

Chariot Resources Limited

(a development stage company)

Management Discussion and Analysis

Year Ended April 30, 2009

July 23, 2009

Management's Discussion and Analysis

This Management and Discussion Analysis ("MD&A") of the activities and liquidity of Chariot Resources Limited ("Chariot" or the "Company") for the years ended April 30, 2009 and 2008 is prepared as of July 23, 2009 and should be read in conjunction with the Company's audited consolidated financial statements, the related notes thereto and the Company's Annual Information Form for the year ended April 30, 2009. All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise. The accounting principles followed in the preparation of the accounts of the Company are generally accepted accounting principles in Canada (Canadian GAAP) and are described in the notes to the annual audited consolidated financial statements for the year ended April 30, 2009.

Additional information about the Company as well as the risks and uncertainties related to the Company's business may be viewed in the Company's April 30, 2009 Annual Information Form and audited consolidated financial statements at <http://www.sedar.com> or at the Company's website at <http://www.chariotresources.com>.

Chariot is a Canadian development stage company focused on the acquisition, exploration and development of natural resource properties located in the Andean region of Latin America, principally Peru. The Company has no producing properties. The Company's principal asset is a 70 per cent interest in the Marcona Copper Property ("Marcona") in southern Peru.

Marcona is owned by Marcobre, S. A. C. ("Marcobre") a Peruvian limited liability company. The Company indirectly owns 70% of Marcobre and Korea Resources Corporation and LS-Nikko Copper Inc. (jointly the "Korean Partners") own 30%.

Business Overview

During the year ended April 30, 2009 the Company completed a 43-101 Technical Report which summarizes the Definitive Feasibility Study ("DFS") on the Mina Justa Project ("Mina Justa"), one of at least five copper prospects located on the Marcona property. The following are some highlights from the DFS. A more detailed result of the DFS may be obtained at <http://www.sedar.com>.

The DFS Mine Plan yields 163.4 million tonnes of ore at 0.80% Cu to be processed by two facilities: 114.6 million tonnes at 0.56% Cu by vat leaching and 48.8 million tonnes at 1.37% Cu and 14.1 ppm Ag in a conventional flotation concentrator. Total waste mined is 402.4 million tonnes for an average stripping ratio of 2.46:1.

The Mina Justa project is designed to process 12Mt/a of oxide ore by crushing, vat leaching, solvent extraction and electrowinning to produce up to 52,000 t/a of cathode copper. The Project is planned to be expanded during operating year 2 (quarter 7) to include a 5 Mt/a concentrator (costed to prefeasibility study level) to treat copper sulphide ore underlying the oxide ore in certain portions of the Mina Justa deposit. With the two processing facilities operating together at full capacity, the weighted average annual combined production is projected to be 247 million pounds of copper per year (112,000 tonnes).

During the mine's 11.5 year operating life, vat leaching is expected to produce approximately 1.06 billion pounds of copper in cathodes (481,596 tonnes) and the concentrator is expected to produce approximately 1.64 million tonnes of concentrates containing 1.32 billion pounds of payable copper (599,953 tonnes), 16.0 million ounces of payable silver plus a minor amount of payable gold.

On-site operating cash costs over the life of the project average US\$0.677/lb of payable copper. Total operating costs (including the mining royalty, transportation, marketing fees, and, in the case of copper concentrates, treatment and refining charges), are anticipated to average US\$0.978/ lb of payable copper. After silver and gold by-product credits of US\$0.077 per pound of payable copper, the C1 all-in cash cost

is estimated at US\$0.902 per payable pound. Management believes that this cash cost places Mina Justa into the lower half of the world copper cash cost curve.

The initial estimated total capital cost of the infrastructure, open pit mine, and oxide ore processing facilities is US\$576 million, consisting of US \$453 million in direct costs, US\$56 million for engineering, procurement and construction management (“EPCM”), US\$37 million of owner’s costs and US\$29 million of preproduction stripping. The major elements of the direct capital cost are: vat leaching US\$73 million, solvent extraction & electrowinning US\$53 million; mining equipment US\$123 million; a four stage crushing and screening plant, US\$77 million; power and water US\$31 million; and infrastructure & services US\$27 million.

The total capital cost of the concentrator is US\$168 million, consisting of US\$135 million direct capital cost to which is added US\$22 million for EPCM, and US\$10 million of owner’s costs including US\$3 million to bring the sulphide plant to DFS level. The major elements of the direct capital costs are: crushing and grinding US\$57 million; flotation and concentrate thickening US\$28 million; and tailings US\$18 million. The total development cost of the two facilities taken together is US\$745 million.

The project is expected to pay back initial capital approximately 4.6 years after the commencement of cathode production, which is 3.1 years after the commencement of concentrate production. The cash break-even copper price, defined as the price at which life-of-mine revenues would just cover cash operating costs, sustaining and deferred capital, and closure costs, is US\$1.059 per pound.

Using a price of US\$ 2.00/lb for copper and a discount rate of 8%, the pre-tax Net Present Value (NPV) of the Mina Justa project is US\$609 million on a 100% equity basis, with an internal rate of return (IRR) of 20.2%. On an after-tax basis, the NPV at 8% of the Mina Justa project is US\$333 million, with an IRR of 15.6%. The after-tax NPV of Chariot’s 70% share of the NPV of the Mina Justa project, when converted to Canadian dollars at the 20-day average Bank of Canada noon spot exchange rate amounts to \$280.7 million.

Exploration and Development of the Project

During the year ended April 30, 2009 the Company expended \$11.4 million, being its pro rata share of the exploration and development work plan. The following table provides an analysis of these expenditures:

	\$
Exploration & development	
Resource Development	2,311,658
Metallurgical test work	355,565
Feasibility Study	3,808,931
Environmental Health, Safety and Community Relations	344,074
Senior Loan financing negotiations	897,603
Project support costs	<u>3,691,858</u>
	<u>\$ 11,409,689</u>

The work plan for the calendar year 2009 has been set at US \$8.0 million with the Company’s portion being US \$5.6 million. The following table sets out details of this plan.

US\$

Exploration & development	
Resource Development	267,700
Metallurgical test work	100,000
Feasibility Study	1,207,000
Environmental Health, Safety and Community Relations	704,402
Senior Loan financing negotiations	673,558
Project support costs	<u>5,040,207</u>
	<u>\$ 7,992,867</u>

In the event that the Company and the Korean Partners approve the start of construction of a mine and plant to process mineralized material from Marcona, additional contingent payments will be required to complete the acquisition of an undivided 100% interest in Marcona as follows:

An amount of US \$3.0 million will be payable to Rio Tinto Mining and Exploration, Sucursal del Peru and Shougang Hierro Peru S.A.A. (the "Vendors") if the total mineral resource on the TA1 concession (which includes the Mina Justa deposit and the Magnetite Manto deposit) is greater than the equivalent of 2.58 million tonnes of contained copper metal using a copper equivalent cut-off grade of 0.3%.

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

These contingent payments to the Vendors will not exceed US \$10.0 million and the amounts of such payments will be determined by whether Marcobre approves commencing the construction of mine and processing facilities on the TA1 concession and the amount of copper equivalent contained in the mineral resource on the TA1 concession.

The Company has agreed to guarantee the payment obligations of Marcobre to the Vendors under the terms of the Marcona purchase agreement. The Company has also agreed to pledge the shares that it holds indirectly in Marcobre as security for the payment obligations. A similar guarantee and share pledge was provided by the Korean Partners. Each of the Company's and the Korean Partners' guarantees and pledges are limited to their respective pro rata share ownership of Marcobre. In addition, Marcobre has granted a security interest with respect to the Marcona property as security in respect of the contingent payments described above.

Share Capital

As at April 30, 2009 the Company had 328,695,501 (2008 – 328,302,203) shares issued and outstanding. As at the date of this report the Company has 328,762,101 shares issued and outstanding.

Financial Summary for the year

Salaries and consulting expenses for the year amounted to \$500,386 compared to \$436,290 in 2008. The Company's employee roster is presently comprised of three personnel in Canada and a further twenty two in its operation in Peru. The cost of the labour force in Peru is capitalized to mineral property interests.

General and administration expenses of \$872,590 incurred in the year ended April 30, 2008 decreased substantially to \$433,640 in the current year as a result of the Company's cost control measures.

Legal expenditures of \$466,510 in the current year were an increase from \$128,582 for the comparable period in 2008. This increase in legal costs reflects the additional legal work associated with responses to a number of third party groups' interest in the Marcona project.

Stock-based compensation expensed in the year ended April 30, 2009 was \$282,510 compared to \$559,063 in the previous year. Stock-based compensation expenses will vary from period to period depending upon the fair value and the amortization of current and previous stock option grants.

Interest income received in the current year was \$729,034 compared to \$809,807 received in previous year. The Company's guaranteed bank certificates matured in June 2009 and the resultant funds have now been placed with an assortment of prominent Canadian financial institutions.

The Company recorded a foreign exchange gain of \$345,776 for the year ended April 30, 2009 compared to a gain of \$36,641 in the previous year. The strength of the United States dollar vis a vis the Canadian dollar towards the latter part of the Company's fiscal year and the continued volatility between the two currencies have played a part in these results.

Quarterly Results of Operations

The table below sets out the Company's selected unaudited quarterly information for the most recent eight quarters:

	April 30 2009	January 31 2009	October 31 2008	July 31 2008	April 30 2008	January 31 2008	October 31 2007	July 31 2007
	\$	\$	\$	\$	\$	\$	\$	\$
Net (profit) loss for the year	(264,142)	227,884	897,757	(166,896)	38,107	581,065	260,652	368,816
Net loss (gain) per share (basic and diluted)	(0.0009)	0.0007	0.0027	(0.0005)	0.0001	0.0019	0.001	0.0012

The favourable result which occurred in the fourth quarter of 2009 is attributable to the foreign exchange gains and adjustments to the amortization of the year's stock based compensation charge.

The Company's quarterly results vary depending on the amount of property exploration activity and the results of such activity.

The activities of the Company have been principally directed to the exploration of the Mina Justa project. The most significant charges to the Company's operations result from salary expense, general and administration expenses, legal expenses and the recording of non-cash stock-based compensation expense as stock options are granted.

Selected annual information

For the years ended April 30,

	2009	2008	2007
Net loss for the year	\$ 694,603	\$ 1,248,640	\$ 1,435,050
Net loss per share	\$0.0021	\$0.0042	\$0.0064
Total assets	100,642,785	101,362,918	77,980,827

Liquidity and Capital Resources

Operating Activities

Operating cash flows in the year ended April 30, 2009 resulting in an increase in cash of \$334,341 compared to the \$1,238,412 cash used in the previous year. The increase in the current year was primarily as a result of the large decrease in the current year's operating costs.

Investing Activities

The decrease in exploration and development expenditures, together with the concomitant decrease in recoverable Peruvian sales taxes and a draw down on short term investments have resulted in a net investing cost of \$23,107,404 in the year. This compares with the \$25,482,856 incurred in the previous year, a year of heightened exploration activity. The Company participated in the exploration early recovery agreement with the Peruvian tax authorities in the fiscal year ended April 30, 2009 during which period, recoveries of \$368,551 (\$437,565 in 2008) were received. Subsequent to the year end, further recoveries of \$262,717 were realized.

Financing Activities

Stock options exercised in the year realized \$260,356 (2008 - \$647,377).

The Company's financial instruments include cash and cash equivalents, short term investments, other receivables and accounts payable and accrued liabilities. During the year ended April 30, 2009 all of the Company's short term investments were placed in guaranteed investment certificates issued by a major Canadian bank. Subsequent to the end of the fiscal year, the Company's guaranteed bank certificates matured and the resultant funds have now been placed in business savings accounts with an assortment of prominent Canadian financial institutions. The Company does not believe that there is any material measurement, liquidity, convertibility, interest rate or credit risk associated with such practice.

The Company has no long-term debt or other long-term financial obligations and no off- balance sheet commitments. The Company does have the option to make its portion of the pre construction payments totalling US \$7.0 million, the annual requirement to pay the Peruvian Government land taxes and to make capital and other lease payments and honor certain contractual work program obligations as described in the 2009 Work Plan.

The terms and expected lease payments under lease contracts are tabled below:

Location and term	Payments due by period		
	Total	2010	2011
	\$	\$	\$
Toronto office June 1, 2005 - December 31, 2009	38,767	38,767	-
Lima office December 1, 2007 - November 30, 2009	44,486	44,486	-
Lima storage facility December 21, 2008 - December 20, 2010	24,573	14,744	9,829

During recent months, the financial strength of exploration-stage resource companies has become a concern for many shareholders. As at April 30, 2009, the Company had approximately \$16.6 million in cash, cash equivalents and short term bank deposits and no debt. With the 43-101 Technical now completed the Company has estimated that based on the 2009 work plan it will utilize less than 50% of its cash to carry on with its activities to the end of the 2009 calendar year.

Management Fees and Consulting Services

The Company had no contracts with officers or directors for any consulting services during the period.

Related Party Transactions

There have been no related party transactions during the year.

Risks and Uncertainties

Chariot has no history of profitable operations and is in the development stage. As such, the Company is subject to numerous risks common to such enterprises. In addition, the Company is subject to risks typical of the exploration, development and mining business as well as general business, investment climate and economic risks.

Risks that are common to early stage development companies and that are applicable to the Company include, among others, under-capitalization, potential cash shortages or working capital constraints, limitations with respect to the Company's ability to recruit and retain qualified personnel, reliance on relatively few directors and officers and limited access to capital markets.

Risks typical of exploration, development and mining companies, such as the Company, include various operating hazards such as unpredictable ground conditions; ground failures; weather related events or other acts of nature; complex and changing legal and regulatory, licensing, title registration and enforceability of title ownership, environmental and taxation requirements; competition from other companies with greater resources for prospective properties, personnel or equipment, services or supplies that might be in limited supply; and the potential political risk of operating in a foreign jurisdiction such as Peru.

General business, investment climate and economic risk include market prices for the Company's principal mineral asset, copper, costs to bring future production to a marketable state and location, inflation and currency fluctuations, underlying commodity and wage rates, the availability of adequate and reasonably priced insurance coverage, the rate of economic growth and expectations for future growth or lack thereof, a lack of investment market liquidity or investors or banks willing or able to provide funds to an early stage development company.

Readers should consider the potential affect of adverse changes in the circumstances or risks applicable to the Company in evaluating past financial results and when attempting to assess potential future financial results of the Company.

Critical Accounting Estimates

The Company's accounting policies are presented in notes 2 and 3 of the Company's audited consolidated financial statements at April 30, 2009. The preparation of consolidated financial statements in accordance with Canadian GAAP requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements.

Mineral resources and reserves, and the carrying values of mineral properties

The Company's principal assets consist of property acquisition and deferred costs related to the Marcona mineral property interest. At this time the Company's property interest contains the potential to host economically recoverable minerals. The recoverability of the carrying value of the Company's mineral property interests depends upon the ability of the Company to finance the development and future profitable production from such reserves or the Company's ability to sell such property interests and recover the associated deferred costs. Changes in future conditions or unsatisfactory exploration results could result in material write downs of the carrying value of the Marcona mineral property interest. Management conducts periodic reviews of its interest in the Marcona mineral property in order to determine whether a write down is required.

Asset retirement obligations

Upon the completion of any mining activities, the Company will ordinarily be required to undertake environmental reclamation activities in accordance with local and/or industry standards. The estimated costs of these reclamation activities are dependent on labour costs, the environmental impacts of the Company's operations, the effectiveness of the chosen reclamation techniques, and on applicable government environmental standards.

Stock-based compensation expense

From time to time, the Company may grant share purchase options to directors, employees, and service providers. The Company uses the Black-Scholes option pricing model to estimate a value for these options. This model, and other models which are used to value options, require inputs such as expected volatility, expected life to exercise, and interest rates. Changes in any of these inputs could cause a significant change in the stock-based compensation expense charged in a period.

Income tax

Income taxes are accounted for under the asset and liability method. Under this method, tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value and the tax basis of assets and liabilities.

Future tax assets and liabilities are measured using the enacted or substantially enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period during which the change in rates is considered to be substantially enacted. Future tax assets are evaluated and if realization is not considered more likely than not, a valuation allowance is provided.

Changes in accounting policies

Effective May 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants.

Section 1535 - Capital Disclosures.

This Section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company is required to disclose information that enables the users of its financial statements to evaluate the Company's objectives, policies and processes for managing capital. Disclosures required by this standard are included in Note 13 to the consolidated financial statements.

Section 3862 - Financial Instruments – Disclosures.

This Section requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Disclosures required by this standard are included in Notes 3 and 14 to the consolidated financial statements.

Section 3863 - Financial Instruments – Presentation.

This Section replaces existing requirements for presentation of financial instruments and non-financial derivatives. The purpose of this section is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows.

Section 1400 - General Standards of Financial Statement Presentation.

An Amendment to this Section requires that management make an assessment of the Company's ability to continue as a going concern. The Company's adoption of the modifications of this Section had no effect on the reported consolidated financial results.

International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that beginning in 2011 publicly listed companies will be required to use IFRS. The transition will be applied retroactively and will require the restatement of amounts reported during the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS, the financial impact of the transition to IFRS cannot be reasonably estimated at this time.

Forward –Looking Statements

This Report contains “forward-looking statements”. These forward looking statements include, but are not limited to, statements regarding the business of the Company, its future intentions, budget targets and financial condition. Forward-looking statements express, as at the date of this Report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects”, or “does not expect”, “is expected”, “budget”, “schedule”, “estimates” “intends”, “anticipates”, or “does not anticipate”, “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur”, or “be achieved”. We caution that forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events may differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward looking statements, include, but are not limited to, factors associated with fluctuations in the market price of metals, mining industry risks and hazards, environmental risks and hazards, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, risks of delays in construction and other risks more fully described in the Company's Annual Information Form. This document is available on Sedar at <http://www.sedar.com>

Outlook

The Company's current policy is to continue with essential activities related to the Mina Justa project while at the same time conserving cash. In order to accomplish these objectives the following critical activities are currently being undertaken:

- Complete the final documentation of the DFS which is expected to be in eleven volumes plus appendices.
- Completion of an Environmental and Social Impact Assessment for submission to regulatory authorities
- Initiating permit applications and review project debt financing on completion of the Feasibility Study

The company continues to consider strategic alternatives for maximizing the value of Mina Justa.

Disclosure Controls and Internal Controls over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian Generally Accepted Accounting Principles. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management has assessed the effectiveness of the Company's disclosure controls and procedures used for the interim financial statements and MD&A as at April 30, 2009. Due to the lack of segregation of duties that result from small office operations, management has implemented a policy of frequent reviews of all activities to ensure there are no material irregularities in its operations. Management has concluded that its disclosure controls are effective in ensuring that all material information required to be filed has been made known to them in a timely manner and has been effectively recorded, processed, summarized and reported within the time period necessary to prepare the interim and annual filings. The disclosure controls and procedures are designed to ensure all information required to be disclosed pursuant to applicable securities laws has been communicated to management to allow timely decisions to be made regarding corporate disclosures.

There were no changes in the Company's internal control over financial reporting during the year ended April 30, 2009 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.