

Chariot Resources Limited

(an exploration stage company)

Management Discussion and Analysis
Three Month Period Ended July 31, 2008

September 12, 2008

Management's Discussion and Analysis

This Management and Discussion Analysis (MD & A) of the activities and liquidity of Chariot Resources Limited ("the Company") for the three months ended July 31, 2008 and 2007 is prepared as of September 12, 2008 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, 2008. 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 in Canada and are described in the notes to the annual audited consolidated financial for the year ended April 30, 2008.

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, 2008 Annual Information Form and audited consolidated financial statements at www.sedar.com or at the Company's website at www.chariotresources.com.

Chariot Resources Limited is a Canadian exploration 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.

Business Overview

During the three months ended July 31, 2008 the Company continued to focus on the Mina Justa ("Mina Justa") project, one of at least five copper prospects located on the Marcona property. Principal activities were centered on defining the Mineral Resource, the Feasibility Study, the Environmental and Social Impact Assessment study and on securing Senior Debt Financing.

Mineral Resource

The Company continued with its drilling program. During the seven months ended July 31, 2008 a total of approximately 57,609 metres were drilled in 258 holes. Drill results were released for the first 155 of the 258 holes drilled in this period. The results are from the Northern Oxides zone, the Cu40 zone, the HG Sulphide zone, the Western Pit Extension zone and the SE Extension zone. The drilling this year has been in part to test the limits of mineralization that were still open when drilling stopped last December, and to continue with the infill drilling program. The Company has received a resource update for the Mina Justa prospect. The resource update was prepared by Snowden Mining Industry Consultants Inc. (Snowden).

At a 0.30% total copper cut-off, the updated Indicated and Inferred resources of the Mina Justa prospect are as follows:

	Million Tonnes	CuT%(i)	MlbCu (ii)
Measured	-	-	-
Indicated	331.6	0.76	5,570
Measured + Indicated	331.6	0.76	5,570
Inferred Resources	81.0	0.67	1,190

(i) total copper

(ii) million pounds

On November 16, 2006 Chariot announced a resource estimate for Mina Justa which was also prepared by Snowden. At a 0.30% total copper cut-off, the Indicated and Inferred resources of the Mina Justa prospect in 2006 were as follows:

	Million Tonnes	CuT%(i)	MlbCu (ii)
Measured	-	-	-
Indicated	346.66	0.71	5,418
Measured + Indicated	346.66	0.71	5,418
Inferred Resources	127.90	0.60	1,690

- (i) total copper
(ii) million pounds

Notes: Mineral resources that are not reserves do not have demonstrated economic viability. Although a 0.30% total copper cut-off grade is considered a likely cut-off grade for this deposit it has not been confirmed through the appropriate economic studies. The estimated metal content does not include any consideration of mining, mineral processing, or metallurgical recoveries. Resource classification categories are in accordance with CIM (2005) definition standards. Measured and Indicated mineral resources are that part of a mineral resource for which quantity and grade can be estimated with a level of confidence sufficient to allow the application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. An Inferred mineral resource is that part of a mineral resource for which quantity and grade can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified.

The key global differences in the June 2008 and October 2006 estimates are:

- Indicated tonnes now comprise 80% of total tonnes compared to 73% in the 2006 estimate
- The grade of the Indicated resource has increased by about 7%, and the grade of the Inferred resource has increased by about 11.7%
- Indicated tonnes have decreased by approximately 15 million (3.4%), and Inferred tonnes have decreased by approximately 47 million (26.7%)
- Contained pounds of copper in the Indicated category have increased by 2.8% while contained pounds in the Inferred category have decreased by 29%.

None of the holes drilled in 2008 have been included in the 2008 resource update. During the quarter the company was evaluating ways by which the drill results from 2008 could be incorporated into the Definitive Feasibility Study.

Definitive Feasibility Study (DFS)

During the quarter it was announced that due in part, to the loss of a key consultant the start of mine planning had been delayed. This in turn delayed completion of the DFS to July 2008. Subsequently, the company announced that there had been a further delay in completing the mine planning model which will in turn, push completion of the DFS into the fourth quarter of this year. This delay has been off-set, in part, by the fact that the bulk of the drilling done in 2008 will now be incorporated in the mine planning model and DFS.

Environmental and Social Impact Assessment (ESIA)

The ESIA continued to progress well. The Company has supplemented its environmental activities with numerous community related activities including a number of public meetings for the purpose of reviewing the ESIA and Company sponsored community training and other programs. It is estimated that within two

months of completion of the DFS that the ESIA will be completed and submitted to the regulatory authorities in order to start the permitting process.

Senior Debt Financing

The Company has, together with its Korean Partners, continued to pursue project debt financing. During the latest quarter activities slowed down somewhat given that the financing was well advanced, the key next step to continuing with the financing program will depend on completion of the DFS.

Exploration and Development of the Project

During the three months ended July 31, 2008 the Company expended \$4,532,440 being its pro rata share of the exploration and development work plan. The following table provides an analysis of these expenditures:

	Cdn \$
Exploration & development	
Resource Development	1,527,630
Metallurgical test work	151,448
Feasibility Study	994,053
Environmental Health, Safety and Community Relations	265,444
Senior Loan financing negotiations	442,832
Project support costs	1,151,033
	<u>\$ 4,532,440</u>

The Work Plan for the calendar year 2008 has been set at US \$22.1 million with the Company's portion being US \$15.5 million. The following table sets out details of this plan:

	US\$
Exploration & development	
Resource Development	4,560,050
Metallurgical test work	606,000
Feasibility Study	1,396,503
Environmental Health, Safety and Community Relations	2,414,612
Senior Loan financing negotiations	6,840,622
Project support costs	6,283,700
	<u>\$ 22,101,487</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 July 31, 2008 the Company had 328,695,501 (2007 – 304,677,710) shares issued and outstanding. As at the date of this report the Company has 328,695,501 shares issued and outstanding.

Financial Summary for the period

The Company continued its accelerated development efforts on the Mina Justa project, and expenditures during the three months ended July 31, 2008 remained well within the budgeted targets.

Salaries and consulting expenses for the three months ended July 31, 2008 amounted to \$68,606 compared to \$104,589 in 2007. Marcona project salaries are capitalized during the exploration and development phase. The Company's employee roster is comprised of two personnel in Canada and a further twenty three in its operation in Peru.

General and administration expenses of \$205,473 incurred in the three months ended July 31, 2007 decreased to \$151,515 in the current period. This decrease occurred as a result of savings in a number of cost centres and the continued the engagement of an independent investor relations company in the period couple with a reduction in investor relations related travel expenditures.

Legal expenditures of \$124,773 in the current period were an increase from \$52,636 for the three months ended July 31, 2007.

.Stock based compensation expensed in the period was \$54,576 compared to \$68,794 in the three months ended July 31, 2007.

Interest income received in the current period was \$231,902 compared to \$268,791 received in the three months ended July 31, 2007.

The Company recorded a foreign exchange gain of \$340,289 in the three months ended July 31, 2008 compared to a loss of \$196,528 in the comparable period in 2007.

Quarterly Results of Operations

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

	July 31 2008	April 30 2008	January 31 2008	October 31 2007	July 31 2007	April 30 2007	January 31 2007	October 31 2006
	\$	\$	\$	\$	\$	\$	\$	\$
Net profit (loss) for the period	166,896	(38,107)	(581,065)	(260,652)	(368,816)	(1,167,026)	(150,744)	(585,193)
Net gain (loss) per share (basic and diluted)	0.001	(0.0001)	(0.002)	(0.001)	(0.001)	(0.006)	(0.001)	(0.003)

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.

Liquidity and Capital Resources

Operating Activities

Cash flows in the three months ended July 31, 2008 were an increase in cash of \$646,829 compared to the \$1,907,405 cash used in the three months ended July 31, 2007. The increase in the current period was as a result of the recovery of an advance made by the Company to the Project in respect of the Korean Partners.

Investing Activities

The total cash investment in mineral properties for the three months ended July 31, 2008 was \$4,569,819. These costs related primarily to the resource development drilling program, metallurgical, feasibility and environmental studies and the ongoing negotiations for project financing. The investment in 2007 was comprised of similar project costs of \$2,129,937.

Although there have been slight procedural delays, the Exploration Early Recovery Agreement with the Peruvian tax authorities remains in place. There were no recoveries in the three months ended July 31, 2008 under the early recovery plan (2007 - \$141,899) however the Company received \$365,626 under this plan in August 2008.

The classification of bank guaranteed investment certificates with a maturity date in excess of ninety days as short term investments has caused the increase of \$17,530,407 in the current period.

Financing Activities

Stock options exercised in the three months ended July 31, 2008 realized \$260,356 (2007 - \$515,170).

The Company's financial instruments include cash, term deposits, accounts receivable and accounts payable. All of the Company's term deposits are placed in guaranteed investment certificates issued by a

major bank. The Company does not believe that there is any material measurement, liquidity, convertibility, interest rate or credit risk associated with such instruments.

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 2008 Work Plan.

With working capital as at July 31, 2008 of \$23.1 million (2007 - \$23.1million.) the Company has the funds necessary to complete its share of the 2008 Work Plan budgeted at US\$15.5 million. With 80% of the DFS completed to date the Company has sufficient funds to carry on with its activities to the end of the 2009 financial 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 three months ended July 31, 2008.

Risks and Uncertainties

Chariot has no history of profitable operations and is at an early 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 principal monetary assets consist of cash, cash equivalents and short term bank certificates. The Company's non-monetary 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 interest 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.

Changes in accounting policies

Effective July 31, 2008 the Company has adopted two new CICA accounting policies.

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 will be required to disclose the following, based on the information provided internally to the entity's key management personnel: qualitative information about its objectives, policies and processes for managing capital; summary quantitative data about what it manages as capital; whether during the period it complied with any externally imposed capital requirements to which it is subject; and, when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance. Disclosures required by this section are included in note 7 in the unaudited consolidated financial statements for the three month period ended July 31, 2008.

Section 3862 - Financial Instruments,

This section requires entities to provide disclosure of quantitative and qualitative information 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 management's objectives, policies and procedures for managing such risks. Entities are required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments. Disclosures required by this section are included in note 10 in the unaudited consolidated financial statements for the three month period ended July 31, 2008.

Forward –Looking Statements

This MD &A contains forward-looking statements regarding the business of the Company, its future intentions, budget targets and financial condition. These statements are not guarantees of the Company's future performance; therefore, actual results and future events could 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 vigorously accelerate the development of the Mina Justa project and bring it into production. In order to accomplish this objective the following critical activities are currently being undertaken:

- Initiation of mine planning
- Completion of a Feasibility Study
- Completion of an Environmental and Social Impact Assessment
- Initiating permit applications and finalizing project debt financing

The company has announced that following completion of the Feasibility Study it will review its current policy on Mina Justa and will consider other strategic alternatives for maximizing the value of Mina Justa.

Disclosure Controls and Internal Controls over Financial Reporting

Management of the Company has designed and supervises control procedures over financial reporting and disclosure, which it believes provide reasonable assurance that material information is properly reported or disclosed in a timely manner. Management believes that the Company's control procedures provide reasonable assurance that the accounts of the Company and the Company's consolidated financial statements as at July 31, 2008 and 2007 were prepared in accordance with Canadian generally accepted accounting principles. Management is of the opinion that there were no changes in the year that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.