
CHARIOT RESOURCES LIMITED

(an exploration stage company)

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT OCTOBER 31, 2008 AND FOR THE
SIX MONTHS ENDED OCTOBER 31, 2008 AND 2007

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

“ Ulrich Rath ”
Toronto, Canada
December 9, 2008

Chief Executive Officer

“ Peter Blunt ”
Lima, Peru
December 9, 2008

Chief Financial Officer

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

	October 31, 2008	April 30, 2008
	<u>\$</u>	<u>\$</u>
Assets		
Current Assets		
Cash and cash equivalents	1,074,078	23,102,090
Short term investments	20,139,720	6,116,661
Other receivables	525,846	1,182,076
Prepaid expenses	211,347	214,427
	<u>21,950,991</u>	<u>30,615,254</u>
Equipment	307,621	330,924
Mineral property interests (note 4)	70,039,826	62,570,655
Peruvian sales tax receivable (note 6)	8,247,936	7,846,085
	<u>88,565,383</u>	<u>133,287,699</u>
Total Assets	\$ 100,546,374	\$ 101,362,918
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	2,010,767	2,537,783
Capital lease obligations	12,163	19,668
	<u>2,022,930</u>	<u>2,557,451</u>
Asset retirement obligations	314,225	314,225
	<u>314,225</u>	<u>314,225</u>
Total Liabilities	<u>2,337,155</u>	<u>2,871,676</u>
Shareholders' Equity		
Share capital (note 7)	109,194,259	108,814,267
Contributed surplus	4,228,997	4,160,151
Deficit	(15,214,037)	(14,483,176)
	<u>98,209,219</u>	<u>98,491,242</u>
Total Liabilities and Shareholders' Equity	\$ 100,546,374	\$ 101,362,918

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 LOSS AND COMPREHENSIVE LOSS
For the three and six month periods
(Expressed in Canadian Dollars)

	Three months ended		Six months ended	
	October 31, 2008	October 31, 2007	October 31, 2008	October 31, 2007
	\$	\$	\$	\$
Expenses				
Amortization	5,424	15,874	11,250	25,461
Salaries, consulting and management fees	153,546	78,031	222,152	182,620
General and administration	178,189	238,903	329,703	444,376
Legal	181,493	37,334	306,266	89,970
Stock-based compensation	54,575	98,364	109,151	167,158
	<hr/>		<hr/>	
Loss before undernoted items	573,227	468,506	978,522	909,585
Foreign exchange loss	498,092	13,451	157,803	209,979
Interest income	(173,562)	(221,305)	(405,464)	(490,096)
	<hr/>		<hr/>	
Net Loss for Period	\$ 897,757	\$ 260,652	\$ 730,861	\$ 629,468
	<hr/>		<hr/>	
Loss per Share - Basic and diluted	\$ 0.003	\$ 0.001	\$ 0.002	\$ 0.002
	<hr/>		<hr/>	
Weighted Average Shares Outstanding	328,695,501	304,681,414	328,695,501	304,144,784
	<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			
		\$	\$	\$	\$
Balance - April 30, 2007	303,464,238	86,151,882	3,145,173	(13,234,536)	76,062,519
Issued during the period					
For cash					
Exercise of stock options	1,213,472	515,170	-	-	515,170
Stock-based compensation	-	-	98,366	-	98,366
Transfer of fair value on exercise of options	-	285,894	(285,894)	-	-
Net loss for the period	-	-	-	(368,816)	(368,816)
Balance - July 31, 2007	304,677,710	\$ 86,952,946	\$ 2,957,645	\$ (13,603,352)	\$ 76,307,239
Issued during the period					
For cash					
Exercise of stock options	13,333	8,933	-	-	8,933
Stock-based compensation	-	-	171,215	-	171,215
Transfer of fair value on exercise of options	-	4,091	(4,091)	-	-
Net loss for the period	-	-	-	(260,652)	(260,652)
Balance - October 31, 2007	304,691,043	\$ 86,965,970	\$ 3,124,769	\$ (13,864,004)	\$ 76,226,735
Balance - April 30, 2008	328,302,203	108,814,267	4,160,151	(14,483,176)	98,491,242
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
Balance - July 31, 2008	328,695,501	109,194,259	4,118,325	(14,316,280)	98,996,304
Stock-based compensation	-	-	142,894	-	142,894
Stock options forfeited	-	-	(32,222)	-	(32,222)
Net loss for the period	-	-	-	(897,757)	(897,757)
Balance - October 31, 2008	328,695,501	109,194,259	4,228,997	(15,214,037)	98,209,219

See accompanying notes to the financial statements

CHARIOT RESOURCES LIMITED
(an exploration stage company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three and six month periods
(Expressed in Canadian Dollars)

	Three months ended		Six months ended	
	October 31, 2008	October 31, 2007	October 31, 2008	October 31, 2007
	\$	\$	\$	\$
Operating Activities				
Net loss for period	(897,757)	(260,652)	(730,861)	(629,468)
Items not involving cash:				
Amortization	5,424	15,874	11,250	25,461
Stock-based compensation	54,575	98,364	109,151	167,158
	<u>(837,758)</u>	<u>(146,414)</u>	<u>(610,460)</u>	<u>(436,849)</u>
Changes in operating assets and liabilities:				
Decrease (increase) in accounts receivable	(126,369)	152,282	656,230	(64,142)
Decrease in prepaid expenses	30,986	80,562	3,080	64,554
Decrease in accounts payable and accrued liabilities	800,578	27,561	465,416	(1,356,977)
	<u>(132,563)</u>	<u>113,991</u>	<u>514,266</u>	<u>(1,793,414)</u>
Investing Activities				
Expenditures on equipment	(5,829)	(26,293)	(7,212)	(59,294)
Expenditures on mineral property interests	(3,800,693)	(4,407,494)	(8,370,512)	(6,537,431)
Recovery of (increase in recoverable) Peruvian sales tax (note 6)	477,578	(924,019)	(401,851)	(1,356,267)
Realization of short term investments	3,507,348	-	(14,023,059)	-
	<u>178,404</u>	<u>(5,357,806)</u>	<u>(22,802,634)</u>	<u>(7,952,992)</u>
Financing Activities				
Shares issued for cash	-	8,933	260,356	524,103
Decrease in cash and cash equivalents during period	45,841	(5,234,882)	(22,028,012)	(9,222,303)
Cash and cash equivalents, beginning of period	1,028,237	23,528,134	23,102,090	27,515,555
Cash and cash equivalents, end of period	\$ 1,074,078	\$ 18,293,252	\$ 1,074,078	\$ 18,293,252

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
FOR THE SIX MONTHS ENDED OCTOBER 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
FOR THE SIX MONTHS ENDED OCTOBER 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
FOR THE SIX MONTHS ENDED OCTOBER 31, 2008 AND 2007
(Expressed in Canadian Dollars)

4. MINERAL PROPERTY INTERESTS (continued)

Mineral property interests consist of:

	Marcona Copper Project	
	\$	\$
Balance April 30, 2006		25,859,999
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
Balance April 30, 2007		44,726,213
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
Balance April 30, 2008		62,570,655
Exploration & development		
Resource Development	2,150,091	
Metallurgical test work	166,670	
Feasibility Study	1,589,976	
Environmental Health, Safety and Community Relations	515,586	
Senior Loan financing negotiations	665,345	
Project support costs	2,381,503	7,469,171
Balance October 31, 2008		\$ 70,039,826

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED OCTOBER 31, 2008 AND 2007
(Expressed in Canadian Dollars)

5. JOINT VENTURE

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

	<u>October 31, 2008</u>	<u>October 31, 2007</u>
	\$	\$
Current assets	548,227	1,730,894
Current liabilities	(839,615)	988,917
Mineral property interests	67,165,816	50,826,702
Other non-current assets	8,800,793	7,440,680
Less: non-current liabilities	(437,098)	737,623
Net cash flows from operating activities	<u>-</u>	<u>-</u>
Net cash flows from financing activities	<u>\$ 9,107,130</u>	<u>\$ 9,392,679</u>
Net cash flows from investing activities	<u>\$ (7,883,692)</u>	<u>\$ (8,463,989)</u>

6. PERUVIAN SALES TAX RECEIVABLE

Included in non-current assets is \$8,247,936 (2007-\$6,106,395) 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. A receipt in August 2008 of \$365,626 (2007-\$191,818) in respect of the early recovery plan coupled with a Peruvian currency exchange rate adjustment credit accounted for the reduction in the sales tax receivable amount in the quarter ended October 31, 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 October 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
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED OCTOBER 31, 2008 AND 2007
(Expressed in Canadian Dollars)

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 October 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	2
41,333	41,333	0.45	April 23, 2009	7
1,975,000	1,975,000	0.27	January 3, 2015	76
100,000	100,000	0.27	January 26, 2015	76
200,000	200,000	0.28	March 10, 2015	78
2,285,000	2,285,000	0.34	April 5, 2015	79
1,865,700	1,865,700	0.44	February 7, 2016	89
200,000	200,000	0.60	October 25, 2016	97
3,111,688	1,983,320	0.57	January 11, 2017	100
426,667	280,012	0.67	January 26, 2017	100
550,000	366,685	1.00	August 27, 2017	107
3,080,000	966,561	0.88	January 7, 2018	112
14,585,388	11,013,611	0.55		89

During the six months ended October 31, 2008, the Company recorded stock based compensation expenditure of \$285,787 (2007 - \$269,581) attributable to the grant of stock options of which \$176,636 (2007 - \$102,423) was capitalized to mineral property interests.

CHARIOT RESOURCES LIMITED
(an exploration stage company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED OCTOBER 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:

	Canada	Peru	Cayman Islands	Total
	\$	\$	\$	\$
October 31, 2008				
Cash	18,290	1,044,736	11,052	1,074,078
Short term investments	20,139,720	-	-	20,139,720
Mineral Property Interests	-	70,039,826	-	70,039,826
Other Assets	476,332	8,816,418	-	9,292,750
	20,634,342	79,900,980	11,052	100,546,374
Liabilities	88,242	2,248,913	-	2,337,155
	\$ 20,546,100	\$ 77,652,067	\$ 11,052	\$ 98,209,219
October 31, 2007				
Cash	16,394,539	1,846,739	51,974	18,293,252
Mineral Property Interests	-	52,221,017	-	52,221,017
Other Assets	356,755	6,749,477	-	7,106,232
	16,751,294	60,817,233	51,974	77,620,501
Liabilities	86,618	1,307,148	-	1,393,766
	\$ 16,664,676	\$ 59,510,085	\$ 51,974	\$ 76,226,735

9. SUPPLEMENTARY CASH FLOW INFORMATION

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

	October 31, 2008	October 31, 2007
	\$	\$
Non-cash investing activity		
Increase in accounts payable related to mineral property interests	999,936	832,435
Deferral of stock based compensation	176,636	102,423
Deferral of amortization	19,341	22,515

CHARIOT RESOURCES LIMITED
(an exploration stage company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED OCTOBER 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.