
CHARIOT RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
APRIL 30, 2007 AND 2006

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. These consolidated financial statements 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 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 independent directors, has met with the Company's independent auditors 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.

"Ulrich Rath" Chief Executive Officer
Toronto, Canada
July 29, 2007

"Peter Blunt" Chief Financial Officer
Lima, Peru
July 29, 2007

AUDITORS REPORT

To the Shareholders of Chariot Resources Limited

We have audited the consolidated balance sheets of Chariot Resources Limited as at April 30, 2007 and 2006 and the consolidated statements of operations, shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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, 2007 and 2006 and the results of its operations, its changes in shareholders' equity and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants
Vancouver, British Columbia
July 27, 2007

CHARIOT RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS

AS AT APRIL 30

(Expressed in Canadian Dollars)

	2007	2006
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents	27,515,555	21,437,185
Accounts receivable	417,006	388,255
Prepaid expenses	204,976	57,600
	28,137,537	21,883,040
Equipment (note 4)	366,949	348,475
Mineral property interests (note 5)	44,726,213	25,859,999
Peruvian sales tax receivable (note 7)	4,750,128	3,074,064
	49,843,130	30,282,538
Total Assets	\$ 77,980,827	\$ 51,165,578
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	1,594,859	613,420
Current portion of capital lease obligations	9,224	51,350
	1,604,083	664,770
Capital lease obligations	-	9,317
Asset retirement obligations	314,225	314,225
	314,225	314,225
Total Liabilities	1,918,308	988,312
Shareholders' Equity		
Share capital (note 8)	86,151,882	59,899,717
Contributed surplus	3,145,173	2,077,035
Deficit	(13,234,536)	(11,799,486)
	76,062,519	50,177,266
Total Liabilities and Shareholders' Equity	\$ 77,980,827	\$ 51,165,578

COMMITMENTS AND CONTINGENCIES (note 5 and 12)
SUBSEQUENT EVENTS (note 13)

APPROVED ON BEHALF OF THE BOARD

“Edward Thompson”

Director

“John Kutkevicius”

Director

See accompanying notes to the financial statements

CHARIOT RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED APRIL 30,
(Expressed in Canadian Dollars)

	2007	2006
	\$	\$
Expenses		
Amortization	43,159	40,391
Audit fees	54,965	55,299
Salaries, consulting and management fees	532,206	713,944
General and administration	946,008	776,602
Legal	284,514	167,405
Stock-based compensation	1,109,738	583,592
	<hr/>	<hr/>
Loss before undernoted items	2,970,590	2,337,233
Foreign exchange gain	476,059	79,256
Interest income	1,059,481	147,605
Write off of property interests	-	(117,406)
	<hr/>	<hr/>
Net Loss for Year	\$ 1,435,050	\$ 2,227,778
	<hr/>	<hr/>
Loss per Share - Basic and diluted	\$ 0.01	\$ 0.01
	<hr/>	<hr/>
Weighted Average Shares Outstanding	244,055,042	174,645,059
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See accompanying notes to the financial statements

CHARIOT RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Common Shares		Contributed Surplus	Deficit	Total
	Shares	Amount			
		\$	\$	\$	\$
Balance - April 30, 2005	159,830,636	35,672,072	1,483,385	(9,571,708)	27,583,749
Issued during the year					
For cash					
Exercise of warrants	8,363,631	2,103,220	-	-	2,103,220
Exercise of stock options	500,000	80,000	-	-	80,000
Public sale	42,500,000	18,275,000	-	-	18,275,000
Private Sale	16,644,000	5,326,080	-	-	5,326,080
Share issue costs	-	(1,609,305)	-	-	(1,609,305)
Stock-based compensation	-	-	675,748	-	675,748
Transfer of fair value on exercise of options	-	52,650	(52,650)	-	-
Stock options forfeited	-	-	(29,448)	-	(29,448)
Net loss for year	-	-	-	(2,227,778)	(2,227,778)
Balance - April 30, 2006	227,838,267	59,899,717	2,077,035	(11,799,486)	50,177,266
Issued during the year					
For cash					
Exercise of warrants	73,604,304	25,312,064	-	-	25,312,064
Exercise of stock options	2,021,667	577,471	-	-	577,471
Stock-based compensation	-	-	1,492,790	-	1,492,790
Transfer of fair value on exercise of options	-	362,630	(362,630)	-	-
Stock options forfeited	-	-	(62,022)	-	(62,022)
Net loss for year	-	-	-	(1,435,050)	(1,435,050)
Balance - April 30, 2007	303,464,238	86,151,882	3,145,173	(13,234,536)	76,062,519

See accompanying notes to the financial statements

CHARIOT RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30,
(Expressed in Canadian Dollars)

	2007	2006
	\$	\$
Operating Activities		
Net loss for year	(1,435,050)	(2,227,778)
Items not involving cash:		
Amortization	43,159	40,391
Stock-based compensation	1,109,738	583,592
Write off of mineral property interests	-	117,406
	(282,153)	(1,486,389)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(28,751)	(346,554)
Decrease (increase) in prepaid expenses	(147,376)	64,822
Increase (decrease) in accounts payable and accrued liabilities	(145,748)	52,129
	(604,028)	(1,715,992)
Investing Activities		
Expenditures on equipment	(91,795)	(236,054)
Expenditures on mineral property interests	(17,439,278)	(7,289,171)
Increase in recoverable Peruvian sales tax receivable	(1,676,064)	(1,105,168)
	(19,207,137)	(8,630,393)
Financing Activities		
Shares issued for cash	25,889,535	25,784,300
Share issue costs	-	(1,609,305)
	25,889,535	24,174,995
Increase in cash and cash equivalents during year	6,078,370	13,828,610
Cash and cash equivalents, beginning of year	21,437,185	7,608,575
Cash and cash equivalents, end of year	\$ 27,515,555	\$ 21,437,185

SUPPLEMENTARY CASH FLOW INFORMATION (note 10)

See accompanying notes to the financial statements

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

1. CONTINUING OPERATIONS

The Company was incorporated on November 12, 1996 under the Business Corporations Act (Yukon). On October 28, 2004, the Company was continued under the *Business Corporations Act* (British Columbia).

The consolidated financial statements for years ended April 30, 2007 and 2006 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 revenue from its operations. The Company has financed its operations principally through equity financing. Substantial external financing will be required by the Company to fund its future operations, to explore and develop its interest in mineral properties and to 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:

- The ability to raise additional funds by issuing equity, debt or a combination thereof;
- The sale of assets in the ordinary course of business; and
- The ability to generate sufficient revenues from the commercialization of the Company's areas of interest.

Although, the Company has been successful in obtaining the necessary financing to continue operations in the past there can be no assurance that it will be able to continue to do so in the future.

In particular, the ultimate realization of the amounts shown as mineral property interests is dependent upon the continuance or 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, their sale or partial sale. There can be no assurance that title to the properties will ultimately be secured and will not be challenged.

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 consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries: Andes Resources Compañia Minera S.A.C. ("Andes"); Chariot Holdings Inc.; Chariot Operating Limited and Chariot Partners Limited and its proportionate 70% interest in Marcobre S.A.C., an incorporated joint venture with LS-Nikko Copper Inc. ("LS-Nikko") and Korea Resources Corporation ("KORES"). Inter company balances and transactions are eliminated upon consolidation.

Use of estimates

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 commitments and contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Significant management estimates relate to the determination of asset retirement obligations, recoverability of mineral property and deferred exploration expenditures and stock-based compensation. Actual results could differ materially from these estimates.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents includes deposits at call, term deposits with an original maturity date of 90 days or less, and term deposits callable after 30 days.

Mineral Property Interests

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

On a periodic basis, as events and circumstances dictate, management reviews the carrying values of deferred mineral property costs to assess whether there has been any impairment in value. If it is determined that undiscounted future cash flows are less than the carrying value of a project, a write down to the estimated fair value of such deferred mineral property costs will be charged to operations.

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.

Although the Company has taken steps to verify title to mineral properties in which it has an interest according to the usual industry standards, 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.

Asset Retirement Obligations

The Company recognizes a liability for its legal obligations associated with reclamation of mineral properties when the liability is incurred. A liability is recognized initially at fair value if a reasonable estimate of the fair value can be made and the resulting amount is capitalized as part of the asset. In subsequent periods, the Company adjusts the carrying amounts of the asset and liability for changes in estimates of the amount or timing of underlying future cash flows.

It is reasonably possible that the Company's estimates of its ultimate reclamation and site restoration liability could change as a result of changes in regulations or cost estimates. The effect of changes in estimated costs is recognized on a prospective basis.

Joint Ventures

The Company participates in joint ventures and consolidates its proportionate share of the assets, liabilities and expenses where joint control is exercised.

Equipment – Amortization

Equipment is recorded at cost less accumulated amortization. Amortization is determined on a straight-line basis over the related asset's estimated useful life, which is generally from three to ten years. Equipment under capital lease contracts is initially carried at the lower of fair value or discounted minimum lease payments and is amortized on a straight-line basis over life of asset.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases are classified as either capital or operating. Leases which transfer substantially all the benefits and risks of ownership are accounted for as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

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 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 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.

Foreign Currency Translation

The Company's overseas subsidiaries are integrated foreign operations whose transactions, balances and accounts are translated into Canadian dollars using the temporal method, as follows:

- i. Expenses, except for amortization, at average exchange rates for each year;
- ii. monetary items at the rates of exchange prevailing at balance sheets dates; and
- iii. non-monetary items at the historical exchange rates.

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 and warrants. This method assumes that the proceeds from exercise of in the money options and warrants would be used to purchase common shares at the average market price during the period. The effect of conversion of outstanding options and warrants would be anti-dilutive when the Company incurs a loss and therefore, basic and diluted losses per share are the same.

Stock-Based Compensation

The Company records compensation associated with stock options granted to consultants, directors and employees using a fair value measurement basis and records the corresponding amount as an expense or a capital cost, as appropriate, over the vesting period for the options. Consideration paid by grantees when the options are exercised, as well as the fair value at the grant date of options exercised, are added to share capital.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

3. FINANCIAL INSTRUMENTS

All significant financial assets and financial liabilities of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk, currency risk, convertibility risk and credit risk.

Foreign Exchange Rate Risk

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

4. EQUIPMENT

Equipment consists of: vehicles, leasehold improvements, computer equipment, furniture and fixtures as follows:

	2007			2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$	\$	\$	\$
Vehicles	156,769	49,918	106,851	138,907	21,569	117,338
Leasehold Improvements	18,840	12,574	6,266	18,840	7,610	11,230
Equipment and furniture	317,476	63,644	253,832	243,547	23,640	219,907
	493,085	126,136	366,949	401,294	52,819	348,475

Amortization in the amount of \$30,158 has been deferred in exploration and development expenditures.

5. MINERAL PROPERTY INTERESTS

Mineral property interests consist of:

	Marcona	Antash	Bambas Este	Total
	\$	\$	\$	\$
Balance April 30, 2005	18,451,321	70,061	47,345	18,568,727
Exploration and development	7,408,678	-	-	7,408,678
Write off of property interests	-	(70,061)	(47,345)	(117,406)
Balance April 30, 2006	25,859,999	-	-	25,859,999
Second property payment (note 5 (a))	10,646,090	-	-	10,646,090
Exploration and development	8,220,124	-	-	8,220,124
Balance April 30, 2007	44,726,213	-	-	44,726,213

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

5. MINERAL PROPERTY INTERESTS (continued)

(a) *Marcona Project*

On January 3, 2005 the Company and KORES and LS-Nikko, jointly the “Korean Partners”, paid the first of two payments to acquire a 100% undivided interest in the Marcona Copper Project (“Marcona”). The Company’s share of the first payment was \$18,695,535 representing payments to the former owners of Marcona in the amount of \$17,023,464 and a payment in respect of Peruvian General Sales Tax (“IGV”) in the amount of \$1,672,071. The payment in respect of IGV is considered to be eventually recoverable as a credit against IGV otherwise payable in respect of future mineral production from Marcona.

On January 3, 2007 the Company and the Korean Partners made the second of the two mandatory payments required under the abovementioned Marcona Copper Project acquisition agreement. The Company’s 70% share of this second payment was \$10,646,090 and a payment in respect of IGV of \$1,163,085.

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:

- US \$3,000,000 if, based on an independent feasibility study, the mineral resource at Marcona is equal to or greater than 300 million tonnes with a copper equivalent grade of 0.8% per tonne, and,
- An additional US \$7,000,000 if, based on an independent feasibility study, the mineral resource at Marcona is equal to or greater than 400 million tonnes with a copper equivalent grade of 0.8% per tonne.

The Company’s 70% share of these contingent payments would be approximately US \$2,100,000 and US \$4,900,000, respectively. No amounts related to these contingent payments have been accrued in these financial statements.

The Marcona Project is owned by Marcobre S.A.C. (“Marcobre”), a Peruvian limited liability company. The Company indirectly owns 70% of Marcobre and the Korean Partners own 30%. Each of the Company and the Korean partners have guaranteed, to the extent of their respective pro rata ownership of Marcobre, the contingent payments described above and each has pledged its shares of Marcobre as security in respect of such payments. In addition, Marcobre has granted a security interest with respect to the Marcona Project as security in respect of the contingent payments described above.

(b) *Write-offs of mineral property interests*

During the year ended April 30, 2006, the Company wrote off previously deferred mineral property costs in respect of interests in the two properties described below:

Antash Copper Gold Project

Under a Letter Agreement with BHP Billiton Tintaya S.A. dated November 21, 2003 the Company was granted the right to acquire an interest in the Antash Copper Gold project. Following a short drilling program it was decided not to proceed with any further work on the property and the agreement was terminated, as a result \$70,061 was written off in 2006.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

5. MINERAL PROPERTY INTERESTS (continued)

Bambas Este Copper-Gold Project

Under a Letter of Agreement with BHP Billiton on November 21, 2003 a right was granted to the Company to acquire an interest in the Bambas Este Copper-Gold project. Following some preliminary exploration work and community meetings it was decided not to proceed with any further work on the property, the Company's interest was relinquished and accordingly, \$47,345 was written off in 2006.

6. JOINT VENTURE

The Company's share of the assets and liabilities and cash flows of the Marcobre joint venture is as follows:

	<u>2007</u>	<u>2006</u>
	\$	\$
Current assets	1,345,114	353,747
Current liabilities	1,076,890	268,712
Working capital	268,224	85,035
Mineral property interests	44,726,213	25,897,041
Other non-current assets	5,100,530	3,225,993
Less: non-current liabilities	<u>2,083,637</u>	<u>322,013</u>
Net assets	<u>48,011,330</u>	<u>28,886,056</u>
Net cash flows from operating activities	<u>-</u>	<u>-</u>
Net cash flows from financing activities	<u>-</u>	<u>-</u>
Net cash flows from investing activities	<u>47,886,740</u>	<u>15,132,516</u>
Supplemental non-cash investing and financing activities		
Equipment acquired financed by capital leases	(10,259)	(20,164)
Deferral of fair value of employee stock options	362,629	62,708

7. PERUVIAN SALES TAX RECEIVABLE

Included in non-current assets is \$4,750,128 (2006-\$3,074,064) of refundable Peruvian General Sales Tax. This amount is refundable either as a credit received from the export of mineral production or under the sales tax early recovery program established by the Peruvian government. During the year ended April 30, 2007, \$1,315,212 was recovered under the early recovery program.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

8. SHARE CAPITAL

Authorized and Issued

The Company's authorized share capital is an unlimited number of common shares of which 303,464,238 were issued and outstanding as at April 30, 2007.

On December 30, 2004 the Company closed a public offering of 110,000,000 units. Each unit was issued at \$0.25 and consisted of one common share and one-half of a common share purchase warrant. The half warrants were separable and tradable. One whole warrant, upon exercise, allowed the holder upon payment of \$0.35 per share to acquire a common share in the capital of the Company until the expiry date on December 22, 2006. On January 17, 2005 pursuant to the exercise of an over allotment option granted to the underwriters of the December 30, 2004 financing the Company issued an additional 7,200,000 units. The financing resulted in the Company issuing a total of 117,200,000 common shares and 58,600,000 whole share purchase warrants.

In addition to the units issued to the public, the underwriters, as partial consideration for their services in arranging the December 30, 2004 financing, were granted non-transferable warrants exercisable until December 22, 2006 to acquire a number of units equal to 5% of the number of units sold to the public. Upon exercise the underwriters are entitled to acquire up to 5,860,000 units at \$0.25 per unit, which would result in the Company issuing up to 5,860,000 common shares and 2,930,000 whole warrants to purchase common shares in the capital of the Company for \$0.35 per share until December 22, 2006. The Company also paid the underwriters cash compensation of \$1,758,000 for their services. The gross proceeds of the offering amounted to \$29,300,000 and after underwriters' fees and expenses the Company realized net proceeds of \$26,531,550

On July 13, 2005 the Company completed a private placement of 16,644,000 units. Each unit was issued at \$0.32 and consisted of one common share and one-half of a common share purchase warrant. One whole warrant, upon exercise, allows the holder upon payment of \$0.35 to acquire a common share in the capital of the Company until December 22, 2006. The gross proceeds of the private placement were \$5,326,080, the Company realized \$4,964,736 after placement costs and expenses of \$361,344.

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

Stock Options

On February 7, 2006 the Company granted 2,602,500 options to purchase common shares, on October 25, 2006 granted 200,000 options, on January 11, 2007 granted 3,685,000 options and on January 26, 2007 granted 440,000 options. All of these options granted are exercisable for 10 years from the date of grant and vest as to one-third on the date of grant, one-third on the first anniversary of the date of grant and one-third on second anniversary of the grant.

All options were granted to officers, directors and employees of the Company.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

The following table sets out information concerning stock options granted and outstanding as at April 30, 2007.

Number of Options	Number of Options vested	Exercise Price \$	Expiry Date	Number of months To Expiry	Potential cash receipts \$
250,000	250,000	0.16	March 6, 2008	11	40,000
1,100,000	1,100,000	0.45	December 4, 2008	20	495,000
41,333	41,333	0.45	April 23, 2009	24	18,600
2,125,000	2,125,000	0.27	January 3, 2015	92	563,125
120,000	120,000	0.27	January 26, 2015	93	31,800
200,000	200,000	0.28	March 10, 2015	95	55,660
2,465,000	2,465,000	0.34	April 5, 2015	96	828,240
2,312,500	1,542,438	0.44	February 7, 2016	106	1,007,672
200,000	66,667	0.60	October 25, 2016	114	120,000
3,685,000	1,228,210	0.57	January 11, 2017	117	2,100,450
440,000	146,652	0.67	January 26, 2017	117	294,800
12,938,833	9,285,300	0.43		96	5,555,347

Stock option transactions for the years ended April 30, 2007 and 2006 were as follows:

	2007		2006	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance - beginning of year	10,938,833	0.34	9,236,333	0.30
Granted	4,325,000	0.58	2,602,500	0.44
Exercised	(2,021,667)	0.29	(500,000)	0.16
Cancelled	(30,000)	0.44	(250,000)	0.16
Forfeited	(273,333)	0.37	(150,000)	0.32
Balance - end of year	12,938,833	0.43	10,938,833	0.34

Granting stock options results in a stock-based compensation charge. Stock-based compensation expense is determined by a Black-Scholes option pricing model. Option pricing models include the use of assumptions and estimates. Changes in the underlying assumptions or estimates can materially affect the fair value of the options granted and, therefore, option pricing models do not necessarily provide a reliable measure of the fair value of

the options granted. The following table sets out the principal assumptions and estimates used in the determination of the fair value of options granted and the estimation of stock-based compensation expense.

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Grant - year ending	April 30, 2007	April 30, 2006
Number of options	4,325,000	2,602,500
Estimated life of options	3 years	3 years
Share price on date of grant	\$ 0.58	\$ 0.42
Option exercise price	\$ 0.58	\$ 0.44
Risk free interest rate	4.12%	4.22%
Estimated volatility	65%	97%
Expected dividend yield	0%	0%
Option value	\$ 0.27	\$ 0.25
Fair value of options granted	\$1,151,801	\$ 661,675

During the year ended April 30, 2007, the Company recorded stock based compensation expenditure of \$1,492,788 attributable to the grant of stock options of which, \$321,030 was capitalized to mineral property interests and \$62,020 was reversed in respect of stock options forfeited.

Warrants

The following table sets out the warrant transactions for the years ended April 30, 2007 and 2006.

	April 30, 2007	April 30, 2006
Balance - Beginning of year	67,578,783	66,455,397
Warrants granted	-	8,322,000
Warrants exercised	(69,092,371)	(6,998,064)
Exercise of underwriters non transferrable warrants	2,247,216	682,783
Warrants expired	(733,628)	(883,333)
Balance - End of year	0	67,578,783

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

9. SEGMENTED INFORMATION

The Company's principal business activity 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:

	Canada	Peru	Cayman Islands	Total
	\$	\$	\$	\$
April 30, 2007				
Cash	22,819,064	1,023,383	3,673,108	27,515,555
Mineral Property Interests	-	44,726,213	-	44,726,213
Other Assets	315,384	5,422,261	1,414	5,739,059
	23,134,448	51,171,857	3,674,522	77,980,827
Liabilities	337,293	1,581,015	-	1,918,308
	22,797,155	49,590,842	3,674,522	76,062,519
April 30, 2006				
Cash	20,825,063	612,122	-	21,437,185
Mineral Property Interests	-	25,859,999	-	25,859,999
Other Assets	362,337	3,506,057	-	3,868,394
	21,187,400	29,978,178	-	51,165,578
Liabilities	258,649	729,663	-	988,312
	20,928,751	29,248,515	-	50,177,266

10. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash investing and financing activities and other supplementary cash flow information is as follows:

	April 30, 2007	April 30, 2006
	\$	\$
Non-cash investing activity		
Increase in accounts payable related to mineral property interests	1,075,744	-

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

11. INCOME TAXES

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>2007</u>	<u>2006</u>
	\$	\$
Statutory rates	36.1%	34.4%
Income tax expense (recovery) computed at statutory rates	(518,053)	(752,956)
Permanent differences		
Other	124,850	15,683
Rate differential for foreign entities	45,801	(4,015)
Stock-based compensation	400,615	187,849
	<u>571,266</u>	<u>199,517</u>
Change in valuation allowance	(459,419)	2,507,379
Change in tax rate	168,865	(186,230)
Other	237,342	(1,767,710)
	<u>-</u>	<u>-</u>
Provision for (recovery of) income taxes	-	-

The tax effects of temporary differences that give rise to significant components of future income tax assets or liabilities are as follows:

	<u>2007</u>	<u>2006</u>
	\$	\$
Future tax assets		
Financing costs	678,089	1,018,638
Non-capital loss carry forwards	2,260,000	2,457,669
Other	13,834	3,903
Resource properties	190,527	126,213
	<u>3,142,450</u>	<u>3,606,425</u>
Total gross future income tax assets	3,142,450	3,606,425
Less valuation allowance	(3,142,450)	(3,601,869)
	<u>-</u>	<u>4,556</u>
Net future income tax assets	-	4,556
Less future income tax liabilities	-	(4,556)
	<u>-</u>	<u>-</u>
Net future income tax	-	-

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

11. INCOME TAXES (continued)

At April 30, 2007, Chariot Resources Limited has non-capital losses of \$5,369,627 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:

	<u>\$</u>
2009	123,589
2010	257,105
2011	238,502
2015	521,528
2016	1,753,438
2017	<u>2,475,465</u>
	<u>5,369,627</u>

At April 30, 2007, the Company's subsidiaries have non-capital losses, 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:

	<u>\$</u>
2007	543,818
2008	870,347
2009	269,529
2010	<u>32,544</u>
	<u>1,716,238</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.

12. COMMITMENTS AND CONTINGENCIES

Leases

The Company has entered into operating lease contracts for office premises in Toronto, Canada and office, visiting personnel accommodation and storage facilities in Lima, Peru. The terms of the leases and expected payments under the lease contracts are tabled below:

CHARIOT RESOURCES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED APRIL 30, 2007 AND 2006
(Expressed in Canadian Dollars)

12. COMMITMENTS AND CONTINGENCIES (continued)

Location and term	Expected lease payments	
	2007	2008
	\$	\$
Toronto office June 1, 2005 - May 31, 2008	48,248	4,021
Lima office December 1, 2005 - November 30, 2007	36,604	-
Lima accomodations March 15, 2007 - March 14, 2008	11,620	-
Lima storage facility December 21, 2005 - December 20, 2007	9,762	-
	106,234	4,021

At April 30, 2007, the Company had made the final payments on two of the three trucks acquired by the Company under capital leases in April 2005. There are eleven monthly lease payments of \$839 each remaining on the third truck. The lease interest rate is 10% and the amortization expense for the remaining term of the lease will amount to \$3,502.

13. SUBSEQUENT EVENTS

As at July 26, 2007:

- (a) The Company issued 1,213,472 shares for cash of \$515,170 upon the exercise of stock options.
- (b) The company has recovered a further \$218,715 under the sales tax early recovery program established by the Peruvian government