a concession to develop a mine, the holder must acquire ownership of the required land or obtain authorization from the land owners and possibly from the owners of other mining concessions. In the case of the Mina Just Project, the Government of Peru owns all of the lands over which Marcobre requires surface rights for the Mina Justa project. Marcobre is currently engaged in the process of obtaining the surface rights required to develop the Mina Justa Project, including the acquisition of surface lands and obtaining easements for, among other things, two power lines, a water pipeline, the water well field and the site access road.

### ***Accessibility, Climate, Local Resources and Infrastructure and Physiography***

#### ***Accessibility***

The Mina Justa Project lies close to the Pan American highway and may be accessed by driving approximately 6 to 7 hours south from the city of Lima. It is also possible to access the Project by chartered aircraft from Lima air strips at San Juan de Marcona or Nazca, approximately 30 kilometres and 50 kilometres from the site, respectively.

#### ***Climate***

The Mina Justa Project is located in a desert. The area has an arid climate with annual rainfall ranging from 0 millimetres to 80 millimetres and averaging approximately 27 millimetres. The annual mean temperature is approximately 19 degrees celsius. Monthly maximum temperatures range between 22 degrees celsius and 28 degrees celsius and minimum monthly average temperatures range between 15 degrees celsius and 26 degrees Celsius. Relative humidity generally ranges between 65% and 85%. During the winter months, thick fogs are common.

### ***Local Resources and Infrastructure***

Some mining infrastructure exists at the small town of San Juan de Marcona and in the immediate vicinity due to the large-scale mining of the Marcona iron ore deposits over the past 50 years. The town has a population of 11,500 with nearly 1,800 employed by the existing iron ore operations.

The community and mine operations are connected to the national power grid. A high tension power line passes within 10 kilometres west of the Mina Justa Project site.

There is no surface water on the Mina Justa Project site. Ground water has been intersected at a depth of 450 metres. Water for San Juan de Marcona and the iron ore operation of Shougang Peru is obtained from an aquifer located 30 kilometres south-east of the Mina Justa Project and along the Pan American highway. Marcobre has determined that this aquifer contains sufficient water to meet the requirements of the Mina Justa Project without affecting the volume licensed by existing users, and intends to apply to the Government of Peru (the owner of surface and ground water under Peruvian law) for a water license.

### ***Physiography***

The ground in the immediate vicinity of the Mina Justa Project is relatively flat to low-lying hills, ranging in elevation from 630 metres to 880 metres above sea level. The eastern flank of the Mina Justa deposit is marked by a north-northwest trending, steep fault-bounded scarp. Due to the desert climate, vegetation is almost non-existent with less than 1% cover and is limited to a few scattered clumps of Clavelinas, a desert plant that condenses moisture from the thick fogs. None of the property at the project site is used for agricultural purposes.

### ***History***

Exploration on the Marcona copper property began in the 1950s and has been carried out by four different companies. The most detailed drilling work was carried out by Rio Tinto Peru between 2000 and 2003. The work included airborne magnetic and radiometric surveys, geological mapping, geochemistry, geophysics, reverse circulation (“RC”) and diamond core drilling, limited petrographic examinations and metallurgical testing. The work culminated in an in-house “mineral resource estimate” by Rio Tinto Peru which incorporated the results of 105 RC and core drill holes (two of the holes were on an adjacent property, south of the current property boundary). Near the end of 2003, Rio Tinto Peru and Shougang Peru concluded that the Marcona copper property did not meet their strategic objectives and decided to sell it.

Marcobre acquired the assets comprising the Marcona copper property in January 2005. See “Acquisition of the Marcona Copper Project”.

### ***Geological Setting***

The Mina Justa Project is located in the Marcona – Mina Justa Iron – Copper District (the “District”) in the coastal belt of Peru. This northwest trending linear belt represents the westernmost part of the Central Andean Cordillera, where the Nazca Plate subducts beneath the South American Plate, forming an active continental margin along the Peru– Chile Trench.

### ***Regional Geology***

The geology of the District consists of a Precambrian high-grade metamorphic basement (the Arequipa Massif), unconformably overlain by Neoproterozoic and Phanerozoic sedimentary rocks. Monzogranite, granodiorite and gabbro-diorite rocks of the post-kinematic San Nicolas batholith (dated at approximately 425 Ma) intrude the District’s pre-Mesozoic rocks, which are unconformably overlain by a series of volcano-sedimentary and volcano-plutonic arc sequences that range in age from late Triassic to Holocene period. The volcano-sedimentary rock sequences of the District are intruded by porphyritic andesite dykes, sills and plugs of the Tunga Andesite (also termed “Ocoite”) generally. In the eastern parts of the District, the volcano-sedimentary rock sequences are intruded by granitoid

plutons of the circa 109 Ma Coastal Batholith. Tertiary age shallow water marine sediments and Quaternary marine terraces unconformably overlie the volcano-plutonic arc succession.

### ***Local Geology***

The Mina Justa prospect comprises two deposits, the Mina Justa deposit and the Magnetite Manto deposit, which are hosted by the Jurassic Upper Rfo Grande Formation, dominated by andesitic lavas and pyroclastics and intercalated with minor sandstone, siltstone and carbonate units. This volcano sedimentary package displays a prolonged deformation history that includes a southeast verging overturned folding stage, followed by shear faulting that generated curvilinear fault systems. The youngest deformation stage is normal block faulting along northwest trending structures that are closely associated with late stage ocoite dykes.

Until recently it was believed the Mina Justa copper deposits and the adjacent Marcona iron mine were related parts of a large iron-rich hydrothermal system formed in an extensional environment along a subduction-related continental margin. Recent work suggests, however, that the Mina Justa deposits are significantly younger (approximately 104-95 Ma) than, and geochemically distinct from, the Marcona iron deposits (approximately 162-156 Ma). The Mina Justa deposits are now interpreted as hydrothermal deposits formed by the incursion of exotic and probably evaporite-sourced brines that were expelled from an adjacent sedimentary basin. The recent findings support the classification of the Mina Justa deposits as an Iron Oxide Copper Gold (IOCG) deposit.

### ***Mineralization***

The highest-grade copper sulphide mineralization of the Mina Justa Project is hosted by massive, brecciated, elongated magnetite (-pyrite) bodies. The location of these bodies appears to be controlled primarily by a northeast striking and southeast dipping system of faults (the Mina Justa fault system). The mineralized bodies have, however, been dislocated by northwest striking and northeast dipping faults (Huaca faults) and associated ocoite dykes, with the latter ranging from less than a few meters to 70 m in thickness.

Seven stages of hydrothermal alteration and hypogene mineralization were recognized in the Mina Justa prospect, providing evidence of protracted hydrothermal evolution that may have contributed to the deformational history of the district.

The mineralized bodies of the Mina Justa deposit extend over an area of approximately 2100 m north-south by approximately 1500 m west-east, and range in thickness from a few meters up to 150 m. The mineralization is near-surface in the northern and western parts of the deposit, extending to depths approaching 550 m in the south-eastern parts of the deposit. In the upper parts of the deposit, the mineralized bodies are generally flat lying; while in the deeper parts of the deposit, the mineralization follows the curvilinear faults, and resembles a flat bowl-like structure with an overall shallow plunge of approximately 15° to the southeast. Deeper exploration of the sulphide mineralization displays a central core of bornite and chalcocite surrounded by predominantly chalcopyrite mineralization. A narrow transition zone separates the sulphide mineralization from the overlying oxide mineralization with the sulphide mineralized bodies increasing in thickness from west to east, and with increasing depth.

The Magnetite Manto mineralized body strikes approximately northeast-southwest, with a moderate dip of approximately 60° to the northwest. The tabular body is approximately 700 m long by 350 m wide, ranging between 25 m and 35 m in thickness. The Magnetite Manto deposit is characterized by copper oxide mineralization.

### ***Exploration and Drilling***

Although surface mapping, geophysical and geochemical exploration have been undertaken, drilling has been the dominant tool used in the exploration of the Mina Justa prospect. Reverse circulation drilling has been the predominant method used by Marcobre, although there has also been use of diamond core drilling.

Prior to the acquisition of the Marcona copper property by Marcobre in January 2005, Rio Tinto carried out a drilling program comprising a total of 31,024.85 metres in 102 drill holes.

Marcobre has subsequently drilled a total of 256,451.18 metres in 1,075 drill holes (227,843.98 metres in 938 drill holes on the Mina Justa deposit prospect and 28,607.20 metres in 137 drill holes on the Magnetite Manto deposit) from 2005 until the end of 2008.

Drilling in the Mina Justa deposit covers an area of approximately 7.5 square kilometres with drill holes spaced between 25 metres and 50 metres apart (generally 35-40 metres) and drilled to depths of up to approximately 630 metres. Drilling in the Magnetite Manto deposit covers an area of approximately 0.23 square kilometres with drill holes spaced between 25 metres and 50 metres apart (generally 25-30 metres) and drilled to depths of up to approximately 410 metres.

Drill hole inclinations and directions were selected and adjusted to intersect the mineralization perpendicular to the structural trend and the interpreted trend of the copper mineralization. Drill hole collar surveys and gyroscopic downhole surveys were conducted on the drill holes by independent surveying contractors. Continuous downhole survey readings were collected, with time average readings made every 10 metres downhole. Additional check readings were made every 50 metres on the probe's return back up the drill hole.

### ***Sampling and Analysis***

#### ***Logging, Sampling, Sample Preparation and Analysis***

A total of 127,868 samples were collected in and around the Mina Justa Project. A consistent sampling method and approach was maintained by Marcobre for each year's drilling program.

For sampling purposes, the drill core was logged for geotechnical and geological features and then marked for sampling conducted with respect to geological boundaries. Each core sample interval was generally 1 metre for mineralized core and 2 metres for non-mineralized core, with results indicating a drill hole core sample recovery generally better than 95% . Density measurements were conducted on selected core intervals with the standard weight-in-water-weight-in-air technique. RC chip samples were collected from the Mina Justa prospect at regular 2 metre intervals and riffle split to achieve 12.5% splits of approximately 10 kilograms. Marcobre attempted to quantify RC sample recovery through comparing sample mass, the results indicating an average recovery of better than 85%. Although this is apparently a low result for what should be a continuous sample, the result was considered to be a function of significant density variation in the deposit, which precluded an accurate assessment of RC sample recovery.

Sample preparation conducted on samples collected during Marcobre's 2005 through 2008 drilling programs was carried out by the on-site preparation facility. The RC samples were dried and crushed to 95% passing 10 mesh. The crushed samples were then riffle split to produce 250 g samples, which were pulverized to 95% passing 200 mesh. The sample pulp was then submitted to the SGS laboratory in Lima for analysis in complete drill hole batches. Following the analysis, the pulp sample was returned to Marcobre for storage on site. The diamond core was sawn and half-core samples were also prepared following the same sample preparation and protocol.

All sample pulps received were entered into the laboratory management system and uniquely barcoded for Quality Assessment and Quality Control (QAQC) and tracking purposes. All preparation and analytical data recorded for the samples was done electronically. Marcobre submitted a total of 142,750 samples (including QAQC samples) during the 2005 to 2008 drilling programs.

All of the samples were analyzed for total copper and sequential leaching (sulphuric acid extractable, cyanide extractable and residual copper) with an AAS finish resulting in four copper assay values per sample. In addition, sulphide and transition zone samples were analyzed for silver using ICP-OES analysis with an aqua regia digest as part of a multi-element package. Gold analyses were carried out using a 30 g fire assay with an AAS finish.

### ***Data Verification***

Marcobre established a QAQC program in 2005 to verify and monitor copper, gold and silver assay and analytical results provided by SGS. The QAQC program established protocols for insertion

of quality control (“QC”) samples, evaluation criteria, and secondary lab check analyses. The QC samples inserted into the sample batches submitted to SGS include: standard reference materials (such as oxide and sulphide standards), blank materials (such as prepared, coarse and fine blanks) and duplicate samples (such as field, crush and pulp duplicates). In addition to insertion of QC samples, 5% of the drill hole samples were randomly selected and submitted to secondary (external) laboratories, and repeat assay results were evaluated throughout the drill program.

Analytical results were continually monitored by independent consultants, who evaluated accuracy, sample contamination, precision and bias on a routine basis.

### **Sample Security**

The assay data loaded into the database has been verified against the original laboratory certificates that are kept on file in the Marcobre data room. Chariot’s John D. Kapusta, P.Geo., Vice-President Exploration and Geological Services is the “qualified person” responsible for Marcobre’s exploration, drilling, sampling and data quality. Marcobre’s site security includes a private road, entrance gate and around-the-clock site-based security guards. The SGS site-based laboratory is securely locked and SGS takes custody of all samples on site once the samples have been appropriately bagged and labelled. Following sample preparation, sample pulps are transported by road (in the care of SGS) to SGS Lima for analysis. The SGS laboratory in Lima is completely surrounded by a security wall and all access is security controlled.

### **Mineral Resource Estimate**

The estimated mineral resources for the Mina Justa Project are set out in the table below:

<b>Mina Justa Project</b>						
<b>Global classified resource for sequential copper data (1), (2)</b>						
<b>Cut-off grade (CuT %)</b>	<b>Million Tonnes</b>	<b>CuT (%)</b>	<b>Cu-SS (%)</b>	<b>Cu-CN (%)</b>	<b>Cu-R (%)</b>	<b>Contained Cu (million lbs)</b>
<b>Indicated</b>						
0.2	411.3	0.67	0.26	0.19	0.22	6,070
0.3	336.8	0.76	0.29	0.23	0.25	5,650
0.4	246.9	0.91	0.31	0.29	0.30	4,960
<b>Inferred</b>						
0.2	77.5	0.72	0.08	0.12	0.53	1,240
0.3	64.6	0.82	0.08	0.14	0.60	1,170
0.4	50.9	0.94	0.08	0.15	0.72	1,060

Note:

- (1) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. 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) CuT is total copper. Cu-SS is sulphuric acid soluble copper. Cu-CN is cyanide soluble copper. Cu-R is residual copper.

### ***Mining Method and Mine Planning Activities***

The proposed mining method is by open pit mining at the Mina Justa and the Magnetite Manto deposits. The bulk of mining will be focused on the Mina Justa deposit which includes oxide (vat leach feed) and deeper sulphide (concentrator feed) mineralization. The smaller Magnetite Manto deposit contains oxide (vat leach feed) mineralization. The operating life of the Mina Justa Project is estimated to be approximately 12 years, with the start-up of the sulphide concentrator occurring eighteen months after the oxide plant, and with both process circuits operating for 10 years. During the course of the preparation of the Technical Report, certain mine planning activities were performed, including pit optimization, pit and dump designs, mine and process scheduling, mine fleet assessment and mine operating cost, capital cost and closure cost estimations. Capital and operating cost estimates for the mine, mining equipment, oxide ore processing facilities, infrastructure, and the tailings facility were prepared at the definitive study (+/- 10% level). Capital and operating costs for the sulphide ore processing facilities (other than the tailings storage facility) were prepared at the pre-feasibility study (=/- 20%) level.

### ***Mineral Reserve Estimate***

The mineral reserve estimate set forth below is based on and includes that portion of the Indicated Mineral Resource that is contained within ultimate pit designs of the Mina Justa Project and has recoverable metals that allow economic treatment.

<b>Mina Justa Project</b>				
<b>Probable Mineral Reserve (1), (2), (3)</b>				
<b>Classification</b>	<b>Tonnes (Mt)</b>	<b>CuT (%)</b>	<b>Cu-SS (%)</b>	<b>Ag (ppm)</b>
Vat Feed	114.6	0.56	0.46	-
Concentrator Feed	48.8	1.37	-	14.1
Total	163.4	0.80	-	-

Notes:

- (1) Mineral Reserve classified as "Probable". Probable Mineral Reserves are the economically mineable part of an Indicated Mineral Resource.
- (2) Mineral Reserve cut-off is based on an NSR (Net Smelter Return) calculation and a copper price of U.S.\$1.65/lb.
- (3) Cu-SS is acid soluble copper

### ***Metallurgical Testwork***

Metallurgical testwork has been completed on representative sub-samples of the Mina Justa and Magnetite Manto ore to determine the processing requirements. The metallurgical testwork conducted differs depending on whether the testwork was for the oxide ore or the sulphide ore. Comminution testwork, leach testwork and solvent extraction and electrowinning testwork were conducted on samples of the Mina Justa oxide ore while comminution testwork, flotation testwork, magnetite testwork and tailings characterization testwork were conducted on the Mina Justa sulphide deposit. Oxide ore testwork has been completed to feasibility level while sulphide ore testwork has been completed to pre-feasibility level.

### ***Processing and Recovery***

The Technical Report considers that the oxide ores will be processed by vat leaching with dilute sulphuric acid to extract copper from the oxide ore, with the resulting copper-bearing solution being processed by solvent extraction followed by electrowinning to produce copper cathodes. The sulphide ores will be processed by crushing, grinding and flotation to produce copper concentrates.

Copper recovery from the oxide ore varies according to the acid soluble copper grade, but is predicted to average approximately 74.5% of total copper (92% of acid soluble copper) over the life of

the mine. Copper recovery from the sulphide ores varies according to ore type. Average recoveries of 85% and 94% are anticipated from the transitional and primary (chalcopyrite) ores, respectively. For the secondary (bornite-chalcocite) ores, recoveries are related to head grade, and range up to 96%. Recovery of the silver and gold content of sulphide ores to copper concentrates is expected to be 80%.

### ***Economic Analysis***

**Capital Costs.** The total capital cost estimate for the Mina Justa Project is U.S.\$744.7 million of which U.S.\$576.4 million relates to infrastructure, open pit mine and oxide ore processing facilities and U.S.\$168.3 million relates to the sulphide ore processing facilities.

The capital cost estimate of the infrastructure, open pit mine and oxide ore processing facilities, which has been prepared to a definitive feasibility study standard is U.S.\$576.4 million comprised of U.S.\$453.4 million in direct capital costs, U.S.\$56.2 million for engineering, procuring and construction management (“EPCM”), U.S.\$37.2 million of owner’s costs, \$28.9 million of preproduction stripping and U.S.\$0.6 million of taxes. The major elements of the direct capital cost are vat leaching (U.S.\$73.5 million), solvent extraction & electrowinning (U.S.\$53.0 million), mining equipment (U.S.\$123.4 million), a four stage crushing and screening plant (U.S.\$77.2 million), power and water (U.S.\$31.5 million) and infrastructure and services (U.S.\$27.5 million). The capital cost estimate for the sulphide processing facilities, which has been prepared to pre-feasibility standard except for the tailings storage facility which has been prepared to a definitive feasibility standard is U.S.\$168.3 million comprised of U.S.\$135.6 million in direct capital costs, U.S.\$22.1 million for EPCM and U.S.\$10.5 million of owner’s costs (including U.S.\$2.9 million to upgrade the sulphide processing facilities estimate to a definitive feasibility standard level). The major elements of the direct capital costs are crushing and grinding (U.S.\$57.6 million), flotation and concentrate thickening (U.S.\$28.5 million) and tailings (U.S.\$17.9 million).

Sustaining and deferred capital costs are estimated at U.S.\$32.8 million and closure costs are estimated at U.S.\$15.6 million. These amounts cover mining, oxide processing facilities and sulphide processing facilities.

**Operating Costs.** On-site operating costs over the life of the Mina Justa Project are estimated to average U.S.\$0.677 per pound of payable copper. Total operating costs (including the mining royalty, transportation, marketing fees, and, in the case of copper concentrates, treatment and refining charges) are estimated to average U.S.\$0.978 lb of payable copper. After silver and gold by-product credits of U.S.\$0.077 per pound of payable copper, the C1 cash cost is estimated at U.S.\$0.902 per pound.

**Net Present Value.** Using prices of U.S.\$2.00 for copper, U.S.\$11.00/oz for silver and U.S.\$700/oz for gold and a discount rate of 8%, the pre-tax net present value (“NPV”) of the Mina Justa Project is U.S.\$609.2 million on a 100% equity basis. On an after- tax basis, the NPV of the Mina Justa Project at 8% is U.S.\$333.0 million.

The cash break-even copper price (the price at which revenues would just cover cash operating costs, sustaining and deferred capital, and closure costs) is U.S.\$1.059 per pound. The economic break-even copper price (the price at which the after-tax NPV at 8% is equal to zero) is U.S.\$1.520 per pound.

Sensitivity analysis indicates that the Mina Justa Project is very sensitive to copper prices. A 1% change in copper prices from the base case U.S.\$2.00 per pound results in a 4.1% change in after-tax NPV at 8%. The project is less sensitive to capital costs (a 1.4% change in NPV for a 1% change in capital costs) and total operating costs (a 1.3% change in NPV for a 1% change in operating costs). With silver and gold credits amounting to only 3.7% of gross revenue, there is very little sensitivity to by-product prices (a 0.2% change in NPV for a 1% change in by-product prices).

**Taxes.** The royalties, taxes and other charges described below have been included as key assumptions and parameters in preparing the economic analysis described above.

In terms of the corporate income tax applicable to the Mina Justa Project, Marcobre expects to qualify for and obtain a mining stability agreement, which would entail a guaranteed income tax rate of 32% for a period of 15 years compared to the current generally applicable tax rate of 30%, which is subject to change. Tax depreciation has been assumed to be at the rates applicable under a mining stability

agreement, which is 5% for buildings, 20% for machinery, equipment and other fixed assets, and life of mine for intangibles.

Other taxes and charges applicable to the Mina Justa Project and Marcobre include the Temporary Net Assets Tax (ITAN) of 0.4% of net assets, statutory employee profit sharing equal to 8% of pre-tax profits, dividend withholding tax of 4.1% and a financial transactions tax (ITF) of 0.05% on all receipts and payments.

Marcobre will also pay a mining royalty to the Government of Peru equal to 1% on the first U.S.\$60 million of annual sales, 2% on the next U.S.\$60 million in annual sales, and 3% on annual sales in excess of U.S.\$120 million, in accordance with applicable Peruvian law.

**Payback.** The Mina Justa Project is expected to pay back initial capital, including the concentrator project capital, 4.6 years after the commencement of cathode production 3.1 years after the commencement of concentrate production, determined on an after-tax basis.

### ***Environmental Matters***

The Environmental and Social Impact Assessment (ESIA) for the Mina Justa Project forms the principal mechanism for identifying baseline conditions evaluating the impact of the project, and as appropriate, identifying alternatives and mitigants. The ESIA has been designed to satisfy the requirements of Peruvian legislation and to comply with internationally accepted guidelines for social and environmental protection. Currently, the ESIA-related work is in its final stage (more specifically, parameters found during the baseline study are being compared with the ones developed in the project description, so that mitigation measures can be elaborated). To date, no material impacts requiring mitigation have been identified that have not been considered and addressed in the project design. There are no dwellings within 25 kilometres of the site, but there will be a significant impact on the population in the district which will require management by Marcobre. Remediation and reclamation is expected to be relatively straight forward, mostly consisting of demolition of surface facilities, ensuring long term stability of tailings, waste dump and pits, and covering tailings, ripios and potentially acid generating waste rock that could otherwise generate wind-borne irritants.

### ***Project Debt***

In August 2007, the Company 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 Company 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.

The Company expected that, subject to completion of, among other things, due diligence by the bank arrangers and the agencies and the project financing documentation, Marcobre would seek committed financing offers from the bank arrangers and the agencies following completion of the Feasibility Study and the ESIA. However, the above appointments lapsed on 30 June 2009 without Marcobre seeking committed financing offers owing, among other things, to developments in the international financial and commodity markets since mid-2008. The Company, Marcobre and KLS are presently reviewing alternatives.

### **Dividends**

The Company has not declared nor paid any dividends on its outstanding Common Shares. The current policy of the board of directors of the Company is to retain and invest the future earnings of the Company. Any decision to pay dividends on the Common Shares in the future will be made by the board of directors of the Company on the basis of all relevant factors, including the earnings, financial position and financial requirements of Marcobre.

### ***Description of Capital Structure Common Shares***

The authorized capital of the Company consists of an unlimited number of Common Shares of which 328,762,101 Common Shares are issued and outstanding as of the date of this Annual Information Form (April 30, 2009 – 328,695,501).

The holders of Common Shares are entitled to receive, as and when declared by the board of directors of the Company, dividends in such amounts and in such form as the board of directors of the Company may determine from time to time. The holders of Common Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company and have one vote for each Common Share held at all such meetings, except for meetings at which the holders of another class or series of shares of the Company are entitled to vote separately and as a class. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking fund or purchase fund provisions.

### **Market for Securities**

#### ***Trading price and volume***

The outstanding Common Shares are listed on the TSX. The volume of trading and the closing price ranges of the Common Shares for the periods indicated are set forth in the following table:

**Table 1.- Volume of trading and the closing price ranges of the Common Shares**

Chariot Resources Limited			
Month ended	High \$	Low \$	Volume #
June 2009	0.25	0.23	780,600
May 2009	0.21	0.23	1,049,600
April 2009	0.27	0.21	1,314,100
March 2009	0.13	0.24	592,100
February 2009	0.14	0.13	454,600
January 2009	0.11	0.15	511,300
December 2008	0.14	0.10	698,600
November 2008	0.14	0.14	1,002,500
October 2008	0.24	0.13	1,895,900
September 2008	0.55	0.23	1,385,700
August 2008	0.70	0.57	1,254,700
July 2008	0.95	0.68	1,369,200
June 2008	0.94	0.95	1,693,500
May 2008	0.95	0.96	668,200

### **Directors and Officers**

#### ***Name, occupation and security holding***

The following table (which is as at the date of this Annual Information Form) sets forth, for each of the directors and senior officers of the Company, the name, municipality of residence, principal occupation, position held with the Company, the date on which the person became a director and the number of common shares beneficially owned by such persons. Each of the directors and senior

officers of the Company have been elected to hold office until the next Annual General Meeting of the Company to be held on September 4, 2009 or until they resign or their successors have been appointed.

**Table 2.- Name, occupation and security holding of directors and senior officers of the company**

<i>Name, jurisdiction of Residence &amp; Position</i>	<i>Principal Occupation or Employment and, if not a previously elected Director, Occupation during the 5 years</i>	<i>Previous service as a Director</i>	<i>Number of Common Shares beneficially owned, directly or indirectly, or Controlled or Directed</i>
Robert Baxter Vancouver, Canada Director	Mining Executive, Norsemont Mining Inc.	Since December 6, 2002	758,000
David Bell <sup>(1,2,3)</sup> St Catharines, Ontario Canada Director	Mining Executive, Silk Road Resources Ltd.	Since March 10, 2005	100,000
John Kutkevicius <sup>(1,2,3)</sup> Toronto, Ontario Canada Director	Partner with the law firm of Kutkevicius Kirsh, LLP	Since December 21, 2004	301,500
Fernando Porcile Santaigo, Chile Director	Mining Executive	Since October 25, 2006	Nil
Ulrich Rath Toronto, Ontario Canada President, Chief Executive Officer and Director	President & Chief Executive Officer of Chariot Resources Limited	Since January 8, 2003	665,000
Edward Thompson <sup>(1,2,3)</sup> Toronto, Ontario Canada Director	Professional Engineer & Geologist	Since March 10, 2005	776,000
Peter Blunt Toronto, Ontario Chief Financial Officer & Corporate Secretary	Certified General Accountant	Since February 6, 2006	150,000

Note (1) member of the Audit Committee

Note (2) member of the Compensation Committee

Note (3) member of the Nominating Committee

The following is a brief description of the background of the directors and senior officers of the Company.

**Ulrich (Ulli) E.G. Rath – President and Chief Executive Officer.-** Mr. Rath has over 39 years of experience in the mining industry. Mr. Rath has been the President and Senior Partner of FOCUS-Rath and Associates Ltd. (a management company providing advisory services to mining companies) since April 2003. Mr. Rath was the President and Chief Executive Officer of EAGC Ventures Corp. (a mining company operating in South Africa and acquired by Bema Gold Corp. in February 2004) from April 2002 to March 2003, the President and Chief Executive Officer of Compañía Minera Milpo S.A.A. (a Peruvian mining company with two operations and a focus on the development of medium sized-mines such as Cerro Lindo) from April 1999 to December 2001 and the Vice-President, Corporate Development of Rio Algom Limited (a senior Canadian mining company acquired by BHP Billiton PLC in October 2000) from December 1992 to November 1998.

Mr. Rath has led or been a senior member of the project management teams responsible for the development of three mines in South America, including Antamina (a U.S.\$2.1 billion copper/zinc mine located in Peru which is owned by Noranda Inc., BHP Billiton PLC, Teck Cominco Limited and Mitsubishi Company), Bajo de la Alumbrera (a U.S.\$1.2 billion gold/copper mine located in Argentina

which is owned by Xstrata PLC, Wheaton River Minerals Ltd. and Northern Orion Resources Inc.) and Cerro Colorado (a U.S.\$600 million copper mine located in Chile which is owned by BHP Billiton PLC). Mr. Rath is a director of Tanzanian Royalty Exploration Corp. and Starfield Resources Inc. Mr. Rath holds a Bachelor of Science degree from Concordia University in Montreal, Canada and a Masters of Science degree in Geology from the University of Alberta in Edmonton, Canada.

**Robert Baxter – Director.-** Mr Baxter resigned as Executive Vice President of the Company on July 14, 2006 but will remain as a Director and special advisor to the Company. Mr Baxter has over 25 years of experience in the mining industry (principally in Latin America). Mr Baxter is President and a director of Norsemont Mining Inc and is a director of Mosam Capital Corporation and Petaquilla Minerals Ltd. Mr Baxter was Executive Vice President of Chariot Resources Limited from December 2002 to July 24, 2006. Mr. Baxter was the General Manager of Baxter Consultants Engineering (a consulting company providing project appraisals to mining companies located primarily in Peru) from September 2000 to June 2002, the Business Development Coordinator Americas for North Limited (a senior Australian mining company acquired by Rio Tinto PLC in October 2000) from May 2000 to September 2000, the Regional Geologist, Americas for North Limited from June 1999 to May 2000 and the Regional Manager (Chile/Argentina) for North Limited from November 1996 to June 1999. From April 12, 2005 Mr. Baxter has been a member of the Advisory Board of Petaquilla Minerals Ltd. Mr Baxter is a director of Mosam Capital Corporation. Mr. Baxter has an Applied Bachelor of Science (Honours) degree from the University of New South Wales and is a member of the Australian Institute of Mining and Metallurgy (AusIMM).

**Peter Blunt - Chief Financial Officer.** – Mr. Blunt has over 22 years of experience in the mining industry. Mr. Blunt was the Chief Financial Officer of North American Palladium Ltd from 1985 to January, 1998 and the Financial Controller for Close Brothers of Grand Cayman from 1999 to May, 2003 and a Divisional Controller for LB Foster of Pittsburgh from June, 2003 to January, 2006. Mr. Blunt is a Certified General Accountant (Ontario).

**John Kutkevicius – Director.-** Mr. Kutkevicius is a practicing lawyer with over 17 years experience. Mr. Kutkevicius has been a partner of the Toronto law firm of Kutkevicius Kirsh, LLP since January 1, 2000 where he practices in the area of income tax law. Prior to January 1, 2000, Mr. Kutkevicius was a partner at the law firm of Beach Hepburn LLP where he practiced law in the area of income tax law. Mr. Kutkevicius holds a Bachelor of Commerce degree from Queen's University, a Bachelor of Laws degree from the University of Western Ontario and a Master of Law degree from York University. Mr. Kutkevicius is a member of the Canadian Tax Foundation.

**David Bell – Director.-** Mr. Bell is a professional geologist with over 44 years experience in the mining industry. He is a former director of Euro Nevada Mining Company Limited, Franco Nevada Mining Company, Unigold Inc., and Beaufield Consolidated Resources Inc., Mr. Bell is a director of EurOmax Resources Limited. a TSXV traded company. Mr. Bell holds a Bachelor of Science degree from Carleton University and was a Fellow of the Geological Society of Canada.

**Edward Thompson – Director.-** Mr. Thompson is a professional engineer with over 44 years of experience in the mining industry and he holds a Bachelor of Science degree and a Masters of Science degree from the University of Toronto. Currently, Mr. Thompson is a director of seven, including Chariot Resources Limited, publicly traded natural resource companies – Castle Gold Corp, Copper Reef Mining Corporation, Freewest Resources Canada Inc., Golden Queen Mining Company Ltd., Sparton Resources Inc., Tri Origin Exploration Ltd. and Western Troy Capital Resources Inc. Mr. Thompson is a member of the Advisory Board of Consolidated Thompson Lundmark Gold Mines Limited. Mr. Thompson's principal activity is acting as a corporate director and consultant to the mining industry.

**Fernando E. Porcile – Director.-** Mr. Porcile has over 44 years of experience in the mining industry. Mr. Porcile is currently retired however prior to retiring he was President and CEO of Compañía Minera Doña Ines de Collahuasi a large copper operation producing close to 500,000 TPY of copper. Prior to this position Mr. Porcile was during 5 years the President of Falconbridge Copper Division ( Falconbridge Copper Division operated a 100% owned smelter and mine in Chile and JV operation of the Antamina mine in Peru and the Collahuasi mine in Chile, additionally two major development projects in Chile and the second one in Argentine) Prior to this responsibility he was Vice President Project Development BHP Billiton Base Metals and earlier on President of Compañía Minera

Cerro Colorado.

Mr. Porcile has a Master of Science in Mineral Engineering degree from Columbia University N.Y.

***Cease trade orders, bankruptcies, penalties or sanctions***

Except as disclosed below, none of the Company's directors or executive officers or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this Annual Information Form or has been, within the ten years before the date of this Annual Information Form, a director or executive officer of any company, that while that person was acting in that capacity,
  - i. was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - ii. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - iii. within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder; or
- (c) has been subject to:
  - i. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
  - ii. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Thompson was director of Dakota Mining Corp., which was put into bankruptcy in 1999 because of the refusal of the South Dakota government to issue a required permit to push back a pit wall. Mr. Thompson was also a director of Windy Mountain Explorations Ltd., which was subject to cease trade order in June 2003 and which Mr. Thompson believes has filed for voluntary liquidation.

**Audit Committee**

***Composition***

The Audit Committee consists of John Kutkevicius (Chairman), Ed Thompson and David Bell each of whom is independent and financially literate (i.e., can read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that are likely to be presented in the consolidated financial statements of the Company).

Mr. Kutkevicius, by virtue of his education and experience as a lawyer (as previously described), is an expert in taxation and financial matters. In the course of his professional practice he has acted on behalf of numerous mining exploration and development companies. During such actions he has read, analyzed and evaluated the financial statements of a large number of such mining and exploration companies.

Mr. Thompson, by virtue of his education and professional experience (as previously described), is financially sophisticated. As a member of the board of directors of numerous mining companies, Mr. Thompson has read and understood the financial statements of each of such companies.

Mr. Bell, by virtue of his education and professional experience (as previously described), is financially sophisticated. As a member of the board of directors of numerous mining companies, Mr. Bell has read and understood the financial statements of each of such companies.

### ***Reliance on Certain Exemptions***

At no time since the commencement of the Company's most recently completed financial year has the Company relied on any of the exemptions in the following sections of MI 52-110: Section 2.4 (*De Minimis Non-audit Services*), Section 3.2 (*Initial Public Offerings*), Section 3.3(2) (*Controlled Companies*), Section 3.4 (*Events Outside Control of Member*), Section 3.5 (*Death, Disability or Resignation of Audit Committee Member*), Section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*) or Section 3.8 (*Acquisition of Financial Literacy*), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of MI 52-110 (*Exemptions*).

### ***Audit Committee Oversight***

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

The Charter of the Audit Committee is set out in Schedule A.

### **Auditor**

On June 12, 2006, PricewaterhouseCoopers LLP was appointed auditor of the Company as a result of the resignation of J.M. Tucker, Inc. It is planned to reappoint PricewaterhouseCoopers LLP at the Annual General meeting of the Company to be held September 4, 2009.

The following table summarizes audit, audit related, tax and all other fees for the years ended April 30, 2009 and 2008.

Category	Auditor/Consultant	Service description	Fees	Fees
			2009 CAD\$	2008 CAD\$
Audit	PricewaterhouseCoopers LLP	Audit of Consolidated Financial Statements		
		Vancouver office	52,500	52,500
		Peru	33,083	35,000
		Prospectus	-	34,000
		Total audit services	85,583	121,500
Audit related services	Jacqueline Tucker, FCA.	Consolidated Financial Statements tax computation	12,000	14,475
Tax fees	Jacqueline Tucker, FCA. PricewaterhouseCoopers LLP	Preparation and filing of tax returns	7,500	9,363
		Statutory tax review in Peru	6,506	-
		Other tax compliance services in Peru	9,389	2,500
			23,395	11,863
All other fees	PricewaterhouseCoopers LLP	Review of investment in mineral property in Peru	5,205	-
		Other services in Peru	4,237	1,200
			9,442	1,200

### **Conflicts of interest**

As described herein, certain directors of the Company are also directors of other companies in the natural resources industry. Consequently, there exists potential for conflicts of interest to arise. The Board of Directors of the Company has adopted a policy where if a potential conflict of interest arises the director or officer, as the case may be, must declare the possible conflict of interest and thereafter would not participate in any Company deliberations involving the matter and would abstain from voting on any matter for which there is a possible conflict of interest.

To-date there have been no matters that gave rise or would give rise to a potential material conflict of interest between the Company or any of its subsidiaries and any director or officer of the Company or its subsidiaries.

### **Interest of management and others in material transactions**

None of the directors or executive officers of the Company and no associate or affiliate of the foregoing persons has, or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or in any proposed transaction during the current financial year that has materially affected or will materially affect the Company or any of its subsidiaries.

### **Transfer agent and registrar**

The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

### **Material contracts**

The only material contracts entered into (or proposed to be entered into) by the Company since January 1, 2002 which may be regarded as presently material, other than contracts entered into in the ordinary course of business, are as follows:

- the Acquisition Agreements referred to under “The Marcona Transaction – Acquisition”; and
- the Master Agreement and the Shareholders Agreement referred to under “The Marcona Transaction – Marcobre Joint Venture”.

### **Experts**

The consolidated financial statements of the Company as at April 30, 2009 and April 30, 2008 and for the years ended April 30, 2009 and April 30, 2008 have been audited by PricewaterhouseCoopers LLP as stated in their auditors’ report. PricewaterhouseCoopers LLP report that they are independent from the Company in accordance with the Rules of Professional Conduct of British Columbia, Canada.

The following companies have been involved in the preparation of certain technical reports which are incorporated by reference in this Annual Information Form.

GRD Minproc

Hydrometal Inc.

Knight Piesold Consultores S.A.

PricewaterhouseCoopers LLP

Snowdon Mining Industry Consultants Inc.

Transmin Metallurgical Consultants

Vector Peru S.A.C

All of the abovementioned entities have advised the Company that they do not own any common shares or options of the Company.

#### **Additional Information**

Additional information including directors' and officers' remuneration and indebtedness, principal holders' of the Company's securities and securities authorized for issuance under equity compensation plans will be contained in the Company's information circular for the Annual and Special General Meeting of Chariot Resources Limited to be held on September 4, 2009.

The Company's audited consolidated financial statements as at and for the years ended April 30, 2009 and 2008 and the Management's Discussion and Analysis ("MD&A") dated July 23, 2009 contain additional comparative financial information.

The Company's information circular for the Annual and Special General Meeting to be held on September 4, 2009, the audited consolidated financial statements as at and for the year ended April 30, 2009 and the Management's Discussion and Analysis dated July 23, 2009 may be reviewed on SEDAR at [www.sedar.com](http://www.sedar.com). Readers may also contact the Secretary of the Company through the Company's offices in Toronto, Canada or Lima, Peru at the addresses or telephone and facsimile numbers below for copies of the comparative audited consolidated financial statements or MD&A.

Chariot Resources Limited –Toronto Office:

Suite 702, 55 University Avenue  
Toronto, Ontario M5J 2H7  
Telephone: 1 416 363 4554  
Facsimile: 1 416 363 2444

Marcobre S.A.C. – Lima Office

Av. Benavides No.1180  
Miraflores  
Lima 18, Peru  
Telephone: +511 617 1313  
Facsimile: +511 446 4652

## Schedule A

The Audit Committee has adopted a charter in order to guide it in performing its functions. This charter is reviewed by the Audit Committee and the Board of Directors on a periodic basis, at least annually, and was adopted in 2005. The principal features of the Audit Committee's charter are set out below.

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

### *Meetings*

The Committee shall meet quarterly or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least quarterly with the Chief Financial Officer and the external auditors in separate sessions.

### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

### *Documents/Reports Review*

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, and any press releases describing financial information, before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

### *External Auditors*

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the

independence of the external auditors.

- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the financial year in which the non-audit services are provided;
  - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

#### ***Financial Reporting Processes***

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and

improvements in financial or accounting practices have been implemented.

- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

***Other***

Review any related-party transactions.