

# **CHARIOT RESOURCES LIMITED**

ANNUAL INFORMATION FORM FOR THE

YEAR ENDED APRIL 30, 2005

Form 51-102F2

JULY 28, 2005

## TABLE OF CONTENTS

<b>Corporate Structure</b> .....	5
<i>Name, address and incorporation</i> .....	5
<i>Intercorporate relationships</i> .....	5
<b>Development of the business</b> .....	6
<i>Significant acquisitions</i> .....	6
<b>General description of the business</b> .....	6
<i>Information with respect to the copper industry</i> .....	6
<b>Information with respect to Peru</b> .....	10
<i>Overview</i> .....	10
<b>Regulatory Environment in Peru</b> .....	12
<i>Mining Laws</i> .....	12
<i>Annual Fees</i> .....	12
<i>Ownership of Mining Rights</i> .....	13
<i>Mine Closure and Remediation</i> .....	13
<i>Environmental Laws</i> .....	13
<i>Royalties</i> .....	13
<i>Taxation</i> .....	14
<i>Foreign Exchange Controls</i> .....	15
<i>General Sales Tax</i> .....	15
<b>Information with respect to the Korean Partners</b> .....	15
<b>Risk factors</b> .....	16
<i>Risks relating to mineral exploration and development</i> .....	16
<i>Limited Operating History and No History of Mineral Production; Mineral Resource or Reserve Estimates for Development Properties</i> .....	17
<i>Availability of Additional Financing</i> .....	18
<i>Fluctuations in Price and Consumption of Copper</i> .....	18
<i>Currency Fluctuations</i> .....	18
<i>Title to Properties</i> .....	19
<i>Government Regulations</i> .....	19
<i>Environmental Risks</i> .....	19
<i>Insurance</i> .....	20
<i>Competition</i> .....	20
<i>Reliance on Management</i> .....	20
<i>Risks Relating to Foreign Operations</i> .....	20
<b>Acquisition of the Marcona Copper Project</b> .....	21
<i>Acquisition and Ownership</i> .....	21
<i>Acquisition</i> .....	21
<i>Purchase Price</i> .....	22
<i>Guarantee and Share Pledge</i> .....	23
<i>Post Closing Covenants</i> .....	23
<b>Marcobre Shareholders Agreement</b> .....	24
<i>Corporate Governance</i> .....	24
<i>Services Agreement</i> .....	25
<i>Off-Take Arrangements</i> .....	25
<i>Additional Funding</i> .....	26

<i>Project Debt Financing</i> .....	26
<i>Dealing with Shares</i> .....	26
Exit Mechanism.....	27
<b>Marcona Copper Project</b> .....	28
<i>Property Description and Location</i> .....	28
<i>Mining concessions and property rights</i> .....	30
<i>Accessibility, Climate, Local Resources and</i> .....	30
<i>Infrastructure and Physiography</i> .....	30
<i>History and geological setting</i> .....	31
Geology and Mineralization.....	32
Mina Justa Prospect.....	33
Mina Justa North .....	35
<i>Historic Exploration</i> .....	35
<i>Sampling and Security of Samples</i> .....	36
<i>Current Exploration and Development</i> .....	39
<b>Description of other mineral properties</b> .....	41
<b><i>Antash Copper-Gold Property</i></b> .....	41
Property Description, Ownership and Location.....	41
Accessibility, Climate, Local Resources and Infrastructure and Physiography .....	42
History.....	42
Geology and Mineralization.....	43
Historical Exploration .....	44
Sampling and Data Verification.....	44
Mineral Resources.....	45
Future Development and Exploration .....	45
<b><i>Bambas Este Copper Property</i></b> .....	45
Property Description, Ownership and Location.....	45
Accessibility, Climate, Local Resources and Infrastructure and Physiography .....	46
History.....	47
Geology and Mineralization.....	47
Historical Drilling .....	47
Sampling and Data Verification.....	48
Mineral Resources.....	48
Future Development and Exploration .....	49
<b>Dividends</b> .....	49
<b>Description of Capital Structure</b> .....	49
<b>Market for Securities</b> .....	50
<i>Trading price and volume</i> .....	50
<b>Directors and Officers</b> .....	50
<i>Name, occupation and security holding</i> .....	50
<i>Cease trade orders, bankruptcies, penalties or sanctions</i> .....	53
<b>Audit Committee</b> .....	54
<i>Composition</i> .....	54
<i>Reliance on Certain Exemptions</i> .....	55
<i>Audit Committee Oversight</i> .....	55
<b>Auditor</b> .....	55

<b>Conflicts of interest</b> .....	56
<b>Legal proceedings</b> .....	56
<b>Interest of management and others in material transactions</b> .....	56
<b>Transfer agent and registrar</b> .....	57
<b>Material contracts</b> .....	57
<b>Interests of experts</b> .....	57
<i>Names of experts</i> .....	57
<i>Interests of experts</i> .....	57
<b>Additional Information</b> .....	58
<b>Schedule A</b> .....	59

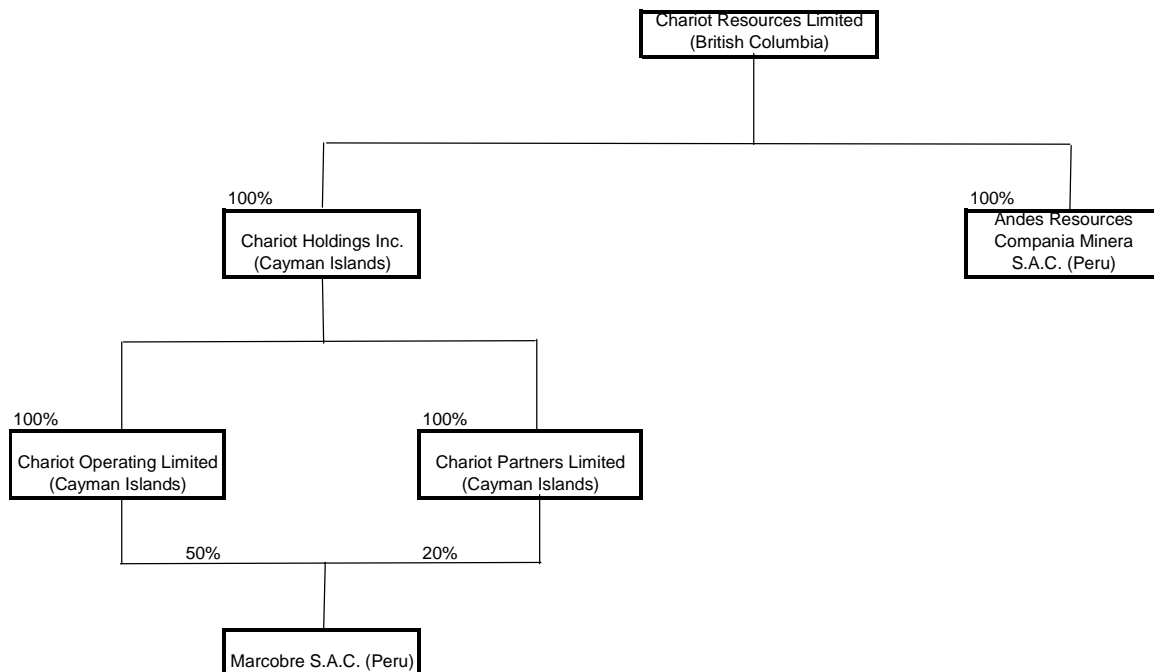
## Corporate Structure

### *Name, address and incorporation*

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 Jiron Crane 102, Piso 3, Urb., Jacaranda, San Borja, Lima Peru. The registered office of the Company is located at 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

### *Intercorporate relationships*

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 a Services Agreement 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 Corporation (“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 acquisitions*

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 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.

### **General description of the business**

#### *Information with respect to the copper industry*

Copper is consumed in the form of copper wire, copper products and copper alloy products. Wire and cable copper is used for general industrial cable, utility power cable, telecommunication cable, insulated wire and winding wire for electrical motors. The largest single use of copper in copper products is for copper tubing for plumbing, heating systems, air conditioners and refrigerators. Copper alloy products include copper sheet and strips and brass products used for building fixtures and fittings.

The price of copper is primarily determined by changes in supply and demand which, are in turn, affected by global economic conditions.

Brook Hunt & Associates Ltd. (“Brook Hunt”), an independent mining and metals consultancy, recently published its June 2005 forecast for copper production, consumption, market balance and prices. The information in the following tables is from Brook Hunt.

## Copper Forecasts

(Source: Brook Hunt June 2005)

### Metal Balance

	2002	2004	2009	2016
Global Refined Copper Consumption	14,913	16,960	20,669	26,125
Global Refined Copper Production	15,347	15,906	20,258	19,016
<b>Surplus (Deficit)</b>	<b>434</b>	<b>(1,054)</b>	<b>(411)</b>	<b>(7,109)</b>

Recently China's strong demand for copper for infrastructure projects (such as power generation and distribution), automobile manufacturing and electronic appliance exports is considered by many as the catalyst for recent high copper price levels. China leads all regions with industrial production growth forecast at approximately 11% for 2005, 8% for 2006 and 10% on average over the five-year period ending 2009. China has historically been unable to meet its copper consumption requirements with domestic production and the resulting need for imports is expected to grow as its industrial production grows. Reports from India indicate that it is entering into a period of higher, relative to the recent past, investment in infrastructure projects and consumer consumption and the expected development of former Eastern Bloc economies point to greater copper demand in the near to medium term.

Refined copper production is forecast to grow from just under 16 million tonnes in 2004 to 20.3 million tonnes in 2009 and fall short of expected demand. By 2016 refined copper production is expected to fall well short of forecast consumption. This projected short fall will have to be satisfied from inventories and recycled material, by changes in demand or new sources of supply not currently identified. Brook Hunt is of the view that production will come from possible or probable new mining projects.

Regional forecasts of refined production and copper consumption are set out below.

### Refined Copper Production (tonnes 000's)

(Source: Brook Hunt June 2005)

	2002	2004	2009	2016	Average Annual Growth		
					93-2002	02-2009	09-2016
Chile	2,827	2,837	3,468	2,578	8.4%	2.6%	-3.6%
China	1,632	2,146	3,484	3,514	8.4%	9.9%	0.1%
Japan	1,401	1,380	1,687	1,687	1.7%	2.3%	0.0%
USA	1,512	1,335	1,496	1,411	-3.9%	-0.1%	-0.7%
Russia	861	905	1,022	1,022	4.3%	2.2%	0.0%
Others	7,114	7,303	9,101	8,804	3.0%	3.1%	-0.4%
<b>Global Total</b>	<b>15,347</b>	<b>15,906</b>	<b>20,258</b>	<b>19,016</b>	<b>3.1%</b>	<b>3.5%</b>	<b>-0.8%</b>

### Regional Copper Consumption (tonnes 000's)

(Source: Brook Hunt June 2005)

	2002	2004	2009	2016	Average Annual Growth		
					93-2002	02-2009	09-2016
Western Europe	3,739	3,796	3,895	3,447	1.9%	0.5%	-1.5%
North America	2,644	2,737	2,853	2,704	0.4%	1.0%	-0.7%
Japan	1,164	1,279	1,285	1,074	-1.7%	1.3%	-2.2%
Asia	2,985	3,258	3,684	4,408	6.2%	2.7%	2.3%
China	2,425	3,564	5,896	10,518	9.6%	11.7%	7.5%
Russia	355	580	827	1,150	1.9%	11.2%	4.2%
Others	1,601	1,746	2,229	2,824	3.3%	4.2%	3.0%
<b>Global Total</b>	<b>14,913</b>	<b>16,960</b>	<b>20,669</b>	<b>26,125</b>	<b>3.0%</b>	<b>4.2%</b>	<b>3.0%</b>

The mine production growth in the 2002-2009 period may be attributable to the opening of four SxEw mines in Chile (notably BHP Billiton's Spence project and three other relatively small mines with combined production of about 264,000 tonnes of copper per year starting in 2006 or 2007); a Brazilian project (Chapada) that should produce 80,000 tonnes of copper in concentrate starting in 2007 and declining to about 40,000 tonnes of copper in 2012; a Canadian project (Duck Pond) producing about 19,000 tonnes of copper in concentrate starting in 2007; and in Zambia where the Kansanshi project is expected to produce 70,000 tonnes of copper in concentrate and 60,000 tonnes of SxEw copper starting in 2005.

The transition from modest production growth to a decline in mine production starting in 2009 is due to expected mine closures as ore is depleted and to declining grades which will exceed projected mine expansions or extensions of mine lives. Copper production from a number of mines (El Abra, Highland Valley and Radomiro Tomic) should decline starting about 2010 as reserves are depleted.

### Mine Production (tonnes 000's)

(Source: Brook Hunt June 2005)

	2002	2004	2009	2016	Average Annual Growth		
					93-2002	02-2009	09-2016
Chile	4,645	5,473	5,780	4,362	8.3%	2.8%	-3.5%
USA	1,153	1,178	1,398	1,115	-4.6%	2.4%	-2.8%
Indonesia	1,163	842	975	1,065	14.2%	-2.2%	1.1%
Australia	868	816	864	576	7.6%	-0.1%	-4.9%
Peru	820	1,015	1,069	824	8.2%	3.4%	-3.2%
Others	4,892	5,208	6,126	4,913	0.9%	2.9%	-2.7%
<b>Global Total</b>	<b>13,541</b>	<b>14,532</b>	<b>16,212</b>	<b>12,855</b>	<b>3.6%</b>	<b>2.3%</b>	<b>-2.9%</b>

The need for additional mine production to meet increasing refined metal consumption will have to be satisfied by the reactivation of closed mines, additional discoveries at producing mines, incremental expansions or the development of new deposits. There are a few medium-sized possible/probable projects that may come on stream during the 2007 to 2010 period and include Chuqui Mansa Mina (200,000 tonnes of copper in concentrate and 100,000 tonnes of SxEw production); Gaby (150,000 tonnes per year); an expansion at Andina (200,000 tonnes per year); a Collahausi expansion (180,000 tonnes per year); and expansions at Los Bronces (150,000 tonnes per year) and Olympic Dam (115,000 tonnes per year) and plans for Las Cruces (66,000 tonnes of SxEw production).

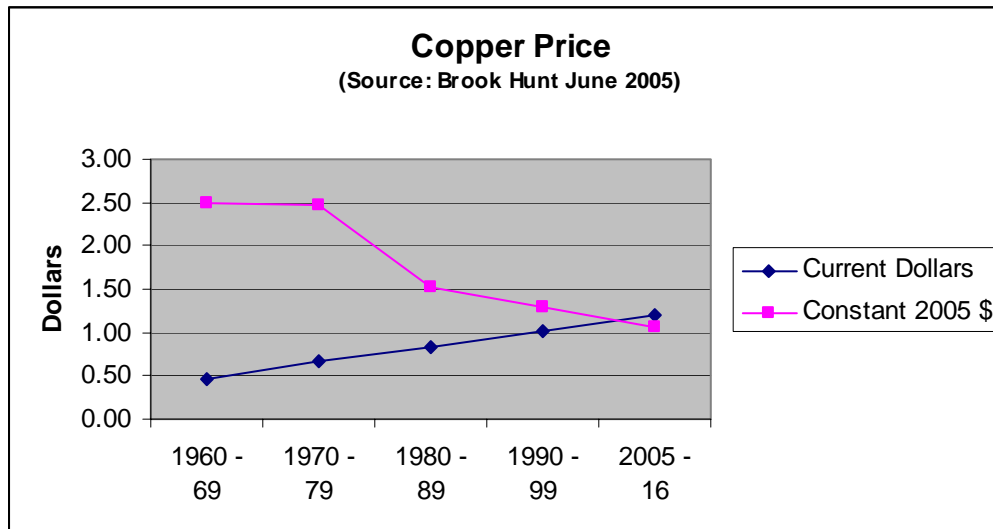
Global smelting capacity is projected to increase by 3.6% during the 2002 to 2009 period and virtually no increase is expected during the 2009 through 2015 period. Smelter capacity should increase because of major expansions in China, in Zambia (Mifulira), Australia (Mt. Isa), incremental expansions at other smelters and with the recommissioning of idle capacity. During the 1993-2002 period, copper prices were low resulting in a decrease in copper concentrate production which led to a reduction in smelter and refining treatment charges as smelters competed for dwindling supplies. There was little increase in smelter capacity outside of China and India during this period.

#### Smelter Production (tonnes 000's)

(Source: Brook Hunt June 2005)

	2002	2004	2009	2016	Average Annual Growth		
					93-2002	02-2009	09-2016
Chile	1,417	1,578	1,794	1,794	1.2%	3.0%	0.0%
Japan	1,486	1,376	1,692	1,692	2.2%	1.6%	0.0%
China	1,249	1,594	2,741	2,761	10.9%	10.3%	0.1%
Russia	754	756	787	787	3.3%	0.5%	0.0%
USA	685	574	729	750	-7.8%	0.8%	0.4%
Others	6,375	6,533	8,107	8,141	3.0%	3.0%	0.1%
<b>Global Total</b>	<b>11,966</b>	<b>12,411</b>	<b>15,850</b>	<b>15,925</b>	<b>2.1%</b>	<b>3.6%</b>	<b>0.1%</b>

Brook Hunt has tracked the copper price from 1960 and measured it in constant 2005 dollars compared to current or nominal dollars. The following chart illustrates the historical relationship and Brook Hunt’s June 2005 forecast for the price of copper.



For the 2009 – 2016 period the copper price is expected to average \$1.19 (\$1.05 in constant 2005 dollars). Early in this period prices could reach a cyclical low of \$0.75 in constant 2005 dollars after which it is likely to steadily recover.

See “Risk Factors – Risks Relating to Chariot – Fluctuations in Price and Consumption of Copper”.

### **Information with respect to Peru**

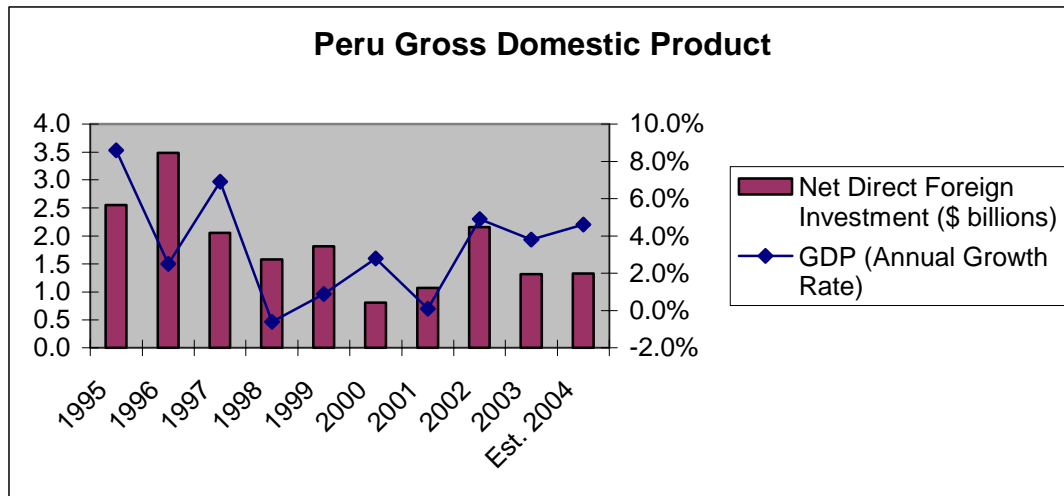
The Marcona Copper Project and the Company’s other mineral property interests are located in Peru. Set out below is an overview of Peru and its regulatory environment with respect to exploration and mining activities.

#### *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. The current president was elected in 2001 for a five-year term. The legislative branch of government is a unicameral Congress composed of 120 members elected to serve five-year terms. The next presidential and congressional elections are scheduled for April 9, 2006. The judicial branch of government consists of a Supreme Court of Justice whose judges are appointed by the National Council of the Judiciary.

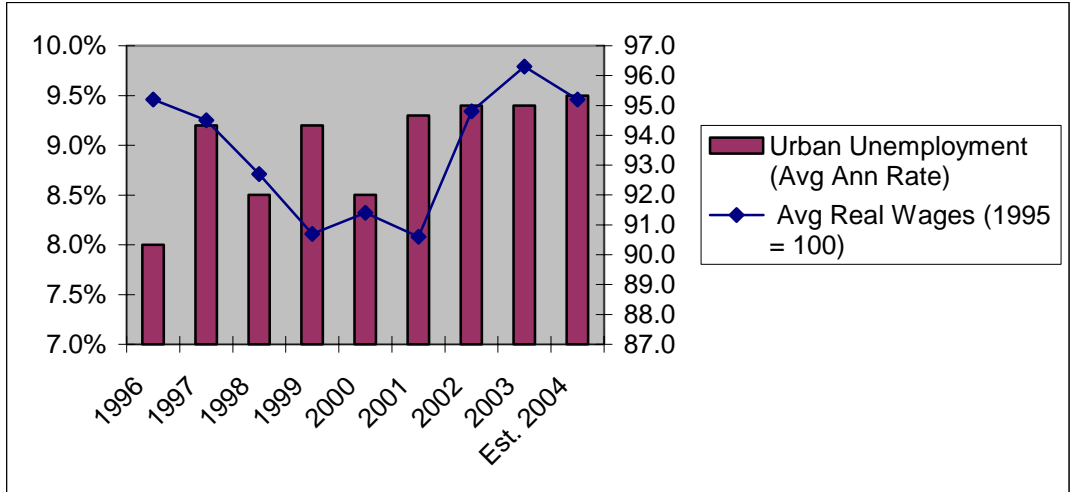
The country is organized into 24 departments and one constitutional province, more commonly being referred to as regions. Peru is implementing a decentralization program whereby these 25 regional administrations will begin to exercise greater governmental authority over their territories. In November 2002, voters elected new regional presidents and other regional leaders. The authority that these regional governments will exercise has not been clearly defined, but it will be devolved to the regions over the course of several years.

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. However; an overdependence on minerals and metals subjects the economy to fluctuations in world metal prices. After several years of inconsistent economic performance the Peruvian economy was one of the fastest growing in Latin America from 2002 through 2004.



(Source – *Preliminary Overview of the Economies of Latin America and the Caribbean 2004*, United Nations Economic Commission for Latin America and the Caribbean)

The economic growth experienced by Peru in recent years was due, in large part, to foreign investment in the Camisea natural gas pipeline and numerous mining projects. Although gross domestic product has grown significantly during the past three years the benefits are not being realized by the average worker due to structural imbalances. The unemployment rate has increased over the past decade and average real urban wages have not grown. Real wages for urban workers were lower in 2004 than in 1995.



(Source – *Preliminary Overview of the Economies of Latin America and the Caribbean 2004*, United Nations Economic Commission for Latin America and the Caribbean)

In recent years there has been a growing economic gap between the relatively few well educated, fully employed and the under or unemployed. There is also dissatisfaction with the structural imbalances arising from the transition from a centralized system of government and executive authority to a regional system. Both of these factors have led to several minor protest demonstrations and increased civil unrest in recent months. The increase in protests and unrest is likely to continue during the upcoming election year.

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 country for mining activities in South America.

### **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 and penalties for not reaching minimum production levels established by law are paid when applicable. The rights manifested in a mining concession are protected 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*

Mining concession holders must pay an annual fee by June 30 of each year.

Currently, the annual fee is US\$3.00 per hectare (except for small and artisan miners who pay a lower fee). In addition, concession holders must reach a minimum level of annual commercial production of at least US\$ 100 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 US\$ 6.00 per hectare for the seventh through the eleventh years following the date of the grant. After the eleventh year the penalty increases to US\$26.00 per hectare. Failure to pay the annual fee or penalties for two consecutive years will result in cancellation of the concession.

### *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 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 “Mine Closure Law” which establishes provisions relating to mine closure plans. The law provides that a mine must grant an environmental warranty for estimated costs associated with its mine closure plan and expressly allows for different types of warranties such as pledges, mortgages, cash collateral, trust agreements or other forms as permitted by the Peruvian law and acceptable to the relevant Peruvian authorities. However, the specific dispositions regarding when the warranties must be in place and the different levels and types of warranties that companies will have to submit, which will depend on the level of risk to the environment if a company does not comply with its closure plan, are going to be determined in the regulations to the Mine Closure Law. The regulations have not been issued.

### *Environmental Laws*

The Peruvian Ministry of Energy and Mines regulates environmental affairs within the mining sector, including: establishing the requirements for environmental impact studies and an environmental protection policy and setting out maximum allowable levels for effluents; signing environmental administrative stability agreements; overseeing the impact of mining operations; and imposing administrative sanctions.

### *Royalties*

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

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

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

### *Taxation*

Companies incorporated in Peru are subject to corporate income tax levied at a rate of 30% on net income subject to tax. Corporations that make distributions of profits or dividends to individuals (either "domiciled" or "non-domiciled" in Peru) or make distributions to entities that are not "domiciled" in Peru are subject to a further 4.1% tax on the value of such distributions.

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 elect between one of two carry forward methodologies: the first allows tax losses to be carried forward for four years from the year in which they are incurred and the second allows tax losses to be carried forward indefinitely but only to offset 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 engage in certain mining activities and enter into stability agreements with the Peruvian government are often 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. 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.

#### *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.

#### *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 corporation is offset by IGV collected or calculated as a credit on exports.

The effect, on corporations that generate sales revenue from domestic or export sales, of the *Impuesto General a las Ventas*, 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. Chariot's subsidiary, Marcobre is in the process of applying for an exploration agreement with the government, based on the investment program and schedule to be performed regarding the exploration activities that are being carried out in the Marcona Copper Project. According to current statutory provisions, this recovery regime will remain in force until January 9, 2007, although it is likely to be renewed beyond that date this can not be guaranteed.

#### **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 corporations, 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 and five offices are located internationally (including an office in Canada). KORES employs over 300 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 450,000 tonnes per year of copper cathode, 40 tonnes per year of gold and 300 tonnes per year of silver.

### **Risk factors**

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

Chariot 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 changes in metallurgical characteristics or 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 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 and No History of Mineral Production; Mineral Resource or Reserve Estimates for Development Properties*

Chariot has a limited operating history in the mineral exploration and development business and there can be no assurance that Chariot will be profitable. Chariot has incurred losses in each of the three most recent financial years and expects to continue to incur losses for the foreseeable future. Readers should note that the Company's consolidated financial statements for the year ended April 30, 2005 have been prepared on a going-concern basis (see note 1 to the consolidated financial statements as at and for the year ended April 30, 2005).

The Marcona Copper Project and Chariot's other mineral property interests are exploration or development projects that have 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 or any properties in which Chariot has an interest. 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 Chariot'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 Chariot's exploration programs will result in profitable commercial mining operations. If Chariot'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 Chariot's properties will ever be brought to a stage where mineral resources can be profitably produced therefrom. 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 Chariot'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 Marcona and Chariot's other mineral property interests will depend on the Company'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 Chariot 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 Company's properties and could result in possible loss of properties.

#### *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\$/U.S.\$, the Peruvian Nuevo Sol/CAD\$ and the Peruvian Nuevo Sol/U.S.\$ 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 U.S. dollar would increase the cost of exploration and development of the Company's mineral properties (including the Marcona Copper Project) located in Peru 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 U.S.\$ and

Peruvian Nuevo Soles.

### *Title to Properties*

Although Chariot has verified title to its properties according to usual industry standards for the stage of exploration of such properties, these procedures do not guarantee Chariot'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. 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 Chariot or its properties which could have a material adverse impact on Chariot'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 Chariot 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.

### *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. Chariot 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) 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, Chariot 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 Chariot, Chariot may be unable to acquire potential mineral properties on terms it considers acceptable. Chariot 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*

Chariot 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 Chariot, its activities and operations could be adversely affected. Chariot's future success will also depend in large part upon its ability to attract and retain highly skilled personnel. There can be no assurance that Chariot will be successful in attracting and retaining such personnel.

### *Risks Relating to Foreign Operations*

All of the Company's mineral properties are 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.

## **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 Rio Tinto 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 Rio Tinto 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 payable on the second anniversary of the Closing Date.

The purchase price paid on closing was decreased by certain annual concession fees (U.S. \$86,000) which will be paid by Marcobre in respect of the Rio Tinto Claims for the period commencing January 1, 2004 until the January 3, 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.

If Marcobre approves the commencement of construction of a mine and processing plant (a “Decision to Mine”) in respect of the whole or any part of Target Area 1, Marcobre has agreed to pay the Vendors within five business days of such approval:

- U.S.\$3,000,000 if the total mineral resource is greater than 300 million tonnes at 0.80% equivalent copper grade (which is equivalent to a contained metal content of approximately 2.58 million tonnes of copper) based on the results of a feasibility study completed by an independent firm engaged by Marcobre and using certain calculation methodologies agreed to by Marcobre and the Vendors and set out in the Acquisition Agreements; and
- an additional U.S. \$7,000,000 if the total mineral resource is greater than 400 million tonnes at 0.80% equivalent copper grade (which is equivalent to a contained metal content of approximately 3.44 million tonnes of copper) based on the results of a feasibility study completed by an independent firm engaged by Marcobre and using certain calculation methodologies agreed to by Marcobre and the Vendors and set out in the Acquisition Agreements.

Under the terms of:

- a master agreement between Chariot and the Korean Partners, Chariot 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.

#### *Post Closing Covenants*

The Acquisition Agreements contain the following post closing covenants:

- ***Iron Ore.*** Marcobre and Shougang Peru agreed to use their best efforts to negotiate an agreement pursuant to which Shougang Peru will have the right to purchase iron ore material from the waste and leach dumps resulting from Marcobre’s copper mining and processing activities within Target Area 1.
- ***Target Area 2.*** Marcobre and Shougang Peru have agreed to use their best efforts to negotiate the terms of an option or purchase and sale agreement pursuant to which Marcobre will have the right to acquire a portion of an adjacent property (referred to as Target Area 2) which contains copper mineralization. See “Marcona Copper Project – Geology and Mineralization – Mina Justa Prospect”.
- ***Surface and Access Rights.*** Under the terms of the Acquisition Agreements, Shougang Peru has agreed to use its best efforts to assist Marcobre in acquiring the surface rights located within Target Area 1 (which are held by the Peruvian government) and has granted Marcobre the right as from the closing date to use an existing access road to access Target Area 1 in consideration for an annual payment of U.S. \$10,000. The parties have agreed to enter into a formal access agreement as soon as practicable after the closing date.
- ***Exclusivity Zone.*** The transfer of the studies under the terms of the Option Assignment Agreement will not operate to prevent Rio Tinto Peru from using the studies for its own activities following the Closing Date, provided that Rio Tinto Peru may not use such studies within Target Area 1 or, for a period of five years from the date of the Option Assignment Agreement, within a 10-kilometre perimeter of the external boundaries of the Rio Tinto Claims (excluding any concessions within such zone held by Rio Tinto Peru at the closing date of the acquisition).

## **Marcobre Shareholders Agreement**

Marcobre, the Company and Korea Resources Corporation 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.

#### *Services Agreement*

On December 30, 2004 Marcobre entered into a 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. The Services Agreement will terminate when a Decision to Mine is made and immediately upon termination of the Shareholders Agreement.

#### *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 Rio Tinto 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 post closing purchase price of U.S.\$13 million payable to the Vendors on the second anniversary of closing in accordance with the terms of the Acquisition Agreements; 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**

The information set out below is based on a technical report prepared by AMEC dated November 1, 2004 which has been prepared in accordance with the requirements of NI 43-101 is incorporated by reference in this Annual Information Form. A copy of the referenced report is available for review on the SEDAR web-site at [www.sedar.com](http://www.sedar.com). Miron Berezowsky, P. Eng., Senior Geological Consultant (an AMEC Associate), Tracey Barnes, P.E., Senior Mining Engineer (an AMEC Associate), Rusty Craft, MAusIMM (AMEC Senior Metallurgist), Robert Cinitis, P. Geo. (AMEC Principal Geologist) and Bill Tilley, P.E. (AMEC Senior Mining Engineer) were the Qualified Persons (as defined in NI 43-101) responsible for the preparation of the technical report. In preparing its report, AMEC relied on, among other things:

- geological reports, maps and technical information prepared by AMEC and Simons (Peru) S.A. (now part of AMEC) during 2002 and 2003 on behalf of Rio Tinto Peru;
- information provided by Rio Tinto Peru to the Company as part of the Company's due diligence review in connection with the Acquisition; and
- site visits conducted by AMEC at the Marcona Copper Project on April 4 and April 5, 2004 at which core and RC chip samples were made available for AMEC's review and independent samples were collected and independently tested to confirm the range of grades previously reported.

#### *Property Description and Location*

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

The Marcona Copper Project consists of two adjacent areas referred to as Target Area 1 and the Rio Tinto Peru block of claims ("Rio Tinto Claims") which together cover approximately 32,899 hectares:

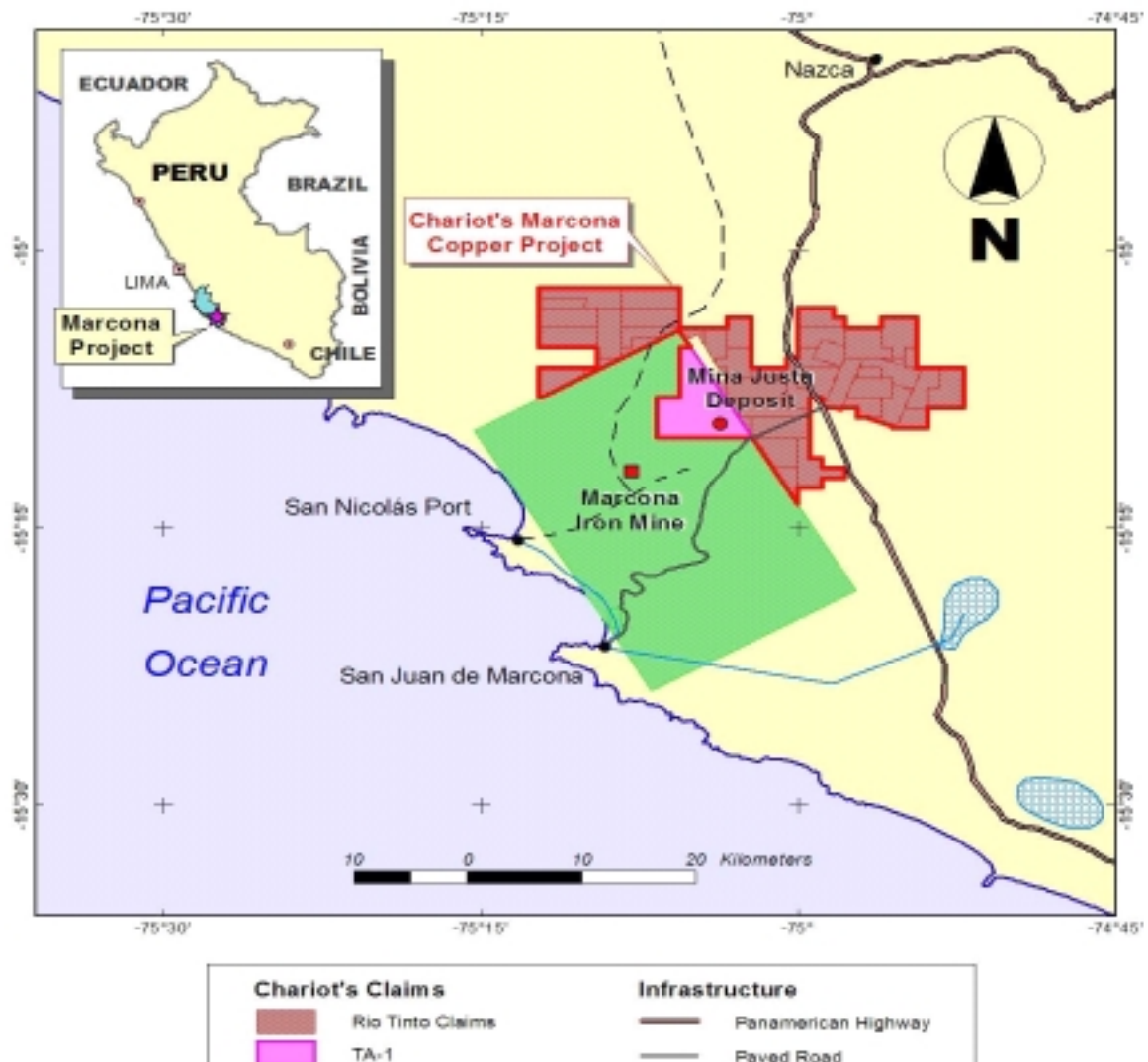
- **Target Area 1.** Block TA1 is the historical name for a joint venture area between Rio Tinto Peru and Shougang Peru located within Mining Concession C.P.S. No. 1 previously held by Shougang Peru. Block TA1 is a

triangular shaped area which covers approximately 3,969 hectares and currently exists as an independent mining concession registered as “Target Area 1”.

- **Rio Tinto Claims.** The Rio Tinto Claims consist of 44 contiguous claims which cover approximately 28,930 hectares surrounding Target Area 1 along the north and east margins thereof.

The Mina Justa Prospect is located in Target Area 1 and is the principal exploration target of the Marcona Copper Project. The technical report prepared by AMEC contains a resource estimate with respect to the Mina Justa Prospect. See “Resource Estimate” below. There are four other prospects located on the Marcona Copper Project which have been sporadically explored to date with limited drilling.

Target Area 1, the Rio Tinto Claims and the Mina Justa Prospect are shown in the following map.



### *Mining concessions and property 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”.

Target Area 1 currently exists as an independent mining concession registered in the name of Marcobre S.A.C. The concession rights relating to the former Rio Tinto Claims are held by Marcobre S.A.C.

The concession rights to a narrow claim (covering approximately 500 hectares) located several kilometres to the north of the Mina Justa Prospect between Target Area 1 and the former Rio Tinto Claims are held by a third party and do not form part of the Marcona Copper Project. The Company does not believe that these concession rights or any other third party rights to mineral concessions or surface rights within the Marcona Copper Project will adversely impact Marcobre’s ability to explore and develop the Marcona Copper Project.

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

The Marcona Copper Project straddles the Pan American highway and may be accessed by driving approximately 6.5 to 7.5 hours south from the city of Lima. It is also possible to access the Marcona Copper Project by air by flying from Lima to San Juan de Marcona or Nazca and then driving approximately 30 kilometres or 48 kilometres, respectively. The mineral prospects located on the Marcona Copper Project are accessible using a network of paved and secondary roads linking the Pan American highway, the town of San Juan de Marcona and the existing Marcona iron ore operations.

The Marcona Copper Project is located in a desert area within the Peruvian coastal belt. The area has an arid climate with annual rainfall ranging from 0 millimetres to 80 millimetres. The annual mean temperature is approximately 19 degrees Celsius with temperatures ranging from 21 degrees Celsius to 23 degrees Celsius in the summer and 15 degrees Celsius to 18 degrees Celsius during the winter. During the winter months thick fogs are common especially at elevations between 600 masl to 1,200 masl.

Mining infrastructure is present in San Juan de Marcona and in the immediate vicinity due to the large-scale mining of the Marcona iron deposits over the past 50 years. The town has a population estimated at 5,000 to 8,000 with nearly 1,800 employed by the existing iron ore operations. The Company believes that the region can provide the basic goods, services, medical care and accommodations for the early and advanced stages of project development as well as some labour requirements for various stages of the exploration and development cycle.

The community and mine operations are connected to the national power grid and a high tension power line passes within 10 kilometres west of the Mina Justa Prospect. In addition, a spur line of the high tension line passes within 4 kilometres west of the Mina

## Justa Prospect.

Although there is no surface water on the Marcona Copper Project, sub-surface aquifers recharged from underground waters draining the Andean mountain range have been identified. Water for the community and the nearby iron ore operation of Shougang Peru is obtained from an aquifer located 30 kilometres south of the Mina Justa Prospect and along the Pan American highway. The waterline passes within 30 kilometres south of the Mina Justa Prospect. The Company intends to negotiate water rights with Shougang Peru or other third parties, as applicable, or otherwise acquire and develop the required water rights.

The most prominent topographic feature on the property is a northwest trending flat depression which varies between 500 masl to 600 masl in elevation and is approximately 7 kilometres wide. As a result of the desert climate, vegetation on the property is limited with less than 1% cover. None of the property is used for agricultural purposes.

### *History and geological setting*

Exploration on the Marcona Copper Project began in the 1950s and has been carried out by four different companies. The most detailed exploration work including drilling 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 drilling (“RC”), diamond drilling, limited petrographic examinations and metallurgical testing. The work culminated in an in-house “mineral resource estimate” prepared 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). In July 2003, AMEC was retained to review Rio Tinto Peru’s mineralization block model. Rio Tinto’s model of a Mineral Resource Estimate is set out below.

<b>INFERRED RESOURCES</b>	<b>Mt</b>	<b>kt Cu</b>	<b>Cu%</b>	<b>koz Au</b>	<b>k oz Ag</b>	<b>Au g/t</b>	<b>Ag g/t</b>
<i>0.2% Inferred</i>							
Oxide	145.8	842.0	0.58				
Mix	2.9	33.4	1.15	3.0	1236.8	0.03	13.2
Sulphide - bn+cc	13.7	327.8	2.39	28.1	14220.0	0.06	32.2
Sulphide - cpy	46.6	590.0	1.27	116.5	23614.8	0.08	15.8
<b>Total Oxide-Mix-Bn+cc</b>	<b>162.5</b>	<b>1203.2</b>	<b>0.74</b>				
<b>Total Sulphide-Mix</b>	<b>63.2</b>	<b>951.2</b>	<b>1.50</b>	<b>148</b>	<b>39072</b>	<b>0.07</b>	<b>19.2</b>
<b>TOTAL</b>	<b>209.1</b>	<b>1793.2</b>	<b>0.86</b>				
<i>0.5% Inferred</i>							
Oxide	68.8	556.6	0.81				
Mix	2.7	32.7	1.19	2.8	1219.5	0.03	13.8
Sulphide - bn+cc	13.7	327.8	2.39	28.1	14220.0	0.06	32.2
Sulphide – cpy	40.1	568.1	1.42	113.3	23246.4	0.09	18.0
<b>Total Oxide-Mix-Bn+cc</b>	<b>85.3</b>	<b>917.1</b>	<b>1.08</b>				

<b>Total Sulphide-Mix</b>	<b>53.8</b>	<b>928.6</b>	<b>1.73</b>	<b>144</b>	<b>38686</b>	<b>0.08</b>	<b>22.4</b>
<b>TOTAL</b>	<b>125.4</b>	<b>1485.2</b>	<b>1.18</b>				
<b>1.0% Inferred</b>							
Oxide	12.7	168.0	1.33				
Mix	1.2	23.2	2.00	1.7	964.6	0.05	25.9
Sulphide - bn+cc	12.6	317.1	2.52	27.4	13796.7	0.07	34.1
Sulphide - cpy	29.1	486.7	1.67	98.5	20747.6	0.11	22.2
<b>Total Oxide-Mix-Bn+cc</b>	<b>26.4</b>	<b>508.3</b>	<b>1.93</b>				
<b>Total Sulphide-Mix</b>	<b>42.8</b>	<b>827.0</b>	<b>1.93</b>	<b>128</b>	<b>35509</b>	<b>0.09</b>	<b>25.8</b>
<b>TOTAL</b>	<b>55.5</b>	<b>995.0</b>	<b>1.79</b>				

Note: Figures rounded to represent level of confidence so will not necessarily tally

<b>RESOURCES AND UPSIDE POTENTIAL</b>							
	<b>Mt</b>	<b>kt Cu</b>	<b>Cu%</b>	<b>koz Au</b>	<b>k oz Ag</b>	<b>Au g/t</b>	<b>Ag g/t</b>
<b>0.2% IDS</b>							
Oxide	360	1550	0.4				
Mix	20	100	0.6	20	2380	0.05	5
Sulphide - bn+cc	10	330	2.4	30	14290	0.06	32
Sulphide - cpy	240	1800	0.7	520	42040	0.07	5
<b>Total Oxide-Mix-Bn+cc</b>	<b>390</b>	<b>1980</b>	<b>0.5</b>	<b>380</b>	<b>30520</b>		
<b>Total Sulphide-Mix</b>	<b>270</b>	<b>2230</b>	<b>0.8</b>	<b>580</b>	<b>58710</b>	<b>0.07</b>	<b>7</b>
<b>TOTAL</b>	<b>640</b>	<b>3780</b>	<b>0.6</b>				

Note: Figures rounded to represent level of confidence so will not necessarily tally

Near the end of 2003, Rio Tinto Peru and Shougang Peru concluded that the Mina Justa Prospect did not meet their strategic objectives and decided to sell the Marcona Copper Project.

#### *Geology and Mineralization*

The five prospects currently comprising the Marcona Copper Project are part of a large iron-oxide rich hydrothermal system geologically related to and associated with the Marcona iron deposit located within a few kilometres immediately to the south and west of the Marcona Copper Project. The Marcona iron deposit is located near the southern end of a belt of rocks approximately 70 kilometres wide and stretching 400 kilometres along the Peruvian coast from Lima to south of Chala. The belt consists of a series of Precambrian gneisses and schists overlain by Palaeozoic sediments and volcanics and by more extensive volcano-sedimentary rocks of the Triassic-Jurassic age which straddle the intersection of the northeast trending Nazca Ridge and the continental margin and coincide with the southern limit of the major Peruvian flat-slab domain and the northern limit of the Central Volcanic Zone.

Mapping in and around the Marcona magnetite deposits has defined three main fault systems: Pista System – west-northwest striking, 65° north dipping; Huaca System – northwest striking, near vertical dipping; and Repetition System – northeast striking 60° southeast dipping.

The Marcona Copper Project's most economically significant copper mineralization is located at the Mina Justa Prospect. The four other prospects in addition to the Mina Justa Prospect are:

- ***Achupallas Prospect.*** The Achupallas Prospect is located on Target Area 1 approximately 6 kilometres north of the Mina Justa Prospect and has been explored with limited drilling.
- ***Miramar Prospect.*** The Miramar Prospect is located on the former Rio Tinto Claims approximately 18 kilometres northwest of the Mina Justa Prospect and has been explored with limited drilling.
- ***Clavelinas Prospect.*** The Clavelinas Prospect is located on the former Rio Tinto Claims approximately 5 kilometres east of the Mina Justa Prospect and has been explored with limited drilling.
- ***La Apreciada Prospect.*** The La Apreciada Prospect is located on the former Rio Tinto Claims approximately 15 kilometres east of the Mina Justa Prospect and has been explored with limited drilling.

### ***Mina Justa Prospect***

The Mina Justa copper mineralization is hosted by volcano-sedimentary rocks of the Rio Grande Formation which is dominated by andesite volcanoclastic units and sill-like, sub-volcanic porphyritic andesite intrusions.

The dominant fault attitudes as determined from drill holes and surface mapping are:

- northeast trending, shallow (10° – 30°) to steep (70°) east-southeast to southeast dipping faults, belonging to the Repetition Fault System; and
- northwest trending, steeply northeast dipping normal faults, belonging to the Huaca Fault System.

Two types of copper mineralization have been recognized at the Mina Justa Prospect:

- structurally-controlled copper as disseminations and blebs, veinlets, vein and breccia-filling; and
- copper hosted by stratabound iron-oxide mantos.

The structurally controlled copper mineralization is the dominant type at the Mina Justa Prospect and is hosted in a northeast trending, east-southeast dipping fault system

comprised of flat and steep dipping faults and steep splays. Copper mineralization is hosted in at least three mineralized zones:

- **Main Zone.** The Main Zone occurs on surface as a northeast trending, 400 metre long series of shallow pits and diggings which are part of a “basal” mineralized structure. This structure dips at 10° to 30° to the southeast and has been intersected along its dip by 36 drill holes over a 1,700 metre distance, to a maximum depth of 500 metres, where it remains open.
- **Upper Zone.** On surface, the Upper Zone outcrops subparallel to and approximately 400 metres southeast of the Main Zone. It has a similar elongate to oval shape and also dips at 10° to 30° to the southeast. On surface, this zone has been identified through a series of about 15 pits and shafts (to a maximum depth of about 80 metres) over an approximate distance of 300 metres. This zone has been intersected by 19 drill holes over its 1,100 metre down-dip extension to a maximum depth of 250 metres.
- **CU 40 Zone.** A poorly defined third zone (Cu 40 Zone) occurs in the extreme southern portion of the Mina Justa Prospect and extends to the south off Target Area 1 onto an adjacent property. The Cu 40 Zone is a flat parallel structure located in the extreme southern portion of the Mina Justa Prospect. The Cu 40 Zone has been recognized in only a few widely spaced holes. The Cu 40 Zone continues south of the Marcona Copper Project on to the adjacent Target Area 2 which is held by Shougang Peru. Under the terms of the Acquisition Agreements, Marcobre and Shougang Peru have agreed to use their best efforts to negotiate the terms of an option or purchase and sale agreement pursuant to which Marcobre will have the right to purchase Target Area 2. See “Description of the Marcona Copper Project – Post Closing”
- Both the Main Zone and the Upper Zone are between 10 metres and 200 metres thick and are thickest closest to interpreted steep southwest dipping splays. The separation between the two zones generally ranges between 100 metres and to 200 metres. In addition, the geometry of the Main Zone and the Upper Zone is similar. Both structures appear to be curved, flat-bowl-like features that have an overall east-southeast to southeast dip. The thickness of the Main Zone increases from west to east towards the base of the “bowl”. However, in its eastern portion, the Main Zone has been interpreted by Rio Tinto Peru to dip very shallowly west-southwest to southwest (thereby, creating the “bowl” shape).

Generally, the upper 200 metres of each of the zones is characterized by copper oxide mineralization with sulphides gradually becoming dominant at lower levels. The sulphide assemblages have been reported by Rio Tinto Peru to be concentrically zoned outward from low to higher sulphidation assemblages (bornite-chalcocite in the core through intermediate bornite, chalcopyrite and pyrite zones to peripheral pyrite). The dominant copper oxide minerals are chrysocolla and atacamite, minor almagre, neotocite and rare tenorite and cuprite. Barren or near-barren ocoite dykes have been estimated to occupy volumes to 15% to 35% by volume within the mineralized zones.

### ***Mina Justa North***

Part of the area between the Mina Justa Prospect and the Achupallas Prospect located approximately 6 kilometres to the north has been referred to by Rio Tinto Peru as the Mina Justa North area. This area has not been subjected to the same intensity of drilling as the Mina Justa Prospect. At least one geophysical target remains untested in this area. The area has the potential to host mineralized structures similar to those at the Mina Justa Prospect.

### ***Historic Exploration***

Drilling has been the dominant exploration tool on the Marcona Copper Project. Over 80.5% of the drilling on the Marcona Copper Project by Rio Tinto Peru has been on the Mina Justa Project. The Mina Justa Prospect has been tested with 103 drill holes totalling approximately 30,972 metres, including: 11 core holes totalling 3,700 metres, 76 RC holes totalling 19,428 metres and 16 combination RC and core holes totalling 7,843 metres. All of the drill core and material from the RC drilling were retained and are stored at the Mina Justa campsite. In addition, 167 shallow RC holes totalling 2,152 metres were completed by Rio Tinto Peru for sampling of bedrock areas under deeper overburden.

The table below summarizes the drilling on the Marcona Copper Project completed by Rio Tinto Peru.

<i>Prospect Name</i>	<b>Number of Holes</b>	<b>Core (metres)</b>	<b>RC (metres)</b>	<b>Total (metres)</b>
<i>Mina Justa</i>				
Core only .....	11	3,700.00	—	3,700.00
RC only .....	76	—	19,428	19,428.00
Combined RC and core .....	16	3,703.55	4,140	7,843.55
RC reconnaissance .....	167	—	2,152	2,152.00
	<u>270</u>	<u>7,403.55</u>	<u>25,720</u>	<u>33,123.55</u>
<i>Achupallas</i> .....	8	—	2,366	2,366.00
<i>Clavelinas</i> .....	2	1,437.10	—	1,437.10
	4	—	1,306	1,306.00
<i>Miramar</i> .....	7	—	1,852	1,852.00
<i>La Apreciada</i> .....	7	—	1,058	1,058.00
	<u>28</u>	<u>1,437.10</u>	<u>6,582</u>	<u>8,019.10</u>
Total .....	<u>298</u>	<u>8,840.65</u>	<u>32,302</u>	<u>41,142.65</u>

## *Sampling and Security of Samples*

Chariot's understanding of the sampling procedures carried out by Rio Tinto is as follows.

### Rio Tinto's Sampling Procedures

#### Diamond Drilling

The sampling intervals were determined and marked by the geologist. Sample intervals are generally 1 m for mineralized core, 2 m for non-mineralized core, and one sample per 10 m for well-defined post-mineral rocks. Geological boundaries were honoured when sampling. Well-defined veins that were greater than 0.30 m width were sampled separately. Intervals were marked for density measurements.

The core was then photographed twice, once dry, and once wet, to ensure that all density sample marks, sample interval marks and meter blocks could be seen.

The dry bulk density measurements were then made. After the bulk density measurements had been completed, the broken core was taped and marked for cutting and sampling. The broken core was wrapped in tape to make cutting with a core saw easier. The core was cut with a saw with a diamond encrusted blade and half of the core was bagged for sampling, the remaining half core was retained in the core box. The core samples were weighed, and standards (1:20) and field blanks (1:40) were inserted in the sample stream.

#### Reverse Circulation Drilling

AMEC described two sampling procedures adopted by Rio Tinto,

##### Sampling Procedure 1. (adopted for holes MA-01 to MA-84)

- Prior to starting the hole, the cyclone was cleaned by hitting the side of the cyclone with a rubber hammer and flushing the interior with compressed air. The splitter was inspected for fragments and also cleaned with compressed air.
- The sample from the cyclone was guided into the riffle splitter. The driller helper moved the tube back and forth in the splitter with one hand and levels the sample with the other. After every fifth sample, the sampler hit the cyclone with a rubber hammer to free caught up material. The sample intervals were generally 2 m.

- Every meter, the sample was riffle split down to two trays. The riffle splitters were leveled to help ensure a 50/50 split was achieved. The material in the first tray was sent to the “R” waste bag. The second tray was re-split in a second riffle splitter to achieve 25% splits (“M” and “T”). This was done for the first meter of sample and then repeated for the second meter of the 2 m sample. Sample “M” was sent to the laboratory and sample “T” is the reference sample retained at the camp. These samples are stored in the open, covered with blue plastic tarps, to decrease the rate of degradation of the plastic sample bags. After the 2 m sample was completed, the splitters were cleaned with compressed air.
- Field duplicates were taken from the reject for all holes at a rate of 1 in 20 samples.

#### Sampling Procedure 2 (adopted for holes MA-85 to MA-105)

Both procedures No. 1 and No. 2 are similar with the main difference being that RC Sampling Procedure No.2 uses Metalcraft equipment which has four sampling ports, i.e., four  $\frac{1}{4}$  splits rather than two  $\frac{1}{4}$  splits and one  $\frac{1}{2}$  split that was the case with the previous Rio Tinto equipment.

Almost all samples were 2 m in length. A  $\frac{1}{4}$  split of the sample was kept for sample preparation and analyses. Handfuls of sample were taken from the reject at regular intervals; selected chips are retained in a chip tray. A 0.5 kg sample was retained from the reject portion of the sample, and washed and logged at the drill rig. The remainder was retained at the project site and stored in the open, covered with blue plastic tarps.

The QA-QC procedures for both methods remained the same.

#### Chariot’s Sampling Procedures

##### Reverse Circulation Drilling

In respect to sampling procedures for the current drilling program conducted by the Company, all RC chips are logged at the Marcona project site. Holes are sampled in their entirety in 2 metre runs and are split at the drill site. A  $\frac{1}{8}$  split or approximately 5 kilograms of a two metre sample is submitted to the SGS preparation facility on site where the samples are crushed to 95% passing 10 mesh and then riffle split where a 250 gram sub-sample is taken and submitted to SGS Lima for analysis. The coarse sample

prep reject is bagged and stored on site and following analysis, the analytical pulp sample is returned to Chariot for storage at the site. All samples are analyzed for copper (Cu) using sequential leach resulting in 4 Cu analysis per sample (Cu total, Cu soluble in sulphuric acid, Cu soluble in sodium cyanide and a Cu residual) and gold (Au) using a 30 gram Fire Assay with an AA finish. In addition, sulphide samples are submitted for 38 element ICP analysis with aqua-regia digest. Quality control procedures include the insertion of certified project standards at the drill site (1/20), field duplicate samples (1/20), laboratory duplicates (1/20) and reagent blanks and reference material (1/20).

Currently, approximately 10% of the pulp samples from previous Rio Tinto drilling are being check analyzed and procedures are in place to submit a further 10% of the current drill campaign samples to a second laboratory for check analysis.

### Diamond Drilling Procedures

The Logging Geologist supervises the cutting, sawing and sampling of the core. If the material in the core box is heavily weathered and unconsolidated then a combination of a knife and spoon are used to extract a representative sample. This will prevent loss of sample to water washing. Every effort is made to break out samples of sawn material into separate samples from well weathered samples. For competent rock the core is sawn with a diamond saw.

The sequence for sampling consists of:

- 1 The geologist delivers the marked core boxes to the sample area. The geologist checks that all sample numbers are sequential and of the sample intervals of the proper lengths. Any inconsistencies are checked and rectified by the responsible Logging Geologist
- 2 For solid core the sampler breaks the core into manageable segments for the diamond saw.
- 3 Each piece is fitted into the cradle and sawn along the guiding centerline drawn by the Logging Geologist.
- 4 The sample is rinsed following cutting to remove any cutting residue and both halves will be returned to the core box. The cut core is placed straight to the sample bag after it is cut to avoid any potential handling errors.
- 5 Following cutting the sampler generates sequential non-porous sample bags by taking 12" by 18" 6mil (200 gauge) plastic bags and marking the top 5cm of the bags with the same numbers as indicated by the tags in the core boxes.
- 6 One half of sample intervals are placed in the designated pre-numbered sample bags and the remaining half is left in the core box.
- 7 The sample will be taken consistently from the same half of the split core.

- 8 Each sample tag is then stapled onto the inside of the sample bag. The bag is then rolled shut and taped closed in such a way as the permanent marker number is still visible even after the sample bag is closed or sealed.
- 9 In areas of disaggregated core a representative sample is removed and placed into a sample bag and treated in the same manner as the sawn core. Extreme care is needed to ensure that a representative split, including the fines, of all broken material is taken.
- 10 The remaining sample tag partition is stapled to the box at the end of the sample interval.

The QA-QC procedures adopted in the diamond core sampling are similar to the reverse circulation drilling in terms of insertion of blanks, duplicates and standards. All samples are subject to sample preparation procedures on site and are taken by truck under the supervision of SGS-Lakefield to their laboratory facilities in Callao, Lima for analyses.

#### *Current Exploration and Development*

The information contained herein in respect of the drilling carried out in 2005 has been validated and intersections calculated by the designated Qualified Person, as defined in National Instrument 43-101, H. Andrew Daniels, P. Geo.

During 2005 the Company commenced a U.S. \$6.3 million work plan at the Marcona project. The principal element of the plan was an approximately 37,000 metre drilling program. On April 25, 2005 Chariot announced results from the first 15 RC holes consisting of 5,900 metres drilled during the months of March and April. On May 9, 2005 the Company announced the gold and silver assays from the first 15 holes it had drilled in March and April 2005. On June 14, 2005 the Chariot announced the results from the second 15 holes it drilled at the Mina Justa Prospect at Marcona. The following description is a summary of those results. On July 18, 2005 Chariot announced the results from an additional 14 holes drilled at the Mina Justa Prospect. A complete description of the results announced on April 25, May 9, June 14, and July 18, 2005 may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

Drilling has encountered significant copper sulphide mineralization and outlined a high grade underground copper sulphide zone that at this time is approximately 500-600 metres long by 400 metres wide. This zone remains open to the south and possibly to the west. In the first 15 holes notable intersections included 5 that were over 50 metres at 1.28% - 3.37% Cu, including 2 intersections of over 100 metres at 1.54% - 2.55% Cu and 7 intersections of more than 4% Cu.

In the first 15 holes there were intersections that highlighted grade continuity including 116 metres at 2.55% Cu (including 26 metres at 5.79% Cu), 64 metres at 3.37% Cu (including 46 metres at 4.29% Cu), 50 metres at 2.98% Cu (including 28 metres at

4.93% Cu) and 30 metres at 2.31% Cu (including 8 metres at 6.54% Cu).

The results announced on April 25, 2005 outlined a zone of high-grade copper sulphide mineralization of approximately 400 metres long, 300 metres wide and up to 46 metres thick. It appeared from the results of the initial 15 holes that this higher grade zone was open to the north, to the south and to the west. As previously mentioned, subsequent drilling seems to have closed this zone off to the north.

Also encountered in the first 15 holes were notable intercepts of copper oxide mineralization. At the Mina Justa prospect copper oxide mineralization tends to lie stratigraphically above the copper sulphide mineralization. Also, in general terms, drill holes with high-grade copper sulphide mineralization usually have copper oxide grades in the range of 0.5% - 0.7% Cu. Drill holes with high-grade copper oxide mineralization usually do not also encounter high-grade copper sulphide mineralization.

On May 9, Chariot announced the gold and silver assays from the first 15 holes it had drilled and reported that there were 17 intersections with more than 25 grams per tonne of silver and lesser amounts of gold.

Results from the second 15 holes drilled at the Mina Justa Prospect were announced on June 14, 2005. These drill holes confirmed the extension of the zone of high-grade copper sulphide mineralization identified in the first 15 drill holes. The outline of the high-grade copper sulphide zone was extended to 500-600 metres long and 400 metres wide. These holes also indicated that this zone remained open to the south and possibly to the west. Notable copper sulphide intersections included 64 metres at 1.7% Cu (including 26 metres at 3.36% Cu); 36 metres at 2.4% Cu (including 22 metres at 3.38% Cu); 62 metres at 1.65% Cu (including 36 at 2.33% Cu); 42 metres at 1.24%; 76 metres at 1.2% Cu; and 20 metres at 3.99% Cu.

The second 15 holes drilled also encountered several intersections of high grade copper oxide mineralization including 70 metres at 1.25% Cu (which included 8 metres at 3.50% Cu); 60 metres at 1.14% Cu; 26 metres at 1.01% Cu; 24 metres at 1.12% Cu and 20 metres at 2.03% Cu.

On July 18, 2005 the Company announced the drilling results of an additional 14 holes at the Mina Justa Prospect comprising approximately 6,102 metres. The results confirmed the extension of the high-grade copper sulfide zone and identified the discovery of three new copper zones, the Sulphide Extensions zone (which consists predominantly of copper sulphide mineralization), the Cu40 zone (which consists of both copper oxide and copper sulphide mineralization), and the Oxide Gaps zone (which consists predominately of copper oxide mineralization). Of these three new zones, the Sulphide Extensions zone and the Cu40 zone lie outside the boundary of the open pit as defined in the company's 43-101 report dated November 21, 2004.

Notable copper sulphide intersections included 34 metres at 3.17% Cu (including 16 metres at 5.34% Cu) from the Cu40 zone; 30.45 metres at 2.61% Cu (including 3.6 metres at 8.1%Cu) from the Sulphide Extensions zone and 22 metres at 2.24% Cu

(including 14 metres at 3.28% Cu) from the HG Sulphide zone.

### **Description of other mineral properties**

The information set out below with respect to the Antash Copper-Gold Property and the Bambas Este Copper Property is based on technical reports prepared by AMEC dated July 7, 2004 which have been prepared in accordance with the requirements of NI 43-101 and is available on the SEDAR web-site at [www.sedar.com](http://www.sedar.com) (Robert Cinitis, P. Geo, Principal Geologist was the Qualified Person (as defined in NI 43-101) responsible for the preparation of the reports

#### ***Antash Copper-Gold Property***

##### *Property Description, Ownership and Location*

The Antash Copper Property is located in Huaraz Province, Ancash Department in west-central Peru approximately 280 kilometres north of Lima. Elevations range from 2,600 masl to 4,650 masl.

The Antash Copper Property consists of five contiguous concessions covering a total surface area of approximately 2,700 hectares.

The Antash Copper Property is currently owned by BHP Billiton Tintaya S.A. (“BHPB”). Under the terms of an option agreement dated November 21, 2003 and subsequently amended on May 3, 2005, Chariot has the right to acquire a 70% interest from BHPB by incurring exploration expenditures of U.S.\$1.5 million on or before November 21, 2006 (\$70,061 of which had been incurred as at April 30, 2005) in respect of the property (including 1,500 metres of drilling on or before November 30, 2005) and providing BHPB with a prefeasibility study (the “earn-in requirements”). BHPB retains the right to reacquire a 40% interest in the property after Chariot has satisfied the earn-in requirements if Chariot has discovered a minimum mineral reserve equal to or greater than 250 million tonnes at 1% copper sulphide (or copper equivalent) for a payment to Chariot of U.S.\$2,500,000.

After Chariot has earned its 70% interest, BHPB and Chariot will continue to explore and develop the property under the terms of a joint venture agreement dated June 30, 2004. Under the terms of the joint venture agreement, Chariot will manage the exploration activities and, after it has satisfied the earn-in requirements, Chariot will manage the property until such time as its interest falls below 50%. If either party’s interest falls to 20% or less, such party’s interest will convert to a 2% net smelter royalty (with 1% of such royalty subject to a buyout by the other party for U.S. \$2,000,000).

Each party has a right of first refusal in relation to the other party’s interest. Chariot may withdraw from the project at any time before satisfying the earn-in requirements by giving 30 days written notice to BHPB.

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

The Antash Copper Property may be accessed by driving approximately nine hours north from the city of Lima using the Pan American highway and a network of moderately maintained gravel roads. Access to the centre of the property is along a moderately maintained winding gravel road from Cajamarquilla which climbs approximately 500 metres in elevation over a 27 kilometre distance and crosses the property from east to west. Access to various points on the property is made along footpaths or by horse.

The climate in the region is regarded as high-altitude temperate and has both a dry (typically, June to September) and a rainy (typically, October to May) season. The annual temperature range is 2 degrees Celsius to 18 degrees Celsius. Although exploration activities may continue year round in this part of Peru, it is common to avoid conducting field programs during the rainy season.

The closest major centre to the property is the town of Huaraz located 30 kilometres northeast which can provide the goods, services and accommodations for the early and advanced stages of project development and operations. The closest major power source is the national power grid located 90 kilometres north along the Sabta River at Huallanca. Although there are several creeks with year round flow on the property, a hydrogeological study would be required to determine their suitability to support a mining operation.

The Antash Copper Property is located in the mountainous terrain of the Cordillera Negra and in general the topography is very rugged with elevations varying between approximately 2,600 masl in the extreme northeast corner of the property to 4,650 masl in the south.

### *History*

Exploration on the Antash Copper Property has been carried out by BHPB which completed an early stage evaluation of the property consisting of geological mapping (at a scale of 1:5,000) and the collection of 107 rock chip samples. BHPB concluded that, based on the geology and alteration, favourable conditions occur at the Antash Copper Property for porphyry type mineralization; however, high pyrite content and significant amounts of jarosite noted in the leached cap indicated that the property could be underlain by a pyrite-molybdenum rich system with relatively low concentrations of copper. No further work was completed by BHPB.

Chariot completed a limited work program in December 2003 as part of a due diligence review after entering into the option agreement described above under “Antash Property – Property Description, Ownership and Location”. Chariot completed early stage mapping (1:10,000 scale) and rock sampling over an area of breccias in the northern part of the property. In March 2004, Chariot revisited the property and did geological mapping over various parts of the property and collected 60 additional rock

chip samples.

### *Geology and Mineralization*

The Antash Copper Project occurs within Peru's Miocene-aged metallogenic belt which extends for at least 900 kilometres along the Western Cordillera of the northern and central parts of Peru. The belt is identified by a large number of different types of hydrothermal mineral deposits that formed between 6 to 20 million years ago, including copper, copper-molybdenum, copper gold and molybdenum-tungsten porphyry and associated proximal skarn deposits to polymetallic skarn, vein and replacement deposits, precious metal deposits and mercury deposits formed at relatively lower temperatures.

The Antash Copper Property is located in the Cordillera Negra which consists of a thick sequence of Cretaceous-aged marls, shales, limestones and continental clastic rocks of the Goyllarisquiza Group. This unit is unconformably overlain by andesites, dacites and rhyodacites of the Late Eocene to Lower Miocene Calipuy Volcanic Group. Immediately east of the Cordillera Negra is the Cordillera Blanca which is underlain by a later Tertiary aged granodiorite batholith intruding Late Cretaceous sediments and flanked by Miocene ignimbrites.

The Antash Copper Property is affected by a regional, north-trending (4 kilometres by 7 kilometres) hydrothermal alteration system which is mostly associated with the intrusive phases and, to a lesser degree, the volcanics and sedimentary units. The alteration is roughly zoned, similar to typical porphyry systems, with a core of quartz sericite (phyllic) alteration rimmed by extensive propylitic alteration. Less defined zones of potassic and advanced argillic alteration occur within the central portions of the system. The strongest part of the alteration extends off the current property boundaries to the west. Exposures of altered porphyritic and brecciated rocks along the ridge of the western boundary of the property represent the uppermost levels of the hydrothermal system. Chariot believes that the main copper and molybdenum mineralized portion of the system will occur a few hundred metres lower in elevation.

The dominant sulphide mineral species in the system consists of pyrite and is concentrated in the other part of the quartz-sericite zone and diminishes in quantity outwards until the propylitic zone. Most of the sulphides are disseminated but also occur in moderately developed stockwork veins. Traces of chalcopyrite (at times with secondary covellite and chalcocite) and molybdenite have been found in the areas of deeper erosion into the system (at lower elevations along the eastern edge of the property).

In the propylitic zone, mineralization consists primarily of weathered surface mineralization and alteration identified to date occurs as both oxide and sulphide phases. The oxides occur as trace amounts of jarosite, goethite and hematite along with minor amounts of copper-oxides in the form of chrysocolla and traces of tenorite. In the quartz-sericite halo, there is a larger percentage of both disseminated mineralization and stockwork (weakly to moderately developed) related mineralization. In some places, an

extensive leached cap is developed (boxwork and leached cavities, glassy limonite and earthy limonite). The quartz-clay-alunite halo is mineralized with numerous small stockwork style veins or fracture infill and lesser amounts of disseminated mineralization.

### *Historical Exploration*

The Antash Copper Property has only been explored on a preliminary basis and no drilling has been completed.

The first exploration work on the property was carried out by BHPB between October and November 2002 during which period an area covering approximately 5 kilometres north-south by 2.5 kilometres east-west in the central portion of the property was geologically mapped at a scale of 1:5,000. The BHPB work also consisted of the collection of 107 systematic rock chip samples on a rough 200 metre to 300 metre square grid (many of the sample locations appear to have been selectively located). Analytical results of the samples yielded values ranging between 4 ppm and 1,465 ppm copper; below detection level to 1,170 ppm molybdenum; and below detection level to 113 ppb gold.

Chariot completed a work program in December 2003 as part of a due diligence review after entering into the option agreement described above under “Property Description, Ownership and Location”. As part of this program, Chariot collected 58 rock chip samples over the area of breccias in the northern part of the property. The rock samples were collected at 100 metre spacing over a 1,200 metre by 1,200 metre grid. The rock samples collected by Chariot returned values ranging from 21 ppm to 523 ppm copper; below detection level to 154 ppm molybdenum; and below detection level to 209 ppb gold. Additional work was undertaken by Chariot between March 18 and March 25, 2004, including the collection of 60 rock samples and mapping over some parts of the property at a scale of 1:10,000 (21 of the samples were collected from an adjacent property to the south and west of the Antash 1 concession). The rock sampling returned values ranging between 5 ppm and 347 ppm copper; below detection to 343 ppm molybdenum; and below detection to 649 ppb gold. The geological mapping was designed to confirm the rock type nomenclature of the previous mapping programs.

### *Sampling and Data Verification*

The work done to date at the Antash Copper Project has consisted of early stage programs designed to identify surface targets for follow up work. Samples collected by Chariot were shipped directly to the laboratory for preparation and analysis and were not further prepared or split in the field.

On March 2, 2003, AMEC completed a one day site visit to review the main areas of alteration and mineralization on the Antash Copper Property. AMEC collected a total of six representative rock chip samples from various locations on the property and also at locations just west of the of the property boundary. The samples were submitted to ALS Chemex Laboratories (“ALS”) in Lima where they were prepared and identified for gold by 50g fire assay before being shipped to ALS’s laboratory in Vancouver for additional 28-element ICP analyses (including copper and molybdenum). Although AMEC could

not identify any previous sample locations to duplicate, the general range of values returned by the AMEC samples correspond with those reported from the previous exploration programs reported above under “Historical Exploration”. All of the AMEC samples yielded values ranging between 39 ppm and 1,335 ppm copper and between 4 ppm and 232 ppm molybdenum.

#### *Mineral Resources*

There are currently no defined mineral resources at the Antash Copper Property.

#### *Future Development and Exploration*

AMEC is of the view that the Antash Copper Property should be further evaluated to determine whether significant porphyry copper-molybdenum (plus or minus precious and other base metal) mineralization occurs within its boundaries. In this regard, Chariot intends to proceed with a two-phase exploration program. The approximate cost of Phase 1 is U.S.\$ 145,000 and would comprise further structural analysis of the property (including air photo and Landsat-based studies), grid establishment and topographical surveying, geophysical studies (including magnetic and IP/resistivity surveys), structural and geological mapping, reconnaissance mapping and sampling and the preparation of an updated technical report. If the results of Phase 1 are favourable, Chariot intends to proceed with Phase 2. The approximate cost of Phase 2 is U.S. \$315,000 and would comprise diamond drilling, preliminary metallurgical studies and the preparation of an updated technical report.

### ***Bambas Este Copper Property***

#### *Property Description, Ownership and Location*

The Bambas Este Copper Property is located in Cotabambas Province, Apurimac Department in southern Peru approximately 560 kilometres southeast of Lima. Elevations range from 3,700 masl to 4,400 masl.

The Bambas Este Copper Property consists of six contiguous concessions covering a total surface area of approximately 6,000 hectares.

The Bambas Este Copper Property is currently owned by BHP Billiton Tintaya S.A. (“BHPB”). Under the terms of an option agreement dated November 21, 2003 and amended May 3, 2005, Chariot has the right to acquire a 70% interest from BHPB by incurring exploration expenditures of U.S. \$3.0 million on or before November 21, 2006 (\$47,345 of which had been incurred as at April 30, 2005) in respect of the property (including 3,000 metres of drilling on or before May 31, 2006) and providing BHPB with a prefeasibility study (the “earn-in requirements”). BHPB retains the right to reacquire a 40% interest in the property after Chariot has satisfied the earn-in requirements if Chariot has discovered a minimum mineral reserve equal to or greater than 250 million tonnes at 1% copper sulphide (or copper equivalent) for a payment to Chariot of U.S.\$4,500,000.

If the discovered mineral reserve is less than 250 million tonnes at 1% copper sulphide (or copper equivalent), BHPB will not have a back-in right. After Chariot has earned its 70% interest, BHPB and Chariot will continue to explore and develop the property under the terms of a joint venture agreement dated June 30, 2004. Under the terms of the joint venture agreement, Chariot will manage the exploration activities and, after it has satisfied the earn-in requirements, Chariot will manage the property until such time as its interest falls below 50% and if either party's interest falls to 20% or less, such party's interest will convert to a 2% net smelter royalty (with 1% of such royalty subject to a buyout by the other party for U.S.\$2,000,000). Each party has a right of first refusal in relation to the other party's interest. Chariot may withdraw from the project at any time before satisfying the earn-in requirements by giving 30 days written notice to BHPB.

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

The Bambas Este Copper Property may be accessed by driving approximately 7.5 hours southwest from the city of Cusco (located approximately 560 kilometres southeast of Lima) using the Cusco-Abancay highway and network of reasonably to poorly maintained gravel and 4-wheel drive roads. Cusco has a commercial airport which is serviced by several daily flights from Lima (flying time – one hour). Access to various points on the property is made along footpaths or by horse.

The climate in the region is regarded as high-altitude temperate and has both a dry (typically, June to September) and a rainy (typically, October to May) season. The annual temperature range is 2 degrees Celsius to 18 degrees Celsius. Although exploration activities may continue year round in this part of Peru, it is common to avoid conducting field programs during the rainy season.

The closest major centre to the property is the city of Cusco located approximately 230 kilometres northeast from the property which can provide the goods, services and accommodations for the early and advanced stages of project development and operations. Local towns in the surrounding area may provide limited resources, including manual labour and basic accommodations. A certain amount of new development and upgrading of the roads in the surrounding area will be required for future exploration programs. The closest power source to the property is at the nearby village of Chalhuanhuacho (this source is currently only sufficient to serve local requirements and suffers from frequent stoppages). The closest significant power source is in Cusco. Although there are several creeks with year round flow on the property, a hydrogeological study would be required to determine their suitability to support a mining operation.

The Bambas Este Copper Property is located in the mountainous terrain of the high Andean Cordillera and in general the topography is gently rolling with some rugged areas with elevations varying between approximately 3,700 masl to 4,400 masl.

### *History*

Exploration on the Bambas Este Copper Property was carried out by BHPB during 2002 and 2003. The work consisted of geological mapping (at a scale of 1:2,000), rock chip sampling and minor stream sediment sampling, a magnetic survey over a 4.5 to 5.5 kilometre area in the central portion of the property and diamond drilling (5 wide spaced diamond drill holes totalling 1,188 metres). See “Historical Drilling” below for further information with respect to the drilling work carried out by BHPB with respect to the property.

### *Geology and Mineralization*

The Bambas Este Copper Property occurs within the Andahuaylas-Yauri belt in southeastern Peru. The belt is known for its copper-iron skarn mineralization and, recently, has become considered an important porphyry copper belt. Porphyry and skarn-related mineralization in the belt is spatially and temporally associated with the Middle Eocene to Early Oligocene-aged (48-32 Ma), calc-alkaline Andahuaylas-Yauri Batholith which was emplaced into the Jurassic to Cretaceous-aged clastic and carbonate units (Yura Group and Ferrobamba Formation). The belt is defined by 31 porphyry and skarn-related systems and by hundreds of occurrences of magnetic-rich, skarn-type copper-iron mineralization.

The main mineralized targets on the Bambas Este Copper Project are skarn-related and are hosted in limestone of the Ferrobamba Formation near contacts with felsic to intermediate intrusives (monzodiorite or quartz monzonite porphyry) of the Andahuaylas-Yauri Batholith. The skarns occur as irregular-shaped, stratabound pods ranging in thickness from less than a metre to about 12 metres. The strike extent of these pods remains poorly defined due to the lack of outcrop exposure and drilling. In some places, the skarns manifest as irregular-shaped chimney-like pipes which can reach as much as 30 metres in diameter. The skarns are often concentrated along the flanks of anticline axes and are coincident with magnetic high anomalies. Two main types of skarns have been identified: magnetic-pyroxene and magnetite-garnet (generally associated with the highest copper grades). At depth, the copper generally occurs as chalcopyrite while closer to the surface various copper oxides have been noted, including malachite, chrysocolla, tenorite, copper-bearing goethite and traces of turquoise.

### *Historical Drilling*

As part of its exploration work completed in 2002, BHPB identified four main magnetic-based anomalies (Target Anomalies 1 to 4). During late 2002 and early 2003, five core holes totalling 1,188 metres were completed by BHPB of which 925 metres in three holes were drilled to test Target Anomaly 1 and the remainder were drilled into Target Anomaly 2 (Target Anomalies 3 and 4 remain as very early stage conceptual targets). The results of the BHPB drilling program are set out below.

<u>Target Anomaly</u>	<u>Hole</u>	<u>Easting</u>	<u>Northing</u>	<u>Elevation</u>	<u>Depth (metres)</u>	<u>Dip</u>	<u>Azimuth</u>
1	BE-001	802500	8445400	3,910	317.10	-60	NE
1	BE-002	802070	8445715	N/A	308.08	-90	—
1	BE-003	802820	8445815	N/A	300.30	-90	—
2	BE-005	800319	8443993	N/A	151.18	-90	—
2	BE-006	800709	8443912	N/A	<u>111.56</u>	-90	—
					<u>1188.22</u>		

Notes:

(1) Elevations were not provided for drill holes BE-002 to BE-006.

(2) No hole numbered BE-004 was drilled on the property.

In general, most of the holes were drilled targeting large tonnage copper skarn and porphyry mineralization associated with the magnetic anomalies. Only one hole (BE-003) intersected some intervals of anomalous copper mineralization. The remaining holes crossed intervals of strong alteration but no significant porphyry or skarn type mineralization.

#### *Sampling and Data Verification*

The work done to date at the Bambas Este Copper Property has consisted of early stage sampling and drilling core sampling programs.

In February 2004, AMEC completed a one day site visit to review the geology and mineralization at Target Anomaly 1 and the general access and infrastructure of the main areas of alteration and mineralization on the Bambas Este Copper Property. AMEC collected a total of seven independent grab and channel chip samples from representative surface exposures of the skarnified and marbleized rocks in Target Anomaly 1. The samples were submitted to ALS Chemex Laboratories (“ALS”) in Lima where they were prepared and identified for gold by 50g fire assay before being shipped to ALS’s laboratory in Vancouver for additional 27-element ICP analyses (and mercury by cold vapour method). Although AMEC could not identify any previous BHPB sample locations to duplicate, the general range of values returned by the AMEC samples correspond with those reported from the previous exploration programs. All of the AMEC samples yielded values ranging between 1,090 ppm and 2.71% copper.

#### *Mineral Resources*

There are currently no defined mineral resources at the Bambas Este Copper Property.

### *Future Development and Exploration*

AMEC is of the view that the Bambas Este Copper Property should be further evaluated to determine whether significant skarn and porphyry copper (plus or minus precious and other base metal) mineralization occurs within its boundaries. In this regard, Chariot intends to proceed with a two-phase exploration program. The approximate cost of Phase 1 is U.S.\$473,000 and would comprise further structural analysis of the property (including air photo and Landsat-based studies), grid establishment and topographical surveying, geophysical studies (including magnetic and IP/resistivity surveys), structural and geological mapping, reconnaissance mapping and sampling, additional diamond drilling (approximately eight drill holes totalling approximately 2,000 metres to test Target Anomalies 1 through 4) and the preparation of an updated technical report. If the results of Phase 1 are favourable, Chariot intends to proceed with Phase 2. The approximate cost of Phase 2 is U.S.\$563,000 and would comprise additional diamond drilling (approximately 12 drill holes totalling approximately 3,000 metres to test the targets identified in Phase 1) and preliminary metallurgical studies.

### **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 Chariot.

### **Description of Capital Structure**

The authorized capital of the Corporation consists of an unlimited number of Common Shares of which 178,372,533 Common Shares were issued and outstanding as at July 28, 2005.

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

<b>Month Ended</b>	<b>High \$</b>	<b>Low \$</b>	<b>Volume</b>
May 2004	0.445	0.350	7,093,840
June 2004	0.400	0.325	2,737,194
July 2004	0.355	0.290	1,748,939
August 2004	0.400	0.330	3,253,240
September 2004	0.390	0.335	3,090,300
October 2004	0.390	0.290	1,676,300
November 2004	0.400	0.280	3,423,300
December 2004	0.350	0.250	2,922,997
January 2005	0.260	0.230	7,564,593
February 2005	0.275	0.225	8,437,845
March 2005	0.380	0.250	11,689,772
April 2005	0.365	0.255	9,889,148

On January 4, 2005, warrants convertible into common shares in the capital of the Company were listed and commenced trading on the TSX. These warrants may be converted, at the holder's election, into common shares at any time up to the close of business on December 22, 2006 upon payment of \$0.35 per common share. The volume of trading and the closing price ranges of the Common Shares for the periods indicated are set forth in the following table.

<b>Month Ended</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
January 2005	\$ 0.065	\$ 0.030	5,640,161
February 2005	\$ 0.095	\$ 0.045	4,381,900
March 2005	\$ 0.195	\$ 0.070	2,159,961
April 2005	\$ 0.150	\$ 0.070	1,075,100

## 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, age, principal occupation, position held with the Company, the date on which the person became a director and the number of common shares and warrants beneficially owned by such persons. Each of the directors and officers of the

Company have been elected to hold office until the next Annual General Meeting of the Company to be held on September 19, 2005 or until they resign or their successors have been appointed.

<u>Name and Municipality of Residence</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Position with the Corporation</u>	<u>Shares &amp; Warrants</u>	<u>Director Since</u>
ROBERT BAXTER .... Lima, Peru	45	Geologist	Director	2,753,000 shares	December 6, 2002
ALEXANDER BLACK .....	47	Executive Vice President, Chariot Resources Limited	Director, Chairman of the Board and Executive Vice President	4,706,459 shares and 676,666 warrants	August 12, 2003
ULRICH RATH <sup>(2)</sup> .... Toronto, Ontario	58	President and Chief Executive Officer, Chariot Resources Limited	Director and President and Chief Executive Officer	60,000 shares	January 8, 2003
JOHN KUTKEVICIUS <sup>(1), (3)</sup> .. Toronto, Ontario	46	Partner, Kutkevicius Kirsh, LLP (law firm)	Director	100,000 shares and 50,000 warrants	December 21, 2004
DAVID BELL <sup>(1),(2),(3)</sup> .....	62	Professional geologist	Director	100,000 common shares	March 10, 2005
Saint Catharines, Ontario					
EDWARD THOMPSON <sup>(1), (2), (3)</sup> .. Toronto, Ontario	68	Professional Engineer	Director	nil	March 10, 2005
ANTHONY HAWKSHAW .....	52	Chief Financial Officer, Chariot Resources Limited	Chief Financial Officer and Corporate Secretary	400,000 common shares; 200,000 warrants	Not applicable
Vancouver, British Columbia					

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 35 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 Corporation), 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 Tan Range Exploration Corporation. 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.

***Alex Black – Chairman of the Board and Executive Vice President.*** Mr. Black has over 20 years of experience in the mining industry. Mr. Black was the founder and general manager of Andes Resources from June 2001 to July 2003. 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 (see “Development of the Business – Significant Acquisitions” and “Interest of Management and Others in Material Transactions”). Mr. Black was the founder and managing director of Global Mining Services Pty Ltd. (an Australian consulting company providing technical and project management services to mining companies throughout the world) and Chairman and founder of AGR Limited (a resource company in which a predecessor to Centerra Gold Inc. acquired a 52% interest in March 2002). During his time as Chairman of AGR Limited, Mr. Black was involved in the identification and acquisition of the Boroo Gold Project located in Mongolia. Mr. Black is a member of the Australasian Institute of Mining and Metallurgy.

***Robert Baxter – Executive Vice President and Director.*** Mr. Baxter has over 20 years of experience in the mining industry (principally in Latin America). 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 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).

***Anthony Hawkshaw, C.A. - Chief Financial Officer and Corporate Secretary.*** – Mr. Hawkshaw has over 20 years of experience in the mining industry. Mr. Hawkshaw is also currently the Chief Financial Officer of Grove Energy Limited (a natural gas and oil exploration company). Mr. Hawkshaw was the President and Chief Executive Officer of L.O.M. Medical International Inc. (a medical services company) from January 2004 to October 2004 and the Chief Financial Officer of Pan American Silver Corp. (a mid-level Canadian mining company with operations in Peru) from August 1995 to December 2003. Mr. Hawkshaw is a Chartered Accountant and holds a Bachelor of Business Management degree from Ryerson Polytechnical Institute.

***John Kutkevicius – Director.*** Mr. Kutkevicius is a practicing lawyer with over 12 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 Masters 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 40 years experience in the mining industry. He is a former director of Euro Nevada Mining Corporation Limited and Franco Nevada Mining Corporation. He is currently a director of Unigold Inc., Beaufield Consolidated Resources Inc., two companies whose securities trade on the TSXV. Mr. Bell is the Chairman and a director of Silk Road Resources Ltd. a TSXV traded company that he actively manages. 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 40 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 eight, including Chariot, publicly traded natural resource companies – Aurogin Resources Ltd, Consolidated Thompson Lundmark Gold Mines Limited, Freewest Resources Canada Inc., Golden Queen Mining Company Ltd., Sparton Resources Inc., Tri Origin Exploration Ltd. and Western Troy Capital Resources Inc. Mr. Thompson’s principal activity is acting as a corporate director and consultant to the mining industry.

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

No director or senior officer of the Company has, within ten years prior to the date of this prospectus:

- been a director or officer of any reporting issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the reporting issuer access to any statutory exemption for a period of more than 30 consecutive days or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person other than:

Mr. Hawkshaw who was from January 2004 to October 2004 a director and officer of L.O.M. Medical International Inc. which has been the subject of a cease trade order under the *Securities Act* (British Columbia) since June 24, 2003; and

Mr. Thompson who was a director of Dakota Mining Corp. that was put into bankruptcy in 1999 and was a director of Windy Mountain Explorations Ltd. that was subject to a cease trade order in June 2003 and which Mr. Thompson believes has filed for voluntary liquidation.

- been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer or theft or fraud; and
- become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

### **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 the exemption in Section 2.4 of MI 52-110 (*De Minimis Non-audit Services*), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

*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**

The auditors of the Company are J.M. Tucker, Inc., Vancouver, British Columbia. The following table sets out a description of the services provided by the auditors and the fees charged and paid to the auditors.

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
April 30, 2005	\$34,350	\$47,538 <sup>(1)</sup>	\$3,150	Nil
April 30, 2004	\$15,531	Nil	\$919 <sup>(2)</sup>	Nil
April 30, 2003	\$6,306	\$Nil	\$831 <sup>(2)</sup>	Nil

(1) The audited related fees were in respect of a review of the Company's prospectus, the provision of comfort and consent letters and participation in underwriters' due diligence session.

- (2) The amount of tax fees billed by the Company's external auditors is included in the amount set out in the "Audit Fees" column.

### **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.

### **Legal proceedings**

The Company is not a party to any legal proceedings.

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

Other than as described below, 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 or in any proposed transaction that has materially affected or will materially affect the Company or any of its subsidiaries:

- during the financial year ended April 30, 2003, Messrs. Baxter, Black and Hannaford (a former director of the Company) and a company associated with Mr. Hannaford received in aggregate 4,000,000 Common Shares in consideration for the transfer of their interest in the Cello Ccasa Project and the Yanama Project to Chariot (the Common Shares were issued at a deemed issue price of \$0.12 based on an independent valuation report). Upon further analysis the Company, in April 2005, decided to cease all work in respect of the Cello Ccasa and Yamana projects. This decision resulted in a write off of the carrying values of these properties amounting to \$825,077;
- in July 2003, the Company acquired the shares of Andes Resources for consideration consisting of 3,500,000 Common Shares of the Corporation issued at a price of \$0.15 per share (Mr. Black owned all of the shares of Andes Resources); and
- Mr. Black subscribed for 4,019,999 units as part of a private placement of 4,633,332 units completed in April 2004 (the securities were acquired by Mr. Black for investment purposes and on the same terms as other investors).

### **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 within two years prior to the date hereof 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”;
- the Master Agreement and the Shareholders Agreement referred to under “The Marcona Transaction – Marcobre Joint Venture”;

### **Interests of experts**

#### *Names of experts*

Mr. H. Andrew Daniels, P.Geo., VP Exploration of Chariot Resources Limited, validated the drill program and calculated the intersections disclosed in the Company’s 2005 press releases. Mr. Daniels also supervised the sampling and sample security procedures for the drilling described in the Company’s 2005 press releases.

AMEC and AMA have provided reports, in accordance with the requirements of National Instrument 43-101, as described above.

J. M. Tucker, Inc. has prepared an auditors’ report which is incorporated herein by reference.

#### *Interests of experts*

Mr. Daniels beneficially owns 300,000 options to purchase Common shares of the Company. 150,000 of these options are exercisable at \$0.278 per Common Share until March 10, 2015. At this time 50,000 of these options have vested, 50,000 will vest on March 10, 2006 and 50,000 will vest on the earlier of March 10, 2007 or the date that a feasibility study with respect to the Marcona copper Project has been completed. 150,000 of these options are exercisable at \$0.336 per Common Share until April 5, 2015. At this time 50,000 of these options have vested, 50,000 will vest on April 5, 2006 and 50,000 will vest on the earlier of April 5, 2007 or the date that a feasibility study with respect to the Marcona copper Project has been completed.

AMEC and AMA have advised the Company that they do not own any Common Shares, warrants or options of the Company.

J. M. Tucker, Inc. has advised the Company that it does not own any Common Shares, warrants 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 is contained in the Company's most recent information circular for the Annual General Meeting of Chariot Resources Limited to be held on September 19, 2005.

The Company's audited consolidated financial statements as at for the years ended April 30, 2005 and 2004 and the Management's Discussion and Analysis ("MD&A") dated July 28, 2005 contain additional comparative financial information.

The Company's information circular for the Annual General Meeting to be held on September 19, 2005, the audited consolidated financial statements as at and for the year ended April 30, 2005 and the Management's Discussion and Analysis dated July 28, 2005 may be seen on SEDAR at [www.sedar.com](http://www.sedar.com). Readers may 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 MDA.

Chariot Resources Limited –Toronto Office:

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

Chariot Resources Limited – Lima Office

Jiron Crane 102  
Urb. Jacaranda  
San Borja, Lima, Peru 41  
Telephone: +511 436 9127  
Facsimile: +511 436 129

## 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 earlier 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.

