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INCORPORATED AS PART OF:

 X Schedule A
 Schedules B and C
(Place X in appropriate category.)

ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
Chariot Resources Limited	2004/04/30	2004/09/14

ISSUER'S ADDRESS

#1305 – 1090 West Georgia Street

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Vancouver, BC		V6E 3V7	604 685-9316	604 683-1585
CONTACT PERSON		CONTACT'S POSITION		CONTACT TELEPHONE NO.
John Hannaford		Director		+61 8 9226 0085

CONTACT EMAIL ADDRESS

john@mooney.net.au

WEB SITE ADDRESS

www.chariotresources.com

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
"Alex Black"	ALEX BLACK	2004/09/16
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
"John Hannaford"	JOHN HANNAFORD	2004/09/16

(Electronic signatures should be entered in "quotations".)

CHARIOT RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
APRIL 30, 2004 AND 2003

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles, and contain estimates based on management's judgment. A system of internal control is maintained to provide reasonable assurance that financial information is accurate and reliable.

The Company's independent auditors, J.M. Tucker Inc., are appointed by its shareholders to conduct an audit in accordance with Canadian generally accepted auditing standards to allow them to express an opinion on the financial statements.

The Audit Committee of the Board of Directors, which is composed of a majority of independent directors, has met with the Company's independent auditor to review the scope and results of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

(signed) Alex Black Director

(signed) John Hannaford Director

Lima, Peru
September 16, 2004

Perth, Western Australia
September 16, 2004

J.M. TUCKER INC.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Chariot Resources Limited as at April 30, 2004 and April 30, 2003 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2004 and April 30, 2003 and the results of its operations and the changes in its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) J.M. Tucker Inc.

Chartered Accountants
Vancouver, British Columbia

September 14, 2004

CHARIOT RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
AS AT APRIL 30,

	2004	2003
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,122,151	88,251
Accounts and advances receivable	37,963	10,427
Prepaid expenses	218,928	1,733
	1,379,042	100,411
EQUIPMENT , net of accumulated amortization of \$126	8,182	-
MINERAL PROPERTY INTERESTS (note 4)	1,357,745	737,946
DEFERRED COSTS	-	108,373
	2,744,969	946,730
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	177,974	172,408
Loan payable (note 5)	-	75,905
	177,974	248,313
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (note 6)	7,613,058	3,791,786
CONTRIBUTED SURPLUS (note 7)	931,299	769,708
DEFICIT	(5,977,362)	(3,863,077)
	2,566,995	698,417
	2,744,969	946,730
CONTINUING OPERATIONS (note 1)		
COMMITMENTS (note 13)		
SUBSEQUENT EVENTS (note 14)		
APPROVED ON BEHALF OF THE BOARD		
(signed) Alex Black	Director	
(signed) John Hannaford	Director	

CHARIOT RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEARS ENDED APRIL 30,

	2004	2003
	\$	\$ (note 2)
EXPENSES		
Accounting, administrative and audit	43,961	18,151
Amortization	126	-
Consulting and management fees	302,211	133,686
Entertainment and promotion	13,286	1,000
General and administrative	92,280	17,771
General exploration	91,119	28,894
Legal	29,559	11,055
Shareholder information	8,188	5,517
Stock-based compensation	161,591	32,248
Technical alliance program	255,211	48,807
Transfer agent and filing fees	16,943	12,960
Travel and accommodation	100,525	40,400
Value added taxes	117,784	-
Loss before under noted items	(1,232,784)	(350,489)
Corporate finance fee - failed financing	-	(25,000)
Foreign exchange gain	8,458	16,556
Interest income	5,977	4,115
Interest expense	(5,846)	(1,866)
Loan fee	-	(5,358)
Write-off of mineral property interests (note 4)	(890,090)	-
NET LOSS FOR YEAR	(2,114,285)	(362,042)
DEFICIT - BEGINNING OF YEAR	(3,863,077)	(3,501,035)
DEFICIT - END OF YEAR	(5,977,362)	(3,863,077)
LOSS PER SHARE	(0.08)	(0.04)
WEIGHTED AVERAGE NUMBER OF SHARES USED IN THE CALCULATION OF LOSS PER SHARE	25,078,859	8,287,586

CHARIOT RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30,

	2004	2003
	\$	\$
OPERATING ACTIVITIES		
Net loss for year	(2,114,285)	(362,042)
Items not involving cash		
Amortization	126	-
Stock-based compensation	161,591	32,248
Write-off of mineral property interests	890,090	-
	<u>(1,062,478)</u>	<u>(329,794)</u>
Changes in operating assets and liabilities		
Increase in accounts and advances receivable	(25,803)	(3,112)
Increase in prepaid expenses	(218,928)	(1,733)
Increase in accounts payable and accrued liabilities	31,815	49,011
Increase in (repayment of) loans payable	(75,905)	75,905
	<u>(1,351,299)</u>	<u>(209,723)</u>
INVESTING ACTIVITIES		
Cash advanced to subsidiary prior to acquisition	-	(62,699)
Acquisition costs	-	(4,568)
Expenditures on equipment	(8,308)	-
Expenditures on mineral property interests	(896,305)	(213,012)
	<u>(904,613)</u>	<u>(280,279)</u>
FINANCING ACTIVITIES		
Shares issued for cash	3,363,595	536,461
Capital raising costs	(73,783)	(22,787)
	<u>3,289,812</u>	<u>513,674</u>
INCREASE IN CASH AND CASH EQUIVALENTS DURING YEAR	1,033,900	23,672
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	88,251	64,579
	<u>1,122,151</u>	<u>88,251</u>
CASH AND CASH EQUIVALENTS - END OF YEAR		
	<u>1,122,151</u>	<u>88,251</u>
CASH AND CASH EQUIVALENTS COMPRISED OF:		
Cash	368,446	88,251
Term deposits	753,705	-
	<u>1,122,151</u>	<u>88,251</u>

SUPPLEMENTARY CASH FLOW INFORMATION (note 8)

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2004 AND APRIL 30, 2003

1. CONTINUING OPERATIONS

The Company was incorporated on November 12, 1996 under the Business Corporations Act (Yukon).

The consolidated financial statements for years ended April 30, 2004 and April 30, 2003 are prepared on a going-concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company is in the development stage and currently derives no revenues from its operations. The Company has financed its operations principally through equity financing. Substantial external financing will be required by the Company in order to fund its future operations, exploration of interests in mineral properties and pursue other potential investments in the resource sector.

The ability of the Company to meet its commitments and ongoing operating expenses will depend upon the following:

- a) the ability to raise further funds through the issue of equity financing;
- b) the sale of assets in the ordinary course of business; and,
- c) the ability to generate sufficient funds from the commercialization of the Company's areas of interest.

The Directors are of the opinion that the basis upon which the consolidated financial statements have been prepared is appropriate in the circumstances. Notwithstanding the Directors expectations, there is a level of uncertainty that the Company will be able to continue as a going concern and therefore whether they will realize assets and discharge liabilities in the normal course of business.

In particular, the ultimate realization of the amounts shown as mineral property interests (note 4) is dependent upon the continuance of rights to tenure of the areas of interest, the results of future exploration, the successful development and exploitation of the areas of interest or, alternatively, by their sale.

The consolidated financial statements do not include any adjustments, if any, relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Significant areas requiring the use of management estimates relate to the determination of environmental obligations, impairment of mineral claims and deferred exploration expenditures, and the related rates of depletion and amortization. Actual results could differ from these estimates.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2004 AND APRIL 30, 2003

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Andes Resources Compañía Minera S.A.C., ("Andes") from the respective date of acquisition on July 17, 2003 (note 3). Intercompany balances and transactions are eliminated on consolidation.

Cash and Cash Equivalents

Cash includes deposits at call and term deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

Mineral Property Interests

Mineral property costs and exploration, development and field support costs directly relating to mineral properties are deferred until the property to which they relate is placed into production, sold or abandoned. The deferred costs will be amortized over the life of the ore body following commencement of production or written off if the property is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific property are expensed as incurred.

On a periodic basis, management reviews the carrying values of deferred mineral property acquisition and exploration expenditures with a view to assessing whether there has been any impairment in value. In the event that reserves are determined to be insufficient to recover the carrying value of any property, the carrying value will be written down or written off, as appropriate.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received.

Equipment

Equipment is recorded at cost less accumulated amortization calculated using the straight-line method over its estimated useful life of ten years.

Income Tax

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

Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period during which the change in rates is considered to be substantially enacted.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2004 AND APRIL 30, 2003

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Raising Costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs are presented as other assets until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Foreign Currency Translation

Foreign currency transactions and balances are translated into Canadian dollars as follows:

- i. revenues and expenses at average exchange rates for each period;
- ii. monetary items at the rates of exchange prevailing at balance sheet dates;
- iii. non-monetary items at the historical exchange rates; and,
- iv. exchange gains and losses arising from translation are included in the determination of earnings for each year.

Loss Per Share

Loss per share computations are based upon the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon the exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Fully diluted loss per share is not disclosed, as the effect of conversion of outstanding options and warrants is anti-dilutive.

Stock-Based Compensation

The Company has a stock-based compensation plan, which is described in note 6(c). Any consideration paid by the directors, employees and consultants on exercise of share purchase options is credited to share capital.

The Company records compensation associated with stock options granted to consultants, directors and employees using a fair value measurement basis and records the expense as the options vest with the recipients.

Comparative Figures

Certain figures for the year ended April 30, 2003 have been reclassified to conform to the presentation adopted in the current year.

3. ACQUISITION

Pursuant to the terms of a Share Purchase Agreement and an Addendum to the Agreement dated March 28, 2003 (collectively referred to as the "Agreement"), the Company acquired all of the issued and outstanding shares of Andes Resources Compañía Minera S.A.C., ("Andes") through the issuance of 3,500,000 common shares of the Company at \$0.15 per share (note 6(b)) plus additional costs incurred in connection with the transaction amounting to \$9,245.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2004 AND APRIL 30, 2003

3. ACQUISITION (continued)

The fair value of the net assets acquired is as follows:

	\$	
Current assets		9,704
Mineral property interests		709,835
Other		2,580
Less – current liabilities		<u>(187,874)</u>
		<u><u>534,245</u></u>

4. MINERAL PROPERTY INTERESTS

During the year ended April 30, 2003, the Company acquired interests in two mineral properties located in Southern Peru, known as the Cello Ccasa Project and the Yanama Gold Project, pursuant to the terms of a Heads of Agreement (the “Agreement”) dated June 27, 2002 with a group of private investors (the “Vendors”). One of the Vendors was a company controlled by a director that held an insignificant interest in the projects.

Consideration was the issue of 4,000,000 common shares of the Company at a deemed price of \$0.12 per share (note 6(b)), which represented fair value of the mineral properties based on an independent valuation report and other direct costs incurred in connection with the acquisition amounting to \$38,921.

Cello Ccasa Project

The Company has an option from Mindandex S.A.C. (“Mindandex”), to acquire a 100% ownership interest, subject to a 2% net smelter returns royalty (“NSR”), in the Cello Ccasa silver/gold project located in Ayacucho, Southern Peru. To earn the interest, the Company is required to make cash payments and incur work expenditures as follows:

Date	Cash Payment (US\$)	Exploration Expenditure (US\$)
July 17, 2002	20,000 (paid)	-
January 17, 2003	40,000 (paid)	-
July 17, 2003 (amendment fee)	30,000 (paid)	-
December 7, 2004	100,000	100,000
Commencement of production	<u>200,000</u>	<u>-</u>
	490,000	100,000

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2004 AND APRIL 30, 2003

4. MINERAL PROPERTY INTERESTS (continued)

The agreement with Minandex was first amended on July 17, 2003 to extend the term of the agreement for a period of six months from the twelve months anniversary by payment of an additional US\$30,000 to the owners. As part of the amendment, the Company also agreed to make two (2) conditional payments for US\$5,000 each at the end of October and December 2003, for an aggregate amount of US\$10,000, which were to be deducted from the next payment obligation. However, these conditional payments were not made as the required conditions were not met, therefore no further payments were made under amendment.

A second addendum transferring the rights of the agreement to Andes Resources Compañía Minera S.A.C., a wholly owned subsidiary of Chariot Resources Limited, was signed on August 12, 2003.

A third addendum dated January 19, 2004 extended the term of the agreement for another six months by payment of US\$30,000 in six US\$5,000 monthly installments, amount considered part of the Exploration Commitment.

A fourth addendum dated July 12, 2004 agrees to extend the term of the agreement by two additional years, which now expires September 4, 2006.

Following exploration expenditures, totalling US\$100,000, the Company may either move forward by making a US\$100,000 payment on December 7, 2004 or else withdraw from the Cello Ccasa Project at any time without liability for future payments, providing it duly notifies Mindandex thirty (30) days in advance.

Yanama Gold Project

The Company has entered into an option agreement with Rio Tinto Mining and Exploration Limited (“Rio Tinto”), to acquire a 100% interest, subject to a 1% NSR, in the Yanama Gold Project in Southern Peru for work expenditures of US \$600,000 over a forty-two month period and a cash payment of US\$100,000 after forty-two months, as follows:

Date	Cash Payment (US\$)	Exploration Expenditure (US\$)
From October 31, 2001 to October 31, 2003	-	150,000 (incurred)
From November 1, 2003 to June 30, 2004	-	150,000
From July 1, 2004 to April 30, 2005	-	300,000
April 30, 2005	100,000	-
	100,000	600,000

Rio Tinto retains the right to an 80% claw back on the Yanama Gold Project at any time with a compensation payment to the Company of 200% of exploration expenditures conducted during the term of the agreement. In addition, the Company may at any time drill two deep holes on behalf of Rio Tinto targeting the copper porphyry potential of the property. With thirty days after receipt of results, Rio Tinto may elect to exercise their claw back right; if not, the right is forfeited and the Company may elect to purchase the NSR at any time for US\$500,000.

The project is owned 100% by Rio Tinto. Chariot has been assigned a letter of understanding with Rio Tinto, effective October 31, 2001, effectively giving it the option to acquire this interest for in-ground expenditures of US\$600,000 over a period of forty-two months and a cash payment of US\$100,000 on April 30, 2005.

On July 16, 2004, the Company reached agreement with Rio Tinto to extend the commitments from June 30, 2004 to December 30, 2004.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2004 AND APRIL 30, 2003

4. MINERAL PROPERTY INTERESTS (continued)

Nueva California Project and Azulcocha Project

The Company held interests through its subsidiary in two mineral projects located in Peru; the Nueva California Gold/Silver Project and the Azulcocha Diversified Metals Tailings Project. During the year ended April 30, 2004, the Company elected not to proceed with the projects and wrote-off \$877,764 in costs associated with the projects.

Wolframfed Gold Project

On May 13, 2003 the Company entered into a letter of intent with Idelso B. Castillo to acquire an option to earn a 100% interest in the Wolframfed Gold Project located in Peru. The Wolframfed Gold Project consisted of approximately 1,150 hectares located in the district of Angasmarca, province of Santiago de Chuco, department of La Libertad, in Northern Peru. During the year ended April 30, 2004, the Company elected not to proceed with formalizing an agreement and wrote-off \$12,327 in costs associated with the Wolframfed Gold Project.

Antash Copper Gold Project

The Company signed a Letter Agreement with BHP Billiton on November 21, 2003 to acquire an interest in the Antash Cu-Au property located sixty kilometres east by road from the city of Casma and twenty-five kilometres west of the city of Huaraz in Peru.

The terms of the Antash agreement are as follows:

- i. The Company has committed to carry out a minimum of 1,500 meters of drilling within six months of the date of the agreement. Subsequent to April 30, 2004, this deadline was extended to May 31, 2005.
- ii. After incurring US\$1,500,000 of direct exploration expenditure on the property within three years, the Company earns a 70% interest in the property.
- iii. If after three years from the date of the agreement (“the Earn-in Period”), the Company has discovered a Minimum Mineral Resource of greater than or equal to 250 Mt at 1% Cu sulphide (or Cu equivalent), BHP Billiton will have the right to exercise a Back-in right to reacquire a 40% interest for an aggregate 70% interest in the Antash property by paying US\$2,500,000 to the Company. If the discovered resource is less than the above figures, BHP Billiton will have no Back-in right.
- iv. Thereafter the Company and BHP Billiton would continue exploration or develop Antash under a joint venture agreement with standard dilution clauses. BHP Billiton would manage the development unless its participating interest falls below 50%. If either party's interest becomes 20% or less, its interest would convert to a 2% NSR, with 1% being subject to a buyout for US\$ 2,000,000.
- v. The Company will cover any future land costs related to the property from the date of the agreement until the end of the Earn-in Period, unless the Company and/or BHP Billiton take the decision to exit from the project.
- vi. Both companies have a first right of refusal in relation to the interest of the other party.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2004 AND APRIL 30, 2003

4. MINERAL PROPERTY INTERESTS (continued)

Bambas Este Copper-Gold Project

The Company signed a Letter Agreement with BHP Billiton on November 21, 2003 to acquire an interest in the Bambas Este Copper-Gold property located fifteen kilometres east of the well-known Bambas District, in Peru.

The terms of the Bambas Este agreement are as follows:

- i. The Company has committed to exploration expenditure of US\$500,000 within the first year including 3,000 meters of drilling. Subsequent to April 30, 2004, this deadline was extended to May 31, 2005.
- ii. After incurring a total of US\$3,000,000 of direct exploration expenditures within three years of the date of the agreement (“the Earn-in Period”), including a total of 10,000 meters of drilling. The Company earns a 70 % interest in the project.
- iii. If at the end of the Earn-in Period the Company has discovered a Minimum Mineral Resource greater than 250 Mt at 1% Cu (or Cu equivalent), BHP Billiton will have the right to exercise a Back-in right to reacquire a 40% interest for an aggregate 70% interest in the Bambas Este property by paying US\$4,500,000 to the Company. If the discovered resource is less than the above figures, BHP Billiton will have no Back-in right.
- iv. Thereafter the Company and BHP Billiton would continue exploration or develop Bambas Este under a joint venture agreement with standard dilution clauses. BHP Billiton would manage the development unless its participating interest falls below 50%. If either party's interest becomes 20% or less, its interest would convert to a 2% NSR, with 1% being subject to a buyout for US\$2,000,000.
- v. The Company will cover any future land costs related to the property from the date of the agreement until the end of the Earn-in Period, unless the Company and/or BHP Billiton take the decision to exit from the project.

The following table summarizes the Company’s mineral property interests:

Properties	2004			2003		
	Acquisition Costs \$	Exploration Expenditures \$	Total \$	Acquisition Costs \$	Exploration Expenditures \$	Total \$
Cello Ccasa	415,458	131,000	546,458	367,778	78,319	446,097
Yanama	265,263	349,074	614,337	265,263	26,586	291,849
Other	46,976	149,974	196,950	-	-	-
	727,697	630,048	1,357,745	633,041	104,905	737,946

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2004 AND APRIL 30, 2003

4. MINERAL PROPERTY INTERESTS (continued)

The following table details the Company's expenditures on mineral property interests by area of interest:

	Cello Ccasa Project \$	Yanama Project \$	Nueva California Project \$	Azulcocha Project \$	Wolframfed Project \$	Other Projects \$	Total \$
BALANCE – APRIL 30, 2002	-	-	-	-	-	-	-
ACQUISITION							
Filing fees	2,407	2,407	-	-	-	-	4,814
Legal fees	7,838	7,124	-	-	-	-	14,962
Property option payments	107,961	6,159	-	-	-	-	114,120
Property payment (note 6(b))	240,000	240,000	-	-	-	-	480,000
Property reports	9,572	9,573	-	-	-	-	19,145
	367,778	265,263	-	-	-	-	633,041
EXPLORATION							
Consulting fees	12,172	11,260	-	-	-	-	23,432
Other	1,748	-	-	-	-	-	1,748
Resource definition	49,502	-	-	-	-	-	49,502
Sampling programme	-	15,326	-	-	-	-	15,326
Technical analysis	14,897	-	-	-	-	-	14,897
	78,319	26,586	-	-	-	-	104,905
BALANCE - APRIL 30, 2003	446,097	291,849	-	-	-	-	737,946
ACQUISITION							
Acquisition of subsidiary (note 3)	-	-	557,420	139,355	-	-	696,775
Legal and due diligence fees	-	-	-	-	-	46,976	46,976
Property option payments	47,680	-	-	-	-	-	47,680
	47,680	-	557,420	139,355	-	46,976	791,431
EXPLORATION							
Appraisals	-	1,963	22,529	23,163	-	-	47,655
Assays	3,546	18,889	27,081	-	1,859	18,458	69,833
Drilling	-	94,734	36,420	1,347	-	2,461	134,962
Field	-	10,781	847	-	979	1,842	14,449
Geological consulting	29,811	113,652	56,839	1,663	439	116,540	318,944
Geophysics	-	18,808	-	-	-	-	18,808
Other	3,134	25,216	749	-	59	2,878	32,036
Permit and statutory fees	16,139	4,035	-	5,703	5,092	-	30,969
Travel	51	10,210	1,482	-	1,591	4,853	18,187
Vehicles	-	24,200	2,742	423	2,308	2,942	32,615
	52,681	322,488	148,689	32,299	12,327	149,974	718,458
Balance before write offs	546,458	614,337	706,109	171,654	12,327	196,950	2,247,835
Write offs	-	-	(706,109)	(171,654)	(12,327)	-	890,090
BALANCE - APRIL 30, 2004	546,458	614,337	-	-	-	196,950	1,357,745

CHARIOT RESOURCES LIMITED
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5. LOAN PAYABLE

The loan payable of \$75,905 (AUD\$85,000) bearing interest at the rate of 1% per month, due April 30, 2003 was extended to June 30, 2003 upon payment of a loan fee of \$5,358 (AUD\$6,000). During the year ended April 30, 2004, the loan was repaid in full.

6. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without par value

b) Issued and fully paid:

	2004		2003	
	Shares	Amount \$	Shares	Amount \$
Balance, beginning of year	13,234,313	3,791,786	3,473,987	2,662,655
For cash				
Private placements	15,602,828	3,035,424	5,760,326	679,378
Exercise of warrants	1,957,173	328,171	-	-
For acquisition of subsidiary (note 3)	3,500,000	525,000	-	-
For mineral property interests (note 4)	-	-	4,000,000	480,000
Capital raising costs		(67,323)		(30,247)
Balance, end of year	34,294,314	7,613,058	13,234,313	3,791,786

During the year ended April 30, 2004, the Company completed the following non-brokered private placements:

- i. 6,816,163 units, at \$0.15 per unit, for gross proceeds of \$1,022,424. Each unit consisted of one common share and one non-transferable share purchase warrant entitling the holder to purchase one common share at a price of \$0.20 per share on or before July 17, 2005. Directors or related entities purchased 218,730 units.
- ii. 4,153,333 units, at \$0.15 per unit, for gross proceeds of \$623,000. Each unit consisted of one common share and one non-transferable share purchase warrant entitling the holder to purchase one common share at a price of \$0.20 per share on or before September 10, 2005. Directors or related entities purchased 106,667 units.
- iii. 4,633,332 units, at \$0.30 per unit, for gross proceeds of \$1,390,000. Each unit consisted of one common share and one-half non-transferable share purchase warrant. One whole warrant will entitle the holder to purchase one common share at a price of \$0.45 per share on or before April 8, 2006. The Company paid a finder's fee of \$31,125 and issued 300,000 warrants entitling the finder to acquire common shares on the same terms as the private placement warrants. A director of the Company purchased 4,019,999 units.

During the year ended April 30, 2003, the Company completed:

- i. a non-brokered private placement of 1,581,480 units, at \$0.1125 per unit, for gross proceeds of \$177,917. Each unit consisted of one common share and one non-transferable share purchase warrant entitling the holder to purchase one common share at a price of \$0.167 per share on or before May 13, 2004. Directors or related entities purchased 311,110 units.
- ii. a non-brokered private placement of 2,800,000 units, at \$0.12 per unit, for gross proceeds of \$336,000. Each unit consisted of one common share and one non-transferable share purchase warrant entitling the holder to purchase one common share at a price of \$0.15 per share on or before September 12, 2004. Directors or related entities purchased 724,335 units.
- iii. a brokered private placement of 1,378,846 shares at \$0.12 per share for gross proceeds of \$165,461. In connection with this private placement, 181,250 broker's warrants were issued at a price of \$0.12 per share on or before April 14, 2005.

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6. SHARE CAPITAL (continued)

c) Stock Options

On October 21, 2003, the shareholders approved the amendment to the Stock Option Plan (the "Plan"), a fixed stock option plan, for which up to 5,562,273 common shares can be reserved for issuance to executive officers and directors, employees and consultants. The exercise price of the options is set at the Company's closing share price on the day before the grant date. The options have a maximum term of five years and normally vest over a period of eighteen months. At April 30, 2004, 3,195,940 options are available for future grant under the Plan.

Stock option transactions for the respective periods are summarized as follows:

	2004		2003	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	1,225,000	0.16	-	-
Granted	1,141,333	0.45	1,225,000	0.16
Balance, end of year	2,366,333	0.30	1,225,000	0.16

At April 30, 2004, the following stock options are outstanding:

Number of Stock Options Outstanding	Exercise Price \$	Expiry Date	Number of Stock Options Exercisable
1,225,000	0.16	March 7, 2008	918,750
1,100,000	0.45	December 5, 2008	412,500
41,333	0.45	April 23, 2009	10,333
2,366,333			1,341,583

The fair value of stock options granted to employees and directors is estimated on the date of grants using the Black-Scholes option pricing model with the following assumptions used for the grants made during the years:

	2004	2003
Risk-free interest rate	3.14% - 3.56%	4.20%
Estimated volatility	118% - 126%	130%
Expected life	2.5 years	2 years
Expected dividend yield	0%	0%
Fair value of options granted	\$262,334	\$128,993

The weighted average fair value per share of stock options, calculated using the Black-Scholes option pricing model, granted during the year to the Company's employees, directors and consultants was \$0.23 (2003 - \$0.11) per share. The Company has recognized compensation expense of \$161,591 (2003 - \$32,248) for stock options granted and vested during the respective financial year ends (note 7).

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6. SHARE CAPITAL (continued)

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

d) Warrants

Share purchase warrant transactions for the respective years and the number of share purchase warrants outstanding are summarized as follows:

	2004	2003
Balance, beginning of year	4,562,730	-
Issued	13,586,162	4,562,730
Exercised	(1,957,173)	-
Balance, end of year	<u>16,191,719</u>	<u>4,562,730</u>

At April 30, 2004, the following share purchase warrants are outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date	Number of warrants exercisable	Exercise price \$
155,555	0.167	May 13, 2004	155,555	0.167
2,582,778	0.15	September 12, 2004	2,582,778	0.15
150,000	0.14	April 14, 2005	150,000	0.14
6,816,163	0.20	July 17, 2005	6,816,163	0.20
4,170,557	0.20	September 10, 2005	4,170,557	0.20
2,316,666	0.45	April 8, 2006	-	-
16,191,719			13,875,053	

Subsequent to April 30, 2004, 3,440,597 shares were issued on the exercise of warrants for proceeds of \$550,217.

7. CONTRIBUTED SURPLUS

	2004	2003
	\$	\$
Balance, beginning of year	769,708	737,460
Stock-based compensation (note 6(c))	161,591	32,248
Balance, end of year	<u>931,299</u>	<u>769,708</u>

CHARIOT RESOURCES LIMITED
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8. SUPPLEMENTARY CASH FLOW INFORMATION

	2004	2003
	\$	\$
Cash flow information		
Interest received	5,451	4,115
Interest paid	5,846	-
Non cash investing financing and activities		
Shares issued to acquire subsidiary	525,000	-
Shares issued to acquire mineral property interests	-	480,000

9. RELATED PARTY TRANSACTIONS

(In addition to those transactions disclosed elsewhere)

- a) The Company owed \$104,532 (April 30, 2003 - \$97,894) to directors or director related entities, which is included within accounts payable and accrued liabilities. The balance represents unpaid amounts relating to fees and expenses.
- b) The following table discloses the related party transactions for the financial years as follows:

Related party	Type of transaction	Terms and conditions	2004	2003
			\$	\$
Robert Baxter, Director	Consulting fees	Normal commercial	168,187	121,583
Alex Black, Director (i.)	Consulting fees	Normal commercial	118,527	-
Riverview Corporation Pty Ltd (John Hannaford, Director)	Consulting fees	Normal commercial	87,182	40,548
Ulrich Rath, Director	Consulting fees	Normal commercial	67,000	-
Balmain Resources Pty Ltd (John Tarrant, Director)	Consulting fees	Normal commercial	21,200	41,579
Formaine Pty Ltd (Gordon Sklenka, Director)	Consulting fees	Normal commercial	-	5,000

- i. On August 8, 2003, Alex Black was appointed an officer and a director of the Company. During the year ended April 30, 2003, the Company was charged \$36,451 for consulting services provided by Alex Black at normal commercial rates of which \$35,838 is included within accounts payable and accrued liabilities at April 30, 2003.
- c) The fair value of the vested options to directors for the respective years and included in the stock-based compensation expense is as follows:

	2004	2003
	\$	\$
Robert Baxter	26,325	13,163
Alex Black	11,846	5,923
John Hannaford	13,163	6,581
Ulrich Rath	77,616	6,581
	128,950	32,248

CHARIOT RESOURCES LIMITED
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10. SEGMENTED INFORMATION

The Company's principal business segment is the acquisition, exploration and development of mineral properties located in Peru. The assets and liabilities of the Company are located geographically as set out below:

April 30, 2004

	Corporate \$	Peru \$	Total \$
Cash	1,007,612	114,539	1,122,151
Mineral property interests	-	1,357,745	1,357,745
Other assets	229,445	35,628	265,073
Liabilities	(162,272)	(15,702)	(177,974)
Net assets (liabilities)	<u>1,074,785</u>	<u>1,492,210</u>	<u>2,566,995</u>

April 30, 2003

	Corporate \$	Peru \$	Total \$
Cash	88,251	-	88,251
Mineral property interests	-	737,946	737,946
Other assets	-	108,373	120,533
Liabilities	(248,313)	-	(248,313)
Net assets (liabilities)	<u>(147,902)</u>	<u>846,319</u>	<u>698,417</u>

11. INCOME TAX

The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates to the loss as a result of the following:

	<u>2004</u> \$	<u>2003</u> \$
Statutory rates	36.9%	38.9%
Income tax recovery computed at statutory rates	780,876	140,955
Permanent differences	(105,636)	(12,555)
Timing differences	(357,852)	(39,985)
Rate differential foreign subsidiary	(30,010)	-
Tax benefit not recognized on current year's losses	(287,378)	(88,415)
Provision for recovery of income taxes	<u><u>-</u></u>	<u><u>-</u></u>

CHARIOT RESOURCES LIMITED
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11. INCOME TAX (continued)

The tax effects of temporary timing differences that give rise to significant components of the future tax assets and future tax liabilities are as follows:

	2004	2003
	\$	\$
Statutory rates	35.6%	38.9%
Future tax assets		
Non-capital loss carry forwards	667,094	576,142
Exploration expenditure	15,801	93,758
Capital raising costs	32,381	26,050
Rate differential foreign subsidiary	(32,814)	-
Total gross future income tax assets	682,462	695,950
Less valuation allowance	(682,462)	(695,950)
Net future income tax assets	-	-
Less future tax liabilities	-	-
Net future income taxes	-	-

At April 30, 2004, Chariot Resources Limited has non-capital losses of approximately \$1,287,894 which may be carried forward to apply against future years income for Canadian income tax purposes, subject to final determination by taxation authorities expiring as follows:

	\$
2005	162,151
2006	149,581
2007	209,097
2008	222,805
2009	257,105
2010	287,155
	<u>1,287,894</u>

At April 30, 2004, the Company's subsidiary has non-capital losses of approximately \$585,965 which may be carried forward to apply against future years income for Peruvian income tax purposes, subject to final determination by taxation authorities expiring as follows:

	\$
2007	100,174
2008	485,791
	<u>585,965</u>

In addition, Chariot Resources Limited has capital losses of approximately \$2,590,000, which may be carried forward indefinitely to apply against future years capital gains for Canadian income tax purposes, subject to final determination by taxation authorities.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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12. FINANCIAL INSTRUMENT DISCLOSURE

Fair Values

The carrying amounts for cash, receivables, accounts payable and accrued liabilities and loan payable on the balance sheets approximate fair value because of the limited term of these instruments.

Foreign Exchange Rate Risk

The Company is required to make certain payments in U.S. dollars and has not entered into forward currency contracts or other financial derivatives to hedge exchange risk.

13. COMMITMENTS

Environmental Contingency

The Company's exploration activities are subject to various federal, provincial and local laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company expects to make in the future, expenditures to comply with such laws and regulations. The impact, if any, of future legislative or regulatory changes cannot be determined.

Technical Alliance

On April 30, 2004, the Company terminated the Technical Alliance Agreement with Sierra Peru Pty Ltd ("Sierra") an Australian registered company that was undertaking exploration activities on selected gold targets in Peru. The terms of the termination were such that both parties agreed that each party had complied with its obligations under the Technical Alliance agreement and that no further commitments existed.

14. SUBSEQUENT EVENTS

Subsequent to April 30, 2004, the Company:

- i. entered into a letter agreement to earn-in and purchase the Chonta Gold Prospect from BHP Billiton Exploration and Mining Peru B.V. ("Billiton"), a subsidiary of BHP Billiton. The Chonta Prospect consists of one granted, unsurveyed Mineral Right, numbered Chonta 2BEMP located west and contiguous to the Yanama Gold Project. In accordance with the terms of the agreement, the Company will have the right to earn into and purchase an undivided 100% interest in the Chonta Prospect for a period of two years by funding exploration expenditures of US\$50,000 per year, for a total work expenditure requirement of US\$100,000. Upon fulfilling the work requirement, the Company will pay Billiton US\$50,000. Billiton will have the right to exercise a back-in right to reacquire a 70% undivided participating interest in the Chonta Prospect property by paying the Company two times its expenditures on the property. If the back-in right is not exercised, the Company will pay Billiton a royalty equal to 1% NSR from mining operations on the Chonta Prospect. The Company may purchase the 1% NSR obligation by paying Billiton US \$500,000;

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14. SUBSEQUENT EVENTS (continued)

- ii. executed sale and purchase agreements with Rio Tinto Mining & Exploration, Sucursal del Peru ("Rio Tinto"), a subsidiary of Rio Tinto PLC, and with Shougang Hierro Peru S.A.A. ("Shougang"), to acquire a 100% undivided working interest in the Marcona Copper Project ("Mina Justa") located in Peru. The acquisition will eventually be made by Marcobre S.A.C ("Marcobre"), a Peruvian registered subsidiary of the Company formed subsequent to April 30, 2004, specifically to develop and operate the Marcona Copper Project.

Consideration will consist of US\$20.5 million to be paid to Rio Tinto and Shougang upon closing and a further US\$13.0 million will be paid on the second anniversary of the closing date. Both these payments are unconditional. Up to an additional US\$10.0 million may be payable at a later date when a decision to mine is made and if the then known resource is greater than the Inferred Mineral Resource currently identified in the National Instrument 43-101 Report accepted by the TSX Venture Exchange on August 26, 2004.

The acquisition of the Marcona Copper Project involves two separate but simultaneous transactions. The closing date of the transactions is to be within 150 days of the signing of the sale and purchase agreements (January 6, 2005). These transactions are subject to TSX Venture Exchange approval.

The first transaction involves the acquisition from Shougang of a 100% undivided working interest in Target Area 1 (approximately 3,969 ha) and from Rio Tinto the assignment of the Option Agreement between Rio Tinto and Shougang, whereby Rio Tinto has earned the right to acquire a 57.5% interest in Target Area 1 from Shougang. Consideration is a cash payment of US\$10,350,000 to Rio Tinto and US\$7,650,000 to Shougang at closing and US\$7,475,000 and US\$5,525,000, respectively, on the second anniversary of the closing date.

The second transaction is the acquisition of a 100% interest in an exploration property (approximately 28,930 ha), which lies immediately to the north and east of Target Area 1 solely owned by Rio Tinto. Consideration is to be a cash payment of US\$2,500,000 to Rio Tinto at closing.

Conditional payments to Rio Tinto and Shougang of US\$1,725,000 and US\$1,275,000, respectively, may be payable when a decision to mine is made and if the known resources of the Marcona Copper Project at such time demonstrate a contained metal content equal to or greater than 2.58 million tonnes of copper at a 0.3% Cu cut-off. An additional US\$4,025,000 and US\$2,975,000 will also be payable to Rio Tinto and Shougang in the event that the known resources of the Marcona Copper Project at such time demonstrate a contained metal content equal to or greater than 3.44 million tonnes of copper at a 0.3% Cu cut-off.