



Chariot Resources Limited

(a development stage company)

Management Discussion and Analysis
Six Month Period Ended October 31, 2009

December 11, 2009

Management's Discussion and Analysis

This Management and Discussion Analysis ("MD&A") of the activities and liquidity of Chariot Resources Limited ("Chariot" or the "Company") for the six months ended October 31, 2009 and 2008 is prepared as of December 11, 2009 and should be read in conjunction with the Company's audited consolidated financial statements, the related notes thereto and the Company's Annual Information Form for the year ended April 30, 2009. All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise. The accounting principles followed in the preparation of the accounts of the Company are generally accepted accounting principles in Canada (Canadian GAAP) and are described in the notes to the annual audited consolidated financial statements for the year ended April 30, 2009.

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

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

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

Business Overview

In April, 2009, Chariot announced the results of the Feasibility Study for its 70% owned Mina Justa Project ("the Project") On June 9, 2009 Chariot announced the filing of the 43-101 Technical Report which summarizes the Definitive Feasibility Study ("DFS") for the Project The Technical Report is available on SEDAR and at www.chariotresources.com

The DFS has identified opportunities for potentially increasing Project Net Present Value (NPV) by in excess of US\$54 million. The specifically costed opportunities identified in the DFS could add an additional C\$0.126 per fully diluted share (converting US\$ to C\$ using the 20 day average Bank of Canada noon spot exchange rate). Chariot had previously estimated that its 70% interest in the Project was valued at C\$0.86 per fully diluted share at the exchange rates that prevailed earlier in the year.

In addition to these opportunities the DFS has also identified opportunities to reduce capital costs and extend the mine life. With the completion and filing of the Technical Report, Chariot has focused on the identified project optimization opportunities and on maintaining the project on a critical path such that construction could start next year.

Following completion of a review of strategic alternatives RBC Capital has been retained to initiate a formal process to sell the Company. Parties which have executed a confidentiality agreement have been granted access to a virtual data room of information and offered the opportunity to visit the Mina Justa site. The Company will not be commenting further while the sale process is ongoing,

On November 6, 2009 the Environmental Social Impact Assessment ("ESIA") for the Project was submitted to the Peruvian Ministry of Energy and Mines ("MEM"). On November 15, 2009 the Company announced that the Executive Summary and the Public Participation Plan elements of the ESIA has been approved for public distribution by the MEM and that the review process can continue. A public workshop to be held in the local community, San Juan de Marcona, was held on December 10, 2009 and is to be

followed by a full public hearing in the community on January 8, 2010. Work has also been started to secure important permits for the Project. It is expected that once the ESIA is approved that permits for the start of construction will be issued shortly thereafter.

Exploration and Development of the Project

During the six months ended October 31, 2009 the Company expended US\$2.9 million, being its pro rata share of the exploration and development work plan. The following table provides an analysis of these expenditures:

	US\$
Exploration & development	
Resource Development	43,343
Metallurgical test work	81,955
Feasibility Study	756,642
Environmental Health, Safety and Community Relations	226,112
Senior Loan financing negotiations	141,056
Project support costs	<u>1,644,980</u>
	<u>\$ 2,894,088</u>

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

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

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

An amount of US \$3.0 million will be payable to Rio Tinto Mining and Exploration, Sucursal del Peru and Shougang Hierro Peru S.A.A. (the "Vendors") if the total mineral resource on the TAI 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 TAI 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 October 31, 2009 the Company had 364,917,101 (2008 – 328,695,501) shares issued and outstanding. As at the date of this report the Company has 364,917,101 shares issued and outstanding.

Financial Summary for the six months ended October 31, 2009

Salaries and consulting expenses for the period amounted to \$299,162 compared to \$222,152 in 2008. The increase results, in part, from the relocation of the Company's Chief Financial Officer from Peru to Canada.

The Company's employee roster is presently comprised of three personnel in Canada and a further twenty two in its operation in Peru. The cost of the labour force in Peru is capitalized to mineral property interests.

General and administration expenses of \$329,703 incurred in the six months ended October 31, 2008 increased to \$1,184,372 in the current period. This increase reflects the costs of \$628,200 incurred by the Company directly attributable to the abortive attempt by a group of dissident shareholders to gain control of the Company at the Annual General and Special Meeting of the Shareholders of the Company on September 4, 2009.

Legal expenditures of \$301,536 in the current period include legal fees of \$83,000 incurred in defending management's position in the abovementioned dissident shareholder action. \$306,266 were the legal fees incurred in the six months ended October 31, 2008.

Stock-based compensation expensed in the six months ended October 31, 2009 was \$33,401 compared to \$109,151 in the comparable period in 2008. Stock-based compensation expenses will vary from period to period depending upon the fair value and the amortization of current and previous stock option grants.

Interest income received in the current period was \$114,591 compared to \$405,464 received in the same period in 2008. The Company's guaranteed bank certificates matured in June 2009 and the resultant funds were placed in call accounts with an assortment of prominent Canadian financial institutions with lower interest returns.

The Company recorded a foreign exchange gain of \$388,600 in the period compared to a loss of \$157,803 in the previous year. The continued volatility between the United States and Canadian currencies has played a part in these results.

Quarterly Results of Operations

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

	October 31 2009	July 31 2009	April 30 2009	January 31 2009	October 31 2008	July 31 2008	April 30 2008	January 31 2008
	\$	\$	\$	\$	\$	\$	\$	\$
Net (profit) loss for the year	1,034,567	292,189	(818,139)	227,884	897,757	(166,896)	38,107	581,065
Net loss (gain) per share	0.0031	0.0009	(0.0025)	0.0007	0.0027	(0.0005)	0.0001	0.0019

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

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

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

Selected annual information

For the years ended April 30,

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

Liquidity and Capital Resources

Operating Activities

Operating cash flows in the six months ended October 31, 2009 resulted in a decrease in cash of \$693,538 compared to the increase of \$514,266 cash in the comparable period in 2008. The decrease in the current period was primarily due to expenditures relating to the defense against the dissident shareholder groups actions during the period leading up to the holding of the Annual General & Special Meeting of the Shareholders of the Company in September 2009.

Investing Activities

With the completion of the Definitive Feasibility Study, exploration and development expenditures have decreased considerably with cash expenditures of \$3,073,220 being incurred in the six months ended October 31, 2009. (2008 - \$8,370,512). Cash expenditures of \$902,196 were incurred in the three months ended October 31, 2009 (2008 - \$3,800,693).

Although there has been a large decrease in exploration costs in the period, the costs associated with applying for the Government's early recovery plan in 2009 have not warranted an application in 2009, hence the increase in the Peruvian sales tax receivable of \$632,371 at October 31, 2009 versus \$401,851 at October 31, 2008.

At October 31, 2008, funds of \$14,023,059 had been placed in short term investments with the Company's bank. On the maturity of these instruments in June 2009, the interest returns offered by the Company's bank necessitated placing the Company's funds with alternate banking and financial institutions.. The Company does not believe that there is any material measurement, liquidity, convertibility, interest rate or credit risk associated with such practice.

Financing Activities

Stock options exercised in the period realized \$96,570 (2008 - \$260,356).

On October 30, 2009 Solway Finance LTD completed a US\$10,000,000 private placement with the Company for 35,740,000 common shares. The issuance price was based upon an agreed noon rate of exchange quoted by the Bank of Canada on September 30, 2009 of US\$0.9327 for C\$1. These funds have been placed with a number of Canadian banking and financial institutions.

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

During recent months, the financial strength of exploration-stage resource companies has become a concern for many shareholders. As at November 1, 2009, the Company had approximately \$23 million in cash, cash equivalents and a short term bank deposit and no debt. With the 43-101 Technical Report now completed the Company has estimated that based on the 2009 work plan it will utilize less than 10% of its cash to carry on with its activities to the end of the 2009 calendar year.

Management Fees and Consulting Services

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

Related Party Transactions

There have been no related party transactions during the six months ended October 31, 2009.

Risks and Uncertainties

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

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

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

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

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

Critical Accounting Estimates

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

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

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

Asset retirement obligations

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

Stock-based compensation expense

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

Changes in Accounting Policies

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

Section 1535 - Capital Disclosures.

This Section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company is required to disclose information that enables the users of its financial statements to evaluate the Company's objectives, policies and processes for managing capital. Disclosures required by this standard are included in Note 9 to the consolidated financial statements.

Section 3862 - Financial Instruments – Disclosures.

This Section requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Disclosures required by this standard are included in Notes 3 and 10 to the consolidated financial statements.

Section 3863 - Financial Instruments – Presentation.

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

Section 1400 - General Standards of Financial Statement Presentation.

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

International Financial Reporting Standards (“IFRS”)

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

Forward –Looking Statements

This Report contains “forward-looking statements”. These forward looking statements include, but are not limited to, statements regarding the business of the Company, its future intentions, budget targets and financial condition. Forward-looking statements express, as at the date of this Report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

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

Outlook

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

- Continue with various studies and other activities to optimize the DFS and add value to the Mina Justa project
- Seek to acquire various surface rights and continue work on obtaining important permits
- Complete the public participation phase of the ESIA approval process
- Obtain approval to start construction of the water wells

Disclosure Controls and Internal Controls over Financial Reporting

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

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

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