

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

Interim Financial Statements

(Note: These Financial Statements have not been reviewed by the Company's Auditors)

March 31, 2006

Index

Consolidated Balance Sheet

Consolidated Statement of Loss and Deficit

Consolidated Statement of Cash Flows

Notes to Financial Statements

Schedules of Mineral Properties

Schedule of Deferred Exploration Expenditures

Conquest Resources Limited
(A Development Stage Company)
Interim Consolidated Balance Sheet
As at March 31, 2006

Canadian Funds

Unaudited - these financial statements have not been reviewed by the Company's Auditors

	March 31 2006 \$	December 31 2005 \$
ASSETS		
Current assets		
Cash and short-term investments	1,336,915	1,624,131
Amounts receivable	43,952	18,362
Prepaid expense	<u>19,965</u>	<u>12,782</u>
	1,400,832	1,655,275
Other assets		
Long-term investment in Trade Wind Ventures Inc.	127,000	127,000
Mineral properties and deferred exploration expenditures	<u>2,935,186</u>	<u>2,854,841</u>
	3,062,186	2,981,841
	<u>4,463,018</u>	<u>4,637,116</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	<u>119,625</u>	<u>210,299</u>
Shareholders' equity		
Capital stock	9,023,233	9,023,233
Warrants	-	45,000
Contributed Surplus	1,427,690	1,382,690
Deficit	<u>(6,107,530)</u>	<u>(6,024,106)</u>
	4,343,393	4,426,817
	<u>4,463,018</u>	<u>4,637,116</u>

ON BEHALF OF THE BOARD:

"Terence N. McKillen" _____ Director

"John F. Kearney" _____ Director

See Accompanying Notes

Conquest Resources Limited
(A Development Stage Company)
Interim Consolidated Statement of Loss and Deficit
For the Three Month Period Ended March 31

Canadian Funds

Unaudited - these financial statements have not been reviewed by the Company's Auditors

	Three Months Ended March 31	
	2006	2005
	\$	\$
Revenue	-	-
Expenses		
Stock-based compensation	-	96,000
Office and general	47,413	18,355
Corporate expenses	16,856	22,549
Salaries and benefits	6,126	7,872
Professional fees	9,327	9,650
Travel	3,702	1,112
Loss before the undernoted	83,424	155,538
Amortization	-	4,106
Net loss for the period	83,424	159,644
Deficit, beginning of period	6,024,106	5,977,943
Deficit, end of period	6,107,530	6,137,587
Net loss per common share	(0.01)	(0.01)

- See Accompanying Notes -

Conquest Resources Limited*(A Development Stage Company)***Interim Consolidated Statement of Cash Flows**

For the Three Month Period Ended March 31

*Canadian Funds**Unaudited - these financial statements have not been reviewed by the Company's Auditors*

	Three Months Ended March 31	
	2006	2005
	\$	\$
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the period	(83,424)	(159,644)
Item not involving cash		
Stock-based compensation	-	96,000
Amortization	-	<u>4,106</u>
	(83,424)	(59,538)
Changes in non-cash working capital balances	(123,447)	6,766
Cash flows (used in) operating activities	(206,871)	(52,772)
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		
Mineral properties and deferred exploration expenditure	(80,345)	(226,127)
Fixed assets	-	<u>(4,106)</u>
	(80,345)	(230,233)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		
Issue costs	-	(38,977)
Increase (Decrease) in cash and short-term investments	(287,216)	(321,982)
Cash, beginning of period	1,624,131	1,613,784
Cash, end of period	1,336,915	1,291,802

- See Accompanying Notes -

Conquest Resources Limited

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

March 31, 2006

Canadian Funds

Unaudited - these financial statements have not been reviewed by the Company's Auditors

1. Basis of Presentation

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("CGAAP") on the going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operation. These financial statements do not include all of the information and disclosures required by CGAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the period ended March 31, 2006 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2006. For further information, see the Company's consolidated financial statements including the notes thereto for the year ended December 31, 2005.

2. Accounting Changes

Stock-based Compensation

Effective January 1, 2004, the Company adopted the revisions to the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments, which require a fair value based method of accounting to be applied to all stock-based compensation arrangements. The fair value of each option is accounted for in operations, over the vesting period of the options, and the related credit is included in contributed surplus.

3. Capital Stock

a) *The capital stock is as follows:*

Authorized		Unlimited number of common shares
Issued - December 31, 2005	59,971,677	Common Shares
Cancelled	<u>(204,000)</u>	Common Shares
Issued - March 31, 2006	59,767,677	Common Shares

b) *Stock Options*

Pursuant to a stock option plan approved by the Board of Directors, the maximum number of common shares reserved for issuance to various directors, officers, consultants and employees may not exceed 10% of the common shares outstanding immediately before such issuance. The following table summarizes the stock options outstanding as at March 31, 2006:

Number of Common Shares	Exercise Price \$	Expiry Date
600,000	0.10	May 7, 2006
200,000	0.20	May 6, 2007
800,000	0.20	Sep 26, 2007
150,000	0.30	Mar 17, 2008
1,350,000	0.20	Sep 24, 2008
<u>1,600,000</u>	0.10	Mar 1, 2010
4,700,000		

c) *Warrants*

All share purchase warrants expired unexercised on January 15, 2006

4. Profit and Loss Per Share

	Three Months Ended March 31	
	2006	2005
Net loss for the period	\$83,424	\$159,644
Basic net loss per common share	\$(0.01)	\$(0.01)

Basic loss per share was calculated on the basis of the weighted average number of common shares outstanding for the periods, which amounted to 59,767,677 common shares.

For the three months ended March 31, 2006 and 2005, the existence of stock options and warrants affects the calculation of loss per share on a fully diluted basis. As the effect of this dilution is to reduce the reported loss per share, fully diluted loss per share has not been shown.

5. Mineral Properties & Deferred Exploration Expenditures
 [Segmented according to Property and by category]

5 (A) Schedule of Mineral Properties

Canadian Funds

	Dec-31-05	Additions	Mar-31-06
CANADA			
Alexander	\$1,398,722	\$1,399	\$1,400,121
Smith Lake	635,069	-	635,069
Aurora	308,053	12,465	320,518
King Bay	287,162	66,149	353,311
Sunday Lake	198,475	332	198,807
Others	5,960	-	5,960
Total Canada	\$2,833,441	\$80,345	\$2,913,786
AFRICA			
<u>Tanzania</u>			
Acquisition	\$7,315	-	\$7,315
Exploration	14,085	-	14,085
Total Africa	\$21,400	-	\$21,400
Total	\$2,854,841	\$80,345	\$2,935,186

5 (B) Mineral Properties - Schedule of Deferred Exploration Expenditures
For Three Month Period Ended March 31, 2006

Canadian Funds

Mineral Properties	Alexander	Aurora	Sunday Lake	King Bay	Total
Geology, geophysics, geochemistry	\$1,399	\$5,216	-	\$15,721	\$22,326
Drilling	-	-	-	50,428	50,428
Travel and accommodation	-	-	-	-	-
Equipment, property lease & other	-	7,249	332	-	7,571
Total	\$1,399	\$12,465	\$332	\$66,149	\$80,345

For Three Month Period Ended March 31, 2005

Mineral Properties	Alexander	Aurora	Sunday Lake	King Bay	Total
Geology, geophysics, geochemistry	\$700	-	-	\$15,819	\$16,519
Drilling	5,189	-	-	185,090	190,279
Travel & Accommodation	-	-	-	1,882	1,882
Equipment, property lease & other	-	279	6,899	10,269	17,447
Total	\$5,889	\$279	\$6,899	\$213,060	\$226,127

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE INTERIM PERIOD ENDED MARCH 31, 2006

(Form 52-109FT2)

CONQUEST RESOURCES LIMITED
Management's Discussion and Analysis
FOR THE INTERIM PERIOD ENDED MARCH 31, 2006
(Dated May 23, 2006)

(Form 52-109FT2)

Company Overview

Conquest Resources Limited (the *Company*) is a Toronto; Canada based public company incorporated in 1945 and whose shares are listed on the TSX Venture Exchange (TSXV) under the symbol "CQR". The Company is a reporting issuer in the Provinces of Ontario, British Columbia and Alberta.

The Company is principally engaged in the acquisition, exploration and development of mineral exploration properties. The Company has acquired interests and entered into agreements to acquire interests in mineral exploration properties located in Canada, Zimbabwe, and Tanzania.

The significant industry and economic factors affecting the Company remained substantially unchanged during the period.

Operational Highlights - 1QR 2006

During the first quarter of 2006, Conquest's activities continued to be mainly concentrated in Canada. Activities in Canada focused on property evaluation and exploration on the Alexander Property at Red Lake, the Aurora and Sunday Lake Properties at Detour Lake and the King Bay Property at Sturgeon Lake, all in Ontario.

On the King Bay Property at Sturgeon Lake, Conquest carried out a short winter drill program from the ice over King Bay in the first quarter of 2006 which partially tested two geophysical targets believed to be the source of high grade gold mineralization previously encountered in narrowly defined boulder trains on the south shore of King Bay Property. One of the holes intersected a quartz stockwork containing visible gold. The hole intersected a quartz stockwork zone in highly altered and sheared quartz-feldspar porphyry from 29.9 meters to 67 meters. This 34.7-metre intersection contained numerous blue-black quartz veins, which returned gold assays ranging from 0.79 to 43 g/t gold over narrow widths. The most significant interval returned 22.7 g/t gold over 0.3 meters, which includes a "best assay" of 43 g/t gold over 0.1 meter, all within a 1.07-metre interval averaging 6.86 g/t gold.

The target mineralization, as indicated by the three discrete boulder trains comprising over 256 boulders found on the south shore of King Bay, is high grade gold contained in blue-black quartz veins in a hydrothermally altered quartz porphyry together with pyrrhotite. Through our limited drill program we have confirmed the presence of the key blue-black quartz, extensive hydrothermal alteration and gold mineralization to a depth of 200 meters along the flanks of two of the targets.

The Company believes that it may have identified a possible source of the high-grade gold float boulders. Conquest is evaluating the possibility of continuing drilling through the summer months using a barge or other floating platform.

On the Alexander Property at Red Lake, Conquest has reviewed and compiled exploration results following completion of an additional geophysical survey (Induced Polarization) over the western part of the Property in Q2 2005 and has developed plans for a follow-up drill program to evaluate a number of new conductive targets. Conquest has also developed a potential deeper target on the Alexander Property where there is the possibility for a repetition of the Red Lake mine sequence to occur overfolded on to the southwestern part of the Alexander Property. The

Company is currently evaluating options with respect to testing these deeper targets.

On the Aurora Property at Detour Lake, joint venture partner Trade Winds Ventures Inc. followed up gold mineralization previously encountered on the GB Zone and other parallel shear zones in a winter drill program started in the first quarter of 2006. Conquest is awaiting a final report on the winter drill program from Trade Winds. Trade Winds will contribute \$4.4 million to exploration on the main Aurora property to earn a 60% interest in the Property. The Sunday Lake and Nash Creek claim groups are excluded from the joint venture.

In Tanzania, Barrick Gold continues to explore under option the Company's Suguti property in the Lake Victoria area. In Zimbabwe, the Company's projects in the Midlands goldfield have remained on a care and maintenance basis pending an improvement in the local political, economic and security situation.

Financial Highlights - 1QR 2006

Conquest incurred a loss for the first quarter of 2006 of \$83,424 (\$0.01 per share) compared to a loss of \$159,644 in the first quarter of 2005. Included in the loss in the first quarter of 2006 was amortization of plant and equipment in the amount of \$ Nil, compared to \$4,106 in the first quarter of 2005 and a non-cash charge of \$ Nil in respect to stock based compensation compared to \$96,000 in the first quarter of 2005. The Company recorded no revenue in the first quarter of 2006 or 2005.

Administrative expense during the first quarter of 2006 amounted to \$ 83,424 compared to \$155,538 in the first quarter of 2005. The major items were office and general of \$47,413 in the first quarter of 2006, compared with \$18,355 in the first quarter of 2005.

Industry Trends and Risks

The price of gold and other metals continued to reach new highs during the quarter. Despite the buoyant metals market, some resource companies, particularly in the junior sector, continued to exhibit generally weak share prices. Continued low market capitalization, reflected in depressed share prices may result in less receptive equity markets for junior mining shares which could impact upon the Company's ability to finance ongoing exploration activities.

Summary of Quarterly Results

	1QR04 (\$)	2QR04 (\$)	3QR04 (\$)	4QR04 (\$)	1QR05 (\$)	2QR05 (\$)	3QR05 (\$)	4QR05 (\$)	1QR06 (\$)
Net Income (loss) per share	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	0.01	(0.01)
Net Income (loss) before taxes	(178,815)	(480,748)	(180,219)	(857,343)	(159,644)	(111,211)	(58,060)	350,326	(83,424)
Total assets	5,568,898	5,072,430	5,315,497	4,700,421	4,581,118	4,451,821	4,291,374	4,637,116	4,463,018

Liquidity and Capital Resources

Total assets decreased to \$4,463,018 at March 31, 2006 from \$4,637,116 at December 31, 2005 primarily as a result of cash used on exploration and administrative expenses. Total liabilities decreased to \$119,625 at March 31, 2006 from \$210,299 at December 31, 2005. The Company had a working capital surplus of \$1,281,207 at March 31, 2006 compared to \$1,444,976 at December 31, 2005.

Cash and short-term investments of \$1,336,915 at March 31, 2006 were down from \$1,624,131 at December 31, 2005 primarily as \$80,345 was expended on the Ontario exploration projects, \$83,424 on administrative expenses and \$90,674 on reduction of liabilities.

At March 31, 2006, the Company had mining properties with a total book value of \$2,935,186. The balance sheet values may not represent that which could be obtained were the properties to be offered for sale at this time. The investments totaling \$127,000 in shares of Trade Winds Ventures Inc. are treated as long-term investments.

Mineral Properties - Schedule of Deferred Exploration Expenditure

For Three Month Period Ended March 31, 2006

Canadian Funds

Mineral Properties	Alexander	Aurora	Sunday Lake	King Bay	Total
Geology, geophysics, geochemistry	\$1,399	\$5,216	-	\$15,721	\$22,326
Drilling	-	-	-	50,428	50,428
Travel and accommodation	-	-	-	-	-
Equipment, property lease & other	-	7,249	322	-	7,581
Total	\$1,399	\$12,465	\$322	\$66,149	\$80,335

Mineral Properties - Schedule of Deferred Exploration Expenditure

For Three Month Period Ended March 31, 2005

Canadian Funds

Mineral Properties	Alexander	Aurora	Sunday Lake	King Bay	Total
Geology, geophysics, geochemistry	\$700	-	-	\$15,819	\$16,519
Drilling	5,189	-	-	185,090	190,279
Travel & Accommodation	-	-	-	1,882	1,882
Equipment, property lease & other	-	279	6,899	10,269	17,447
Total	\$5,889	\$279	\$6,899	\$213,060	\$226,127

Related Party Transactions

Amounts paid and accrued in the quarter include the expenditures incurred by directors and corporations controlled by the directors for general expenses of \$26,912, exploration expenses of \$1,680; corporate expenses of \$ 10,500 and legal services of \$1,620.

Included in accounts payable and accrued liabilities at March 31, 2006 were \$10,000 and \$88,011 respectively due to these related parties. All amounts were incurred in the normal course of business and are measured at the exchange amount.

Significant Accounting Policies & Risk Factors

The Company's Accounting Policies have been disclosed in the Financial Statements for the Year ended December 31, 2005. The principal Risk Factors impacting the Company have been disclosed in the Company's Annual Information Form for the year ended December 31, 2005 which can be viewed on SEDAR at www.sedar.com. These documents are available from the Company upon request or can be viewed on SEDAR at www.sedar.com.

Management considers the following to be the most critical in understanding the judgments that are involved in preparing the Company's financial statements and the uncertainties that could impact its results of operations, financial condition and future cash flows.

Use of Estimates - the preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. The most significant estimates are related to the carrying value of resource interests and its recoverability, site restoration costs and asset retirement and related obligations. Actual results could differ from those estimates.

Mineral Properties and Deferred Exploration Expenditures - In accordance with its accounting policies the Company capitalizes exploration and development costs incurred on its exploration properties. Management's estimates of the recoverable reserves and resources, operating and capital costs and future metal prices are all subject to risks and uncertainties which may affect the assessment of recoverability of amounts recorded for resource interests. Upon commencement of production capitalized costs will be subject to depreciation and depletion over the estimated useful life of the project.

Stock Based Compensation - In 2004 the Company adopted new recommendations on Accounting for Stock Based Compensation and the revisions thereto effective January 1, 2004. The Company records compensation cost on the grant of stock options to employees and non-employees.

Financial Instruments

Fair value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities on the consolidated balance sheets approximate fair value because of the limited terms of these instruments.

Foreign exchange risk

Certain of the Company's expenses are incurred in Zimbabwean, Tanzanian and United States currencies and are therefore subject to gains or losses due to fluctuations in these currencies against the Canadian Dollar.

Commodity Price Risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

Disclosure of Outstanding Share Capital

The Company has unlimited authorized share capital of a single class of common shares of which, at March 31, 2006, 59,767,677 common shares were issued. Each common share entitles the holder to one vote. The common shares rank equally for dividends and for all distributions upon dissolution or wind up.

During the first quarter of 2006, 204,000 common shares of the Company were cancelled which were purchased under a Normal Course Issuer Bid.

At March 31, 2006, the Company had 4,700,000 stock options issued pursuant to the Company's Stock Option Plan.

Outlook

The Company plans an ongoing program of exploration on its Canadian projects during 2006 with significant emphasis on diamond drilling. Sufficient funds are available directly or through joint venture contributions to support continued exploration activities for 2006 but the Company will have to seek additional financing to more aggressively pursue exploration on its Alexander and King Bay properties and to continue exploration into 2007. There is no guarantee that such financing can be secured.

Caution on Forward-Looking Information

This report may contain forward-looking statements within the meaning of the United States Private Securities Legislation Reform Act of 1995. Such forward-looking statements are subject to risks, uncertainties and other factors described under the caption "Risk Factors" in the Company's Annual Information Form.