

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

Interim Consolidated Financial Statements

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

March 31, 2007

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Conquest Resources Limited*(A Development Stage Company)***Interim Consolidated Balance Sheets***Canadian Funds**Unaudited - these financial statements have not been reviewed by the Company's Auditors*

	March 31 2007 \$	December 31 2006 \$
ASSETS		
Current		
Cash and cash equivalents	873,438	1,295,851
Amounts receivable	75,737	87,584
Prepaid expense	<u>9,965</u>	<u>9,965</u>
	959,140	1,393,400
Other assets		
Investments	90,000	90,000
Exploration properties and deferred exploration expenditures (Note 2)	<u>3,318,929</u>	<u>3,017,189</u>
	3,408,929	3,107,189
	<u>4,368,069</u>	<u>4,500,589</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	121,402	180,283
Future income tax liability (Note 5)	113,000	-
Shareholders' equity		
Capital stock (Note 3a)	9,081,236	9,217,228
Warrants (Note 3c)	147,146	147,146
Contributed surplus	1,542,840	1,519,740
Deficit	<u>(6,637,555)</u>	<u>(6,563,808)</u>
	4,133,667	4,320,306
	<u>4,368,069</u>	<u>4,500,589</u>

- See Accompanying Notes -

Conquest Resources Limited*(A Development Stage Company)***Interim Consolidated Statements 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*

	2007	2006
	\$	\$
Expenses		
Stock-based compensation	23,100	-
Office and general	27,083	53,539
Corporate expenses	28,803	16,856
Professional fees	7,000	9,327
Travel and promotion	<u>1,153</u>	<u>3,702</u>
Loss before the under-noted	87,139	83,424
Write down of exploration properties	<u>9,600</u>	
	=	
Loss before income taxes	96,739	83,424
Future income taxes (Note 5)	<u>(22,992)</u>	<u>-</u>
Net loss for the period	73,747	83,424
Deficit, beginning of period	6,563,808	6,024,106
Deficit, end of period	6,637,555	6,107,530

- See Accompanying Notes -

Conquest Resources Limited
(A Development Stage Company)
Interim Consolidated Statements of Cash Flows
For the three months ended March 31

Canadian Funds

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

	2007	2006
	\$	\$
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		
Net (loss) income for the period	(73,747)	(83,424)
Item not involving cash		
Write down of exploration properties	9,600	-
Future income taxes	(22,992)	-
Stock-based compensation	<u>23,100</u>	-
	(64,039)	(83,424)
Changes in non-cash working capital balances	(47,034)	(123,447)
Cash flow (used in) operating activities	<u>(111,073)</u>	<u>(206,871)</u>
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		
Mineral properties and deferred exploration expenditures	<u>(311,340)</u>	<u>(80,345)</u>
(Decrease) in cash equivalents	(422,413)	(287,216)
Cash and cash equivalents, beginning of period	1,295,851	1,624,131
Cash and cash equivalents, end of period	<u>873,438</u>	<u>1,336,915</u>

- See Accompanying Notes -

Conquest Resources Limited*(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements**

For the Three Month Period Ended March 31

*Canadian Funds**Unaudited - these consolidated financial statements have not been reviewed by the Company's Auditors***1. Basis of Presentation**

The accompanying unaudited consolidated 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, 2007 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2007. For further information, see the Company's consolidated financial statements including the notes thereto for the year ended December 31, 2006.

2. Exploration Properties & Deferred Exploration expenditures*Canadian Funds*

	December 31, 2006	Additions (Write-offs)	March 31, 2007
CANADA			
Alexander	\$1,411,124	-	\$1,411,124
Smith Lake	635,069	-	635,069
Aurora	486,315	-	486,315
King Bay	469,121	311,340	786,461
Others	<u>5,960</u>	<u>-</u>	<u>5,960</u>
Total Canada	<u>\$3,007,589</u>	<u>\$311,340</u>	<u>\$3,318,929</u>
AFRICA			
Tanzania	<u>9,600</u>	<u>(9,600)</u>	<u>-</u>
Total Africa	<u>\$9,600</u>	<u>(9,600)</u>	<u>-</u>
Total	<u>\$3,017,189</u>	<u>\$301,740</u>	<u>\$3,318,929</u>

Subsequent to the end of the quarter, Barrick terminated its joint venture on the Suguti property in Tanzania. As a result, the carrying value of the company's African properties of \$9,600 has been written off.

**Exploration Properties - Schedule of Deferred Exploration Expenditures
For Three Month Period Ended March 31, 2007**

Canadian Funds

	Alexander	Aurora	King Bay	African properties	Total
	\$	\$	\$	\$	\$
Geology, geophysics and geochemistry	-	-	25,877	-	25,877
Drilling	-	-	229,904	-	229,904
Travel and accommodation	-	-	22,572	-	22,572
Equipment, property lease and other	-	-	32,987	-	32,987
Write off - African properties				(9,600)	(9,600)
Total additions	-	-	311,340	(9,600)	301,740

For Three Month Period Ended March 31, 2006

Canadian Funds

	Alexander	Aurora	King Bay	Sunday Lake	Total
	\$	\$	\$	\$	\$
Geology, geophysics and geochemistry	1,399	5,216	15,721	-	22,336
Drilling	-	-	50,428	-	50,428
Travel and accommodation	-	-	-	-	-
Equipment, property lease and other	-	7,249	-	332	7,581
Total additions	1,399	12,465	66,149	332	80,345

c) *Warrants*

As at March 31, 2007 and at December 31, 2006, the Company had the following outstanding share purchase warrants:

<u>Warrants</u> #	<u>Value</u> \$	<u>Exercise Price</u> \$	<u>Expiry Date</u>
2,896,153	130,300	\$0.20 and 0.30	December 15, 2008
*461,538	16,846	\$0.20 and 0.30	December 15, 2008
<u>3,357,691</u>	<u>147,146</u>		

* Comprised of 230,769 broker compensation options exercisable into units and 230,769 warrants from such units.

Each warrant entitles the holder to purchase one common share of the Company.

4. Profit and Loss Per Share

	Three Months Ended March 31	
	2007	2006
Net loss for the period	\$73,747	\$83,424
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 62,663,830 (March 31, 2006 – 59,767,677) common shares.

5. Future income taxes

As at December 31, 2006 the Company had non capital losses and unused cumulative Canadian Exploration and Development Expenses which were fully utilized to offset future income tax liabilities that arose on the issue of flow through shares in previous years.

During the year ended December 31, 2006 the Company renounced to its subscribers of 2,896,153 flow through units Canadian exploration expenditures of \$376,500. The Company has applied the accounting treatment recommended by the Canadian Institute of Chartered Accountants - Emerging Issues Committee Recommendation #146(EI-146) requiring the transaction to be reported in the first quarter of 2007. The net effect of the adoption of EIC-146 has resulted in the recognition in the quarter of the estimated tax benefits renounced by the Company to the investors in the flow through shares. As a result a future income tax liability of \$135,992 less the current period recovery of \$22,992 (equal to \$113,000) and a corresponding reduction in shareholders equity was recorded. A future Income Tax Recovery equivalent to the tax effect of the taxable loss for the quarter (calculated at the 36% tax rate) was credited to income.

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE INTERIM PERIOD ENDED MARCH 31, 2007

(Form 52-109F2)

CONQUEST RESOURCES LIMITED
Management's Discussion and Analysis
FOR THE INTERIM PERIOD ENDED MARCH 31, 2007
(Dated May 29, 2007)

(Form 52-109F2)

Company Overview

Conquest Resources Limited ("Conquest" or "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 2007

During the first quarter, Conquest's exploration activities continued to be mainly concentrated in Canada on the King Bay Property at Sturgeon Lake. The Company also evaluated gold and silver projects, some with near-term production capability, in the USA and Mexico.

Conquest carried out a winter drill program from the ice over King Bay in the first quarter of 2007 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. The drilling resulted in gold mineralization being encountered in 9 out of 11 holes and in all of the five W-Series magnetic anomalies. It is significant that four samples of blue-black quartz (BBQ) veining from the W4 anomaly contained fine grained free gold (visible gold). Significant gold values (up to a maximum of 74.55g/t gold) were intersected over narrow widths (maximum 1.05 metres).

Conquest considers the W-Series anomalies to be the sources of the Western, lower grade, boulder train. Within this source area, further drill investigation both along strike and down dip of anomalies W3, W4 and W5 is warranted. The source of the higher grade boulders delineated in the Eastern and Central boulder trains has yet to be found. Exploration will now focus within a much more restricted area (200m x 400m) of search to locate the source of those higher grade boulder trains. Following the completion of the winter 2007 drilling program Conquest has earned a 60% interest in the King Bay project.

On the Alexander Property at Red Lake, Conquest continued data evaluation and pursued an initiative with respect to the potential revitalization of its Red Lake project. Conquest's Alexander property lies immediately east of Goldcorp's Red Lake mine and is almost completely surrounded by Goldcorp claim holdings. The Red Lake mine is claimed by Goldcorp to be the richest gold mine in the world with historic and current gold resources of over 25 million ounces of gold. A new two-year exploration strategy is being prepared which will include significant additional drilling to test deeper targets and will require significant financing.

Subsequent to the end of the quarter, the Company's joint venture partner, Trade Winds Ventures Inc. advised the Company that it has relinquished its option on the Aurora Project at Detour Lake. Conquest now holds a 100% interest in the Aurora and nearby Sunday Lake and Nash Creek Properties. The Sunday Lake property is located immediately east of the former Detour gold mine along the Sunday Lake Deformation Zone, the same structure that hosted the Detour deposit and which is the target of a very significant new exploration initiative by Detour Gold Mines Inc.

Also, subsequent to the end of the quarter, Barrick advised that it intends to return the Suguti property, Tanzania to the Company. As a result, the carrying value of the Company's Tanzania properties has been written off. In Zimbabwe the Company's projects in the Midland's Goldfield have remained on a care and maintenance pending an improvement in the local political, economic and security situation.

Financial Highlights - 1QR 2007

Conquest incurred a loss for the first quarter of 2007 of \$73,747 (\$0.01 per share) compared to a loss of \$83,424 (\$0.01 per share) in the first quarter of 2006. Included in the loss in the first quarter of 2007 were a non-cash charge of \$23,100 in respect to stock based compensation, a write down of exploration properties in Tanzania properties of \$9,600 and a future income tax recovery of \$22,992. The future income tax recovery relates to the tax effect of the renunciation by the Company of Canadian Exploration Expenditures of \$376,500 arising on the issue during 2006 of flow through shares. There were no comparable items in the first quarter of 2006.

The Company recorded no revenue in the first quarter of 2007 or 2006.

Administrative expense during the first quarter of 2007 amounted to \$ 64,039 compared to \$83,424 in the first quarter of 2006.

Industry Trends and Risks

The price of gold and other metals continued at high levels during the quarter. Despite 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

	1QR05 (\$)	2QR05 (\$)	3QR05 (\$)	4QR05 (\$)	1QR06 (\$)	2QR06 (\$)	3QR06 (\$)	4QR06 (\$)	1QR07 (\$)
Net Loss per share	(0.01)	(0.01)	(0.01)	0.01	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Net Loss* before taxes	(159,644)	(111,211)	(158,060)	382,752	(83,424)	(154,551)	(73,203)	(158,624)	(87,139)
Total assets	4,581,118	4,451,821	4,291,374	4,637,116	4,463,018	4,392,779	4,304,707	4,500,589	4,368,069

* Before Write down of exploration properties & deferred exploration expenditures

Liquidity and Capital Resources

Total assets decreased to \$4,368,069 at March 31, 2007 from \$4,500,089 at December 31, 2006 primarily as a result of administrative expenses. Total liabilities decreased to \$121,402 at March 31, 2007 from \$180,283 at December 31, 2006. The Company had a working capital surplus of \$837,738 at March 31, 2007 compared to \$1,213,117 at December 31, 2006 with the decline being primarily due to funds expended on the Ontario exploration projects and administrative expenses.

At March 31, 2007, the Company had mineral properties with a total book value of \$3,318,929. The balance sheet values may not represent that which could be obtained were the properties to be offered for sale at this time.

Conquest is adequately financed to undertake its stated goals for 2007 but will likely require additional funding to more aggressively pursue exploration on the Alexander and King Bay Properties and to pursue any new project acquisitions.

Contractual and Lease Commitments

The Company is committed to a minimum rental under a lease for its premises, which will expire on April 30, 2011. Pursuant to agreements with sub-tenants, the Company's share of the rent is not expected to exceed \$42,000 per year.

The minimum lease commitments for future years are as follows:

2007 (April –December)	\$80,303
2008	107,071
2009	107,071
2010	107,071
2011	<u>35,690</u>
	<u>\$437,206</u>

Mineral Properties - Schedule of Deferred Exploration Expenditure

For Three Month Period Ended March 31, 2007

Canadian Funds

	Alexander	Aurora	King Bay	Sunday Lake	Total
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Geology, geophysics and geochemistry	-	-	25,877	-	25,877
Drilling	-	-	229,904	-	229,904
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Total additions	-	-	311,340	-	311,340

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Travel and accommodation	-	-	-	-	-
Equipment, property lease and other	-	7,249	-	332	7,581
Total additions	1,399	12,465	66,149	332	80,345

Related Party Transactions

Transactions with related parties have occurred in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The expenses for the year include expenses incurred by directors or to corporations owned by or that employ directors for exploration expenses of \$17,975, corporate and administrative expenses of \$10,954 and travel and entertainment of \$502.

Included in accounts payable and accrued liabilities at March 31, 2007 is \$88,203 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

The Company's Accounting Policies have been disclosed in the Financial Statements for the Year Ended December 31, 2006. Risk factors have been disclosed in the Company's Annual Information Form. for the Year Ending December 31, 2006. These documents are available from the Company upon request or can be viewed online 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 the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the year. Actual results could differ from estimates. During the fiscal years presented, management has made a number of significant estimates and valuation assumptions, including the recoverability of investments in exploration properties, the future costs associated with environmental remediation and site restoration matters, fair value of financial instruments, valuation of investments, valuation of tax accounts and factors affecting the valuation of stock-based compensation and share purchase warrants. These estimates and valuation assumptions are based on present conditions and management's planned course of action, as well as an assumption about future business and economic conditions. Should the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

Exploration Properties and Deferred Exploration Expenditures - These assets are carried at historical cost. The cost of exploration properties and related exploration and development costs are deferred. These costs will be amortized over the estimated useful life of the properties following commencement of commercial production or written off if the properties are sold, allowed to lapse, or the property shows no promise from prior exploration results, or management determines that there is a permanent and significant impairment in value. All of the Company's properties are considered to be in the exploration or development stage and none have achieved commercial production. Accordingly any revenue generated from testing or pilot plant processing is credited to deferred exploration expense. The Company does not accrue the future costs to keep the properties in good standing. Administrative expenditures, not directly related to property maintenance, are charged to operations as incurred.

Stock Based Compensation – The Company records compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of stock options is recognized over the vesting period as compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to capital stock. The Black-Scholes model was developed for use in estimating the fair value of freely traded options which are fully transferable and have no vesting restrictions. The Company's options have characteristics that are significantly different from those of traded options and changes in any of the assumptions used can materially affect fair value estimates.

Changes In Accounting Policies Including Initial Adoption

Effective January 1, 2007, the company adopted the revised CICA Section 1506 "Accounting Changes", which requires that: (a) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (c) for changes in estimates, the nature and amount of the change should be disclosed. The company has not made any voluntary change in accounting principles since the adoption of the revised standard.

Effective January 1, 2007, the company adopted the two new accounting standards and related amendments to other standards on financial instruments issued by the CICA. Prior periods have not been restated.

(i) Financial Instruments - Recognition and Measurement, Section 3855

This standard prescribes when a financial asset, financial liability, or non-financial derivative is to be recognized on the balance sheet and whether fair value or cost-based methods are used to measure the recorded amounts. It also specifies how financial instrument gains and losses are to be presented.

Effective January 1, 2007, the company's cash equivalents, temporary investments and investments in marketable securities have been classified as available-for-sale and re recorded at fair value on the balance sheet. Fair values are determined directly by reference to published price quotations in an active market. Changes in the fair value of these instruments are reflected in other comprehensive income and included in shareholders' equity on the balance sheet. All derivatives are recorded on the balance sheet at fair value. Mark-to-market adjustments on these instruments are included in net income, unless the instruments are designated as part of a cash flow hedge relationship. In accordance with the standard's transitional provisions, the company recognizes as separate assets and liabilities only embedded derivatives acquired or substantively modified on or after January 1, 2003.

All other financial instruments will be recorded at cost or amortized cost, subject to impairment reviews. The criteria for assessing an other than temporary impairment remain unchanged.

Transaction costs incurred to acquire financial instruments are included in the underlying balance. Regular-way purchases and sales of financial assets are accounted for on the trade date.

(ii) Comprehensive Income, Section 1530

This standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative instruments and foreign currency gains and losses relating to self-sustaining foreign operations, all of which are not included in the calculation of net earnings until realized.

The effect on the company's balance sheet of adopting these standards is not material as there is no significant difference to market.

Disclosure on Outstanding Share Capital

The Company has unlimited authorized share capital of a single class of common shares of which, at March 31, 2007, 62,663,830 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.

At March 31, 2007, the Company had 3,357,691 share purchase warrants outstanding and 5,400,000 share options issued pursuant to the Company's Stock Option Plan. The share purchase warrants will expire on December 15, 2008

Industry Trends and Outlook

Despite buoyant metals market, some resource exploration 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.

The Company plans an ongoing program of exploration on its Canadian projects during 2007 with significant emphasis on diamond drilling. Sufficient funds are available to support continued exploration activities for 2007 but the Company will have to seek additional financing to more aggressively pursue exploration on its Alexander and King Bay properties and/or to complete the acquisition of any new projects. 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.