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## **CHARIOT RESOURCES LIMITED**

(an exploration stage company)

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT JULY 31, 2008 AND FOR THE  
THREE MONTH PERIOD ENDED JULY 31, 2008 AND 2007

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Chariot Resources Limited as at July 31, 2008 and for the three month period ended July 31, 2008 and 2007 have been prepared by and are the responsibility of the Company's management.

" Ulrich Rath " Chief Executive Officer  
Toronto, Canada  
September 12, 2008

" Peter Blunt " Chief Financial Officer  
Lima, Peru  
September 12, 2008

**CHARIOT RESOURCES LIMITED**  
**(an exploration stage company)**  
**Unaudited Consolidated Balance Sheets**  
(Expressed in Canadian Dollars)

	<b>July 31, 2008</b>	<b>April 30, 2008</b>
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,028,237	23,102,090
Short term investments	23,647,068	6,116,661
Other receivables	399,476	1,182,076
Prepaid expenses	242,333	214,427
	25,317,114	30,615,254
<b>Equipment</b>	317,435	330,924
<b>Mineral property interests (note 4)</b>	67,103,095	62,570,655
<b>Peruvian sales tax receivable (note 6)</b>	8,725,514	7,846,085
	8,725,514	7,846,085
<b>Total Assets</b>	<b>\$ 101,463,158</b>	<b>\$ 101,362,918</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	2,138,258	2,537,783
Capital lease obligations	14,371	19,668
	2,152,629	2,557,451
<b>Asset retirement obligations</b>	314,225	314,225
<b>Total Liabilities</b>	2,466,854	2,871,676
<b>Shareholders' Equity</b>		
<b>Share capital (note 7)</b>	109,194,259	108,814,267
<b>Contributed surplus</b>	4,118,325	4,160,151
<b>Deficit</b>	(14,316,280)	(14,483,176)
	98,996,304	98,491,242
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 101,463,158</b>	<b>\$ 101,362,918</b>

**CONTINGENCIES (note 4)**

APPROVED ON BEHALF OF THE BOARD

“Edward Thompson”

Director

“John Kutkevicius”

Director

*See accompanying notes to the financial statements*

**CHARIOT RESOURCES LIMITED**  
**(an exploration stage company)**  
**CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME**  
**For the three months ended**  
(Expressed in Canadian Dollars)

	<b>July 31,2008</b>	<b>July 31,2007</b>
	\$	\$
<b>Expenses</b>		
Amortization	5,826	9,587
Salaries, consulting and management fees	68,606	104,589
General and administration	151,515	205,473
Legal	124,773	52,636
Stock-based compensation (note 7)	54,576	68,794
	<hr/>	<hr/>
Loss before undernoted items	405,295	441,079
Foreign exchange gain (loss)	340,289	(196,528)
Interest income	231,902	268,791
	<hr/>	<hr/>
<b>Net Gain (Loss) and Comprehensive Gain (Loss) for Period</b>	<b>\$ 166,896</b>	<b>\$ (368,816)</b>
	<hr/>	<hr/>
<b>Gain (Loss) per Share - Basic and diluted</b>	<b>0.001</b>	<b>(0.001)</b>
	<hr/>	<hr/>
<b>Weighted Average Shares Outstanding</b>	<b>328,500,702</b>	<b>304,023,986</b>
	<hr/>	<hr/>

*See accompanying notes to the financial statements*

**CHARIOT RESOURCES LIMITED**  
(an exploration stage company)  
**Consolidated Statements of Shareholders' Equity**  
(Expressed in Canadian Dollars)

	Common Shares		Contributed Surplus	Deficit	Total
	Shares	Amount			
		\$	\$	\$	\$
<b>Balance - April 30, 2006</b>	<b>227,838,267</b>	<b>59,899,717</b>	<b>2,077,035</b>	<b>(11,799,486)</b>	<b>50,177,266</b>
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 the year	-	-	-	(1,435,050)	(1,435,050)
<b>Balance - April 30, 2007</b>	<b>303,464,238</b>	<b>86,151,882</b>	<b>3,145,173</b>	<b>(13,234,536)</b>	<b>76,062,519</b>
Issued during the year					
For cash					
Exercise of stock options	1,633,465	647,377	-	-	647,377
Public offering	23,204,500	23,204,500	-	-	23,204,500
Share issue costs	-	(1,544,074)	-	-	(1,544,074)
Stock-based compensation	-	-	1,369,560	-	1,369,560
Transfer of fair value on exercise of options	-	354,582	(354,582)	-	-
Net loss for the year	-	-	-	(1,248,640)	(1,248,640)
<b>Balance - April 30, 2008</b>	<b>328,302,203</b>	<b>\$ 108,814,267</b>	<b>\$ 4,160,151</b>	<b>\$ (14,483,176)</b>	<b>\$ 98,491,242</b>
Issued during the period					
For cash					
Exercise of stock options	393,298	260,356	-	-	260,356
Stock-based compensation	-	-	142,893	-	142,893
Transfer of fair value on exercise of options	-	119,636	(119,636)	-	-
Stock options forfeited	-	-	(65,083)	-	(65,083)
Net gain for the period	-	-	-	166,896	166,896
<b>Balance - July 31, 2008</b>	<b>328,695,501</b>	<b>\$ 109,194,259</b>	<b>\$ 4,118,325</b>	<b>\$ (14,316,280)</b>	<b>\$ 98,996,304</b>

*See accompanying notes to the financial statements*

**CHARIOT RESOURCES LIMITED**  
**(an exploration stage company)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the three months ended**  
(Expressed in Canadian Dollars)

	<b>July 31,2008</b>	<b>July 31,2007</b>
	\$	\$
<b>Operating Activities</b>		
Net gain (loss) for the period	166,896	(368,816)
Items not involving cash:		
Amortization	5,826	9,587
Stock-based compensation	54,576	68,794
	<hr/>	<hr/>
	227,298	(290,435)
Changes in operating assets and liabilities:		
Decrease (Increase) in accounts receivable	782,600	(216,425)
Increase in prepaid expenses	(27,906)	(16,007)
Decrease in accounts payable and accrued liabilities	(335,163)	(1,384,538)
	<hr/>	<hr/>
	646,829	(1,907,405)
<b>Investing Activities</b>		
Expenditures on equipment	(1,383)	(33,001)
Expenditures on mineral property interests	(4,569,819)	(2,129,937)
Increase in Peruvian sales tax receivable	(879,429)	(432,248)
Short term investments	(17,530,407)	-
	<hr/>	<hr/>
	(22,981,038)	(2,595,186)
<b>Financing Activities</b>		
Shares issued for cash	260,356	515,170
	<hr/>	<hr/>
	260,356	515,170
Decrease in cash and cash equivalents during period	(22,073,853)	(3,987,421)
Cash and cash equivalents, beginning of period	23,102,090	27,515,555
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<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,028,237</b>	<b>\$ 23,528,134</b>

**SUPPLEMENTARY CASH FLOW INFORMATION (note 9)**

*See accompanying notes to the financial statements*

**CHARIOT RESOURCES LIMITED**  
(an exploration stage company)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEARS ENDED JULY 31, 2008 AND 2007**  
**(Expressed in Canadian Dollars)**

**1. NATURE OF 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 Company is an exploration stage company that is directly engaged in exploration and development of the Marcona property in Peru.

The recoverability of the amounts shown as mineral property interests is dependent upon the existence of economically recoverable reserves, 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.

**2. BASIS OF PRESENTATION**

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for the presentation of interim statements. Accordingly, these interim statements do not contain all the information required for annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company as at, and for the year ended April 30, 2008. These consolidated financial statements follow the same accounting policies and methods of application as the April 30, 2008 audited annual consolidated financial statements of the Company, except as described in note 3.

**3. CHANGE 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

*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.

**CHARIOT RESOURCES LIMITED**  
(an exploration stage company)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEARS ENDED JULY 31, 2008 AND 2007**  
**(Expressed in Canadian Dollars)**

**4. MINERAL PROPERTY INTERESTS**

*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. 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.

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 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.

**CHARIOT RESOURCES LIMITED**  
(an exploration stage company)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEARS ENDED JULY 31, 2008 AND 2007**  
**(Expressed in Canadian Dollars)**

**4. MINERAL PROPERTY INTERESTS (continued)**

Mineral property interests consist of:

	<b>Marcona Copper Project</b>	
	\$	\$
<b>Balance April 30, 2006</b>		<b>25,859,999</b>
Second property payment (note 5 (a))		10,646,090
Exploration & development		
Resource Development	2,932,378	
Metallurgical test work	239,267	
Feasibility Study	1,764,231	
Environmental Health, Safety and Community Relations	968,518	
Senior Loan financing negotiations	205,684	
Project support costs	2,110,046	8,220,124
<b>Balance April 30, 2007</b>		<b>44,726,213</b>
Exploration & development		
Resource Development	6,512,179	
Metallurgical test work	1,080,645	
Feasibility Study	4,105,121	
Environmental Health, Safety and Community Relations	1,750,431	
Senior Loan financing negotiations	1,643,719	
Project support costs	2,752,347	17,844,442
<b>Balance April 30, 2008</b>		<b>62,570,655</b>
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	4,532,440
<b>Balance July 31, 2008</b>		<b>\$ 67,103,095</b>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEARS ENDED JULY 31, 2008 AND 2007**  
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**5. JOINT VENTURE**

The Company's share of the assets and liabilities as at July 31, 2008 and 2007 and cash flows for the three months ended July 31, 2008 and 2007 of the Marcobre joint venture is as follows:

	<u>July 31, 2008</u>	<u>July 31, 2007</u>
	\$	\$
Current assets	619,982	2,653,027
Current liabilities	(1,769,891)	(1,097,083)
Mineral property interests	64,970,999	47,282,185
Other non-current assets	9,348,320	5,442,412
Less: non-current liabilities	(314,225)	(314,225)
Net cash flows from operating activities	-	-
Net cash flows from financing activities	<u>\$ 6,073,789</u>	<u>\$ 4,871,135</u>
Net cash flows from investing activities	<u>\$ (5,450,631)</u>	<u>\$ (2,595,186)</u>

**6. PERUVIAN SALES TAX RECEIVABLE**

Included in non-current assets is \$8,725,514 (2007-\$5,182,376) 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 three months ended July 31, 2008 (2007 -\$141,899) no recoveries were received under the sales tax early recovery plan, however, the Company received \$365,626 in August 2008.

**7. SHARE CAPITAL**

*Authorized and Issued*

The Company's authorized share capital is an unlimited number of common shares of which 328,695,501 were issued and outstanding as at July 31, 2008.

On March 20, 2008 the Company completed a public offering of 22,000,000 common shares at a price of \$1.00 per share. In addition to the shares issued to the public, the underwriters of the offering syndicate were granted an over allotment option to purchase up to an additional 1,204,500 common shares at \$1.00 per share, which they duly exercised. The gross proceeds of the underwriting and exercise of the underwriters' option amounted to \$23,204,500. The net proceeds to the Company after underwriters' fees and expenses of \$1,544,074 were \$21,660,426.

*Warrants*

Public offerings and Private placements in the years 2005 and 2006 resulted in the issuance of warrants of the Company which allowed the holder to acquire common shares of the Company. The warrants issued pursuant to these financings expired on December 22, 2006.

**CHARIOT RESOURCES LIMITED**  
(an exploration stage company)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEARS ENDED JULY 31, 2008 AND 2007**  
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**7. SHARE CAPITAL (continued)**

*Capital Disclosure*

The Company manages its common shares and stock options as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern so that it can continue to explore and develop its projects for the benefit of its stakeholders. The Company is not subject to any externally imposed capital requirement.

*Stock options*

The following table sets out information concerning stock options granted and outstanding as at July 31, 2008:

Number of Options	Number of Options vested	Exercise Price	Expiry Date	Number of months To Expiry
		\$		
750,000	750,000	0.45	December 4, 2008	5
41,333	41,333	0.45	April 23, 2009	9
1,975,000	1,975,000	0.27	January 3, 2015	78
100,000	100,000	0.27	January 26, 2015	78
200,000	200,000	0.28	March 10, 2015	80
2,285,000	2,285,000	0.34	April 5, 2015	81
1,865,700	1,865,700	0.44	February 7, 2016	91
200,000	133,320	0.60	October 25, 2016	99
3,178,363	1,999,985	0.57	January 11, 2017	102
426,667	280,012	0.67	January 26, 2017	102
550,000	183,315	1.00	August 27, 2017	109
3,355,000	1,058,224	0.88	January 7, 2018	114
14,927,063	10,871,889	0.55		92

During the three months ended July 31, 2008, the Company recorded stock based compensation expenditure of \$142,893 (2007 - \$98,366) attributable to the grant of stock options of which \$88,317 (2007 - \$29,572) was capitalized to mineral property interests.

**CHARIOT RESOURCES LIMITED**  
(an exploration stage company)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEARS ENDED JULY 31, 2008 AND 2007**  
**(Expressed in Canadian Dollars)**

**8. 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:

	<b>Canada</b>	<b>Peru</b>	<b>Cayman Islands</b>	<b>Total</b>
	\$	\$	\$	\$
<b>July 31, 2008</b>				
Cash	115,582	904,634	8,021	1,028,237
Short term investments	23,647,068	-	-	23,647,068
Mineral Property Interests	-	67,103,095	-	67,103,095
Other Assets	313,858	9,370,900	-	9,684,758
	24,076,508	77,378,629	8,021	101,463,158
Liabilities	117,032	2,349,822	-	2,466,854
	\$ 23,959,476	\$ 75,028,807	\$ 8,021	\$ 98,996,304
<b>July 31, 2007</b>				
Cash	20,046,886	2,651,654	829,594	23,528,134
Mineral Property Interests	-	47,994,836	-	47,994,836
Other Assets	241,306	6,173,816	-	6,415,122
	20,288,192	56,820,306	829,594	77,938,092
Liabilities	191,927	1,438,926	-	1,630,853
	\$ 20,096,265	\$ 55,381,380	\$ 829,594	\$ 76,307,239

**9. SUPPLEMENTARY CASH FLOW INFORMATION**

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

	<b>July 31, 2008</b>	<b>July 31, 2007</b>
	\$	\$
Non-cash investing activity		
Increase in accounts payable related to mineral property interests	(49,992)	21,339
Capitalization of stock based compensation	88,317	29,572
	9,047	12,031

**CHARIOT RESOURCES LIMITED**  
(an exploration stage company)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEARS ENDED JULY 31, 2008 AND 2007**  
**(Expressed in Canadian Dollars)**

**10. FINANCIAL INSTRUMENTS**

a) *Designation*

The Company has designated its financial instruments as follows:

- i) Cash, cash equivalents and short term investments are classified as “Available-for-Sale” and are recorded at their fair value;
- ii) Other receivables are classified as “Loans and Receivables”. These financial assets are recorded at their amortized cost using the effective interest method; and
- iii) Accounts payable and accrued liabilities are classified as “Other Financial Liabilities”. These financial liabilities are recorded at their amortized cost using the effective interest method.

b) *Fair value*

Due to the short-term nature of other receivables and accounts payable and accrued liabilities, the Company estimates that their carrying value approximates their fair value.

c) *Credit risk*

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. The Company deposits cash and cash equivalents with high credit quality financial institutions.

d) *Currency risk*

Although the majority of the Company’s expenditures are incurred in United States dollars. The Company maintains its cash, cash equivalents and short term investments in Canadian dollars.