

**CONQUEST RESOURCES LIMITED**  
*(A Development Stage Company)*

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

*Unaudited – prepared by management*

**Second Quarter**

**For the six month period ended June 30, 2010**

(The Company's Auditors have not reviewed the financial statements for the period ended June 30, 2010)

**CONQUEST RESOURCES LIMITED**  
*(A Development Stage Company)*

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**For the six month period ended June 30, 2010**

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**CONQUEST RESOURCES LIMITED***(A Development Stage Company)***Interim Consolidated Balance Sheets***Unaudited - prepared by management***As at June 30, 2010**

	June 30, 2010	December 31, 2009 (Audited)
	\$	\$
<b>ASSETS</b>		
Current		
Cash and cash equivalents	798,719	950,682
Restricted cash	-	824,750
Amounts receivable	41,560	56,094
Prepaid expense	45,000	-
	<u>885,279</u>	<u>1,831,525</u>
Investments (Note 4)	30,000	20,000
Investment in mineral properties (Note 5)	<u>4,593,939</u>	<u>3,471,469</u>
	<u><u>5,509,218</u></u>	<u><u>5,322,995</u></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	<u>205,361</u>	<u>131,336</u>
<b>LONG TERM LIABILITY</b> (Note 8)	<u>162,500</u>	<u>162,500</u>
<b>FUTURE INCOME TAX LIABILITY</b>	<u>37,000</u>	<u>37,000</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (Note 6(a))	11,320,048	10,976,048
Warrants (Note 6(b)).	254,108	254,108
Contributed surplus (Note 6(d))	1,789,986	1,843,986
Accumulated other comprehensive income	-	-
Deficit	<u>(8,259,785)</u>	<u>(8,081,983)</u>
	<u>5,104,357</u>	<u>4,992,159</u>
	<u><u>5,509,218</u></u>	<u><u>5,322,995</u></u>
Commitments and contingencies (Notes 1, 5 and 8)		

APPROVED ON BEHALF OF THE BOARD:

Signed "John F. Kearney" , DirectorSigned "T.N. McKillen" , Director

See accompanying notes to the consolidated financial statements.

**CONQUEST RESOURCES LIMITED***(A Development Stage Company)***Interim Consolidated Statements of Operations and Comprehensive Loss and Deficit***Unaudited - prepared by management***For the period ended June 30**

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
	\$	\$	\$	\$
Expenses				
Stock-based compensation	-	-	-	160,000
Office and general	15,049	9,777	32,631	23,137
Corporate expenses	23,861	8,773	60,589	41,654
Professional fees	50,425	63,591	80,975	86,815
Travel	6,776	3,486	13,607	6,381
	<u>96,111</u>	<u>85,627</u>	<u>187,802</u>	<u>317,987</u>
Loss before the undernoted				
Write down of investments	8,000	8,000	(10,000)	(9,000)
	<u>104,111</u>	<u>93,627</u>	<u>177,802</u>	<u>308,987</u>
Net and comprehensive loss for the period				
Deficit, beginning of period	8,155,674	7,783,940	8,081,983	7,568,580
Other comprehensive loss	-	-	-	-
	<u>8,259,785</u>	<u>7,877,567</u>	<u>8,259,785</u>	<u>7,877,567</u>
Net loss per common share				
- Basic and diluted	0.001	0.001	0.002	0.005
Weighted average common shares outstanding	77,876,371	65,677,529	77,769,893	65,677,529

See accompanying notes to the consolidated financial statements.

**CONQUEST RESOURCES LIMITED***(A Development Stage Company)***Interim Consolidated Statements of Cash Flows****Interim Consolidated Statements of Cash Flows**

For the six month period ended June 30

*Unaudited - prepared by management*

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
	\$	\$	\$	\$
CASH (USED IN) PROVIDED BY:				
OPERATING ACTIVITIES:				
Net loss for the period	(104,111)	(93,627)	(177,802)	(308,987)
Adjustments for:				
Stock-based compensation	-	-	-	160,000
Future income tax	-	-	-	-
Decrease (increase) in investments	8,000	8,000	(10,000)	(9,000)
	<u>(96,111)</u>	<u>(85,627)</u>	<u>(187,802)</u>	<u>(157,987)</u>
Net change in non-cash working capital	<u>(17,737)</u>	<u>34,188</u>	<u>43,559</u>	<u>27,904</u>
	(113,848)	(51,439)	(144,243)	(130,083)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in restricted cash	578,877	-	824,750	-
Investment in mineral properties, net of recoveries	(644,938)	(34,480)	(922,470)	(47,999)
	<u>(66,061)</u>	<u>(34,480)</u>	<u>(97,720)</u>	<u>(47,999)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Exercise of stock options	-	-	90,000	-
	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>-</u>
Change in cash and cash equivalents	<u>(179,909)</u>	<u>(85,919)</u>	<u>(151,963)</u>	<u>(178,082)</u>
Cash and cash equivalents, beginning of period	<u>978,628</u>	<u>292,555</u>	<u>950,682</u>	<u>384,718</u>
Cash and cash equivalents, end of period	<u><u>798,719</u></u>	<u><u>206,636</u></u>	<u><u>798,719</u></u>	<u><u>206,636</u></u>

**SUPPLEMENTAL INFORMATION**

Cash and cash equivalents consist of:

Cash	198,719	4,829
Cash equivalents net of restricted cash	600,000	701,807
Less: restricted cash	-	(500,000)
	<u>798,719</u>	<u>206,636</u>
Stock-based compensation (Notes 5 and 6)	<u>200,000</u>	-

See accompanying notes to the consolidated financial statements

**CONQUEST RESOURCES LIMITED**  
*(A Development Stage Company)*  
**Notes to the Consolidated Financial Statements**  
**For the six month period ended June 30, 2010**

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**1. CONTINUANCE OF OPERATIONS**

These unaudited consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that Conquest Resources Limited (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 operations. The Company is in the development stage, as defined by the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 11, with no history of profitability. There is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its properties.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations; however, there is no assurance that these funds will be available on terms acceptable to the Company or at all.

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying interim consolidated financial statements. Such adjustments could be material.

**2. NATURE OF OPERATIONS**

The exploration activities of the Company are directed towards the search, evaluation and development of mineral resources in Canada. There has been no determination whether the Company's interests in its properties contain ore reserves which are economically recoverable. The Company's exploration and development operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been applied for will be granted. Major expenditures are required to locate and establish reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to mineral properties is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition. Management reviews the carrying value of the Company's interest in each property and where necessary, exploration properties are written down to their estimated recoverable amount. Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, provision for impairment in the carrying value of its investment in mineral properties and related assets. Although the Company has taken steps to verify title to properties in which it has an interest in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements or transfers or native land claims, and title may be affected by undetected defects.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), consistently applied, which include the following significant accounting policies.

**(a) Basis of consolidation**

These interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries.

**(b) Investment in mineral properties**

Exploration and development expenses relating to mineral properties in which the Company has an interest are deferred until the properties are brought into production, at which time they are amortized on a unit-of-production basis. Other general exploration expenses are charged to operations as incurred. The cost of mineral properties abandoned or sold and their related deferred exploration costs are expensed to operations in the year of abandonment or sale.

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**(b) Investment in mineral properties (continued)**

Costs include the cash consideration and the fair market value of the shares issued for the acquisition of mineral properties. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company are recorded in the accounts at the time of payment.

The Company reviews capitalized costs on its mineral properties on a periodic basis and will recognize impairment in value based upon current exploration or production results, if any, and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property. Management's assessment of the property's estimated current value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

**(c) Asset retirement obligations**

The Company will record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its mining properties. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion expense on the discounted liability. An equivalent amount is recorded as an increase to investment in mineral properties and amortized over the useful life of the properties. Management is currently not aware of any existing asset retirement obligations and the Company does not currently have any legal obligations relating to the reclamation of its interest in mineral properties.

**(d) Interests in joint ventures**

A portion of the Company's exploration activities is conducted jointly with others wherein the Company enters into agreements that provide for specified percentage interests in mineral properties. Expenditures on these properties are capitalized to exploration properties. Joint venture accounting, which reflects the Company's proportionate interest in exploration properties, is applied by the Company only when the parties have earned their respective interests and enter into formal comprehensive agreements for ownership and exploration participation.

**(e) Use of estimates**

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the year. During the fiscal years presented, management has made a number of significant estimates and valuation assumptions, including the recoverability of investments in mineral properties, the future costs associated with environmental remediation and site restoration matters, fair value of financial instruments, valuation of investments, valuation of contingent liabilities and related expected insurance proceeds, 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.

**(f) Flow-through financing**

The Company has financed a portion of its exploration activities in Canada through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock and the related exploration costs have been charged to investment in mineral properties.

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation will reduce share capital. The Company has indemnified the subscribers of the flow-through shares for any tax related amounts that become payable in connection with their flow-through share subscriptions.

**(g) Income taxes**

The Company follows the asset and liability method of accounting for income taxes. Using this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the income tax bases of assets and liabilities and are measured using the enacted or substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

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**(h) Loss per share**

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share, as a result all outstanding convertible securities have been excluded from diluted loss per share.

**(i) Foreign currency translation**

The Canadian dollar is the functional currency of all of the Company's operations, which are classified as integrated for foreign translation purposes.

Under the temporal method, monetary assets and liabilities are translated at the rate of exchange prevailing at the period end; investment in mineral properties are translated at the rates prevailing at the acquisition dates; and revenue and expenses are translated at average rates of exchange during the period, with the exception of amortization which is translated at historical exchange rates. Exchange gains and losses are included in the consolidated statements of operations and deficit.

**(j) Cash and cash equivalents**

Cash and cash equivalents include cash and highly liquid investments with original maturities of three months or less. The Company invests cash in term deposits maintained in high credit quality institutions.

Cash and cash equivalents exclude restricted cash. Restricted cash represents amounts that must be spent on the mineral properties as a result of the issuance of flow-through shares. See Note 8(a).

**(k) 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 the 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.

**(l) Financial instruments**

Financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in operations or net loss for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive loss until the asset is removed from the balance sheet or until impairment is assessed as other than temporary. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net loss for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive loss.

The Company's investments are classified as "held-for-trading" and is measured at fair value. Changes in its value is recognized in net loss for the year. Investments in securities having quoted market values and which are publicly traded on a recognized securities exchange and for which no sales restrictions apply are recorded at values based on the current bid prices.

**(m) Comprehensive loss**

Comprehensive loss, composed of net loss and other comprehensive loss, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive loss for the Company includes unrealized gains and losses on available-for-sale securities and changes in fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive loss are disclosed in the statement of operations and comprehensive loss. Cumulative changes in other comprehensive loss are included in accumulated other comprehensive loss ("AOCL") which is presented as a separate category in shareholders' equity. As at June 30, 2010 and 2009, other comprehensive loss equalled net loss and no separate statement was prepared.

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**(n) New Accounting Standards**

*Fair Value Hierarchy and Liquidity Risk Disclosure*

In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, "Financial Instruments Disclosures" in an effort to make Section 3862 consistent with IFRS Section 7 - Disclosures ("IFRS 7"). The purpose was to establish a framework for measuring fair value in Canadian GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The adoption of these amendments resulted in additional disclosures in the notes to the consolidated financial statements.

**(o) Future Accounting Changes**

*International Financial Reporting Standards ("IFRS"):*

On February 13, 2008, the Accounting Standards Board ("AcSB") confirmed that publicly accountable entities will be required to prepare financial statements in accordance with IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company has assessed the impact of the implementation of IFRS and is preparing an opening balance sheet as at January 1, 2010 in accordance with IFRS. The conversion to IFRS will affect the Company's accounting policies, information technology and data systems.

*Sections 1582, Business Combinations, 1601, Consolidations and 1602, Non-controlling Interests*

In January 2009, the CICA issued these new sections to replace Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements". Section 1582 will apply to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. A bargain purchase will result in the recognition of a gain. Acquisition costs will be expensed. Any non-controlling interest will be recognized as a separate component of shareholders' equity and net income will be allocated between the controlling and non-controlling interests. These new standards will apply to fiscal years beginning on or after January 1, 2011. The Company does not believe that this new Section will have an impact on its consolidated financial statements.

**4. INVESTMENT**

**Investment in Trade Winds Ventures Inc.**

As at June 30, 2010, the Company owned 200,000 shares of Trade Winds Ventures Inc. ("Trade Winds"), a company listed on the TSX Venture Exchange, with a quoted market value of \$30,000. During 2009, the investment increased by \$12,000 to its quoted market value of \$20,000 at December 31, 2009, and during the second quarter of 2010, decreased by \$8,000 from its quoted market value of \$38,000 at March 31, 2010 to its value at June 30, 2010 of \$30,000.

**5. INVESTMENT IN MINERAL PROPERTIES**

The following table shows the investment in mineral properties:

	December 31 2008	Additions (Write down)	December 31 2009	Additions (Write down)	June 30 2010
	\$	\$	\$	\$	\$
Alexander	1,430,431	528,146	1,958,577	898,659	2,857,236
Aurora Detour	511,802	24,886	536,688	221,357	758,045
King Bay	970,190	6,014	976,204	2,454	978,658
<b>Total</b>	<b>2,912,423</b>	<b>559,046</b>	<b>3,471,469</b>	<b>1,122,470</b>	<b>4,593,939</b>

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**Alexander Property, Red Lake, Ontario**

The Company has earned a 100% interest in the Alexander Property, a group of patented mining claims situated in Central Balmer Township, Red Lake Mining District, Ontario, subject to a 2% net smelter return ("NSR") in favour of Energold Minerals Inc. ("Energold"). Energold is controlled by a director of the Company.

**Aurora Property, Detour Lake, Ontario**

Pursuant to a Letter Agreement dated March 7, 2002 with Prism Resources Inc. ("Prism"), as amended March 3, 2004 and as further amended July 25, 2004, the Company acquired all of Prism's rights to earn up to a 100% interest in the Aurora Property, subject to a 7.5% net profits interest ("NPI") payable to Prism.

The Aurora Property consists of a group of mining leases and mining claims situated at Detour Lake, Ontario, comprising three blocks named Aurora and Tie-On (collectively the "Aurora Property"), and Sunday Lake, which are subject to an underlying Option and Joint Venture Agreement ("Option Agreement") between Prism and Boliden Westmin (Canada) Limited ("Boliden Canada"). The Company earned an initial 60% interest in the Aurora and Sunday Lake properties located at Detour Lake, Ontario, by spending in excess of \$350,000 on exploration and development prior to June 30, 2004. The Company has elected to earn a further 40% (total 100%) interest in the property, subject to a 2% NSR payable to Boliden Canada and a 7.5% NPI payable to Prism, by spending a cumulative \$4,385,816 on exploration and development programs by December 31, 2012.

In order for the Company to be vested with its initial 60% interest, Prism was required to make a payment of \$200,000 to Boliden Canada by July 1, 2004. In 2004, the Company negotiated an agreement with Boliden Canada which provided that the \$200,000 payment could be satisfied by the issue to Boliden Canada of 1,000,000 common shares of the Company at an agreed price of \$0.20 per share and Boliden Canada agreed to extend the deadline for such payment. In July 2004 Boliden Canada was acquired by Breakwater Resources Limited.

On March 15, 2010, the Company signed an Amending Agreement to the Option Agreement with NVI Mining Ltd., an indirectly wholly owned subsidiary of Breakwater Resources Ltd. and successor to Boliden Canada, (collectively "Breakwater") and with Prism whereby the Company agreed to satisfy the outstanding payment obligation to Breakwater of \$200,000 through the issuance to Breakwater of 1,000,000 common shares of the Company, which were issued during the period and the Company thereby completed the acquisition by the Company of 60% interest in the Aurora and Sunday Lake properties. A total of \$2,249,533 has been expended on explorations of the Aurora and Sunday Lake properties.

In April, 2010, the Company entered into a letter of agreement ("LOA") with Detour Gold Corporation ("Detour Gold") whereby Detour Gold will purchase Conquest's interest in the Aurora Property and will have the option to earn a 50% interest in Conquest's Sunday Lake Property. See subsequent events Note 11.

**King Bay Property, Sturgeon Lake, Ontario**

Pursuant to an agreement dated August 18, 2004 with KBG Minerals Corporation ("KBG"), the Company earned a 60% working interest in the King Bay gold project by expending \$600,000 on exploration prior to April 30, 2008. The Company earned its 60% interest in February 2007 whereupon a joint venture was formed with the Company as the Operator. The Company is seeking reimbursement from KBG of its share of certain costs. If either party's working interest is reduced below 10% due to non-participation, its interest will be converted to a 10% net profits interest ("NPI"). The property is subject to an underlying agreement between KBG and Tribute Minerals Corporation ("Tribute") under which Tribute holds a 1.5% NSR on any production from the property. See Note 9.

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**6. CAPITAL STOCK**

**(a) Common shares**

**Authorized**

Unlimited common shares

**Issued**

	Shares #	Amount \$
Balance at December 31, 2009	81,813,637	10,976,048
Exercise of stock options	900,000	90,000
Exercise of stock options - value reallocation	-	54,000
NVI Mining (Breakwater) Option Agreement	<u>1,000,000</u>	<u>200,000</u>
Balance at June 30, 2010	<u><u>83,713,637</u></u>	<u><u>11,320,048</u></u>

On March 15, 2010, the Company issued to NVI Mining Ltd. 1,000,000 common shares of the Company to complete the acquisition by the Company of 60% interest in the Aurora property, located at Detour Lake, Ontario.

**(b) Share Purchase Warrants**

Summary of warrants outstanding at June 30, 2010:

	Number of warrants #	Grant Date Fair Value \$	Exercise Price \$	Expiry Date
	10,000,000	110,000	0.10	December 30, 2013
	2,650,448	124,543	0.26	December 21, 2010
	<u>326,086</u>	<u>19,565</u>	0.23	December 21, 2010
Total	<u><u>12,976,534</u></u>	<u><u>254,108</u></u>		

Share purchase warrant transactions for the respective years were as follows:

	Warrants #	Grant Date Fair Value \$
Balance December 31, 2008	10,000,000	110,000
Granted	<u>2,976,534</u>	<u>144,108</u>
Balance December 31, 2009	<u><u>12,976,534</u></u>	<u><u>254,108</u></u>
Balance at June 30, 2010	<u><u>12,976,534</u></u>	<u><u>254,108</u></u>

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**(c) Stock Options**

The board of directors has approved a stock option plan for directors, officers, management, employees and other persons who perform ongoing services for the Company or any of its subsidiaries. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth.

The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed ten percent of the total number of common shares outstanding immediately prior to such an issuance. The maximum number of common shares reserved for issuance to any one participant upon the exercise of options is not to exceed five percent of the total number of common shares outstanding immediately prior to such an issuance. The options are non-assignable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the board of directors at the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

The following table summarizes the stock options outstanding as at June 30, 2010:

Stock options

Number of Common shares	Exercise Price \$	Expiry Date
300,000	0.12	March 12, 2011
600,000	0.15	June 15, 2011
300,000	0.13	March 18, 2012
3,200,000	0.10	March 13, 2014
<u>4,400,000</u>	<u>0.11</u>	

Stock option transactions for the period ended June 30, 2010 were as follows:

	Number of Options	Weighted Average Exercise Price \$
Balance, December 31, 2009	5,700,000	0.11
Expired	(400,000)	0.10
Exercised	(900,000)	0.10
Balance, June 30, 2010	<u>4,400,000</u>	<u>0.11</u>

The weighted average remaining contractual life of options outstanding at June 30, 2010 is 2.02 (2009 – 2.60) years.

The weighted average exercise price for options that are exercisable at June 30, 2010 amounted to \$0.11 (2009 - \$0.11) per option.

**(d) Contributed Surplus**

Contributed surplus transactions for the period ended June 30, 2010 were as follows:

Balance, December 31, 2009	\$ 1,843,986
Exercise of stock-based compensation options	<u>(54,000)</u>
Balance, June 30, 2010	<u>\$ 1,789,986</u>

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**7. RELATED PARTY TRANSACTIONS**

Related party transactions were 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.

Amounts paid and accrued include the following expenditures which were incurred with directors and officers of the Company, corporations with directors and/or officers in common with the Company, and corporations controlled by directors and/or officers of the Company.

	<u>2010</u>	<u>2009</u>
	\$	\$
Office and general	7,200	12,415
Legal fees	43,984	25,213
	<u>51,184</u>	<u>37,628</u>

Included in accounts payable and accrued liabilities at June 30, 2010 is \$33,150 (2009 - \$103,455) due to the above noted related parties. Such amounts are due on demand, unsecured and non-interest bearing.

**8. COMMITMENTS AND CONTINGENCIES**

- a) The Company's mining and exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
- b) The Company negotiated a plea agreement with respect to six charges which had been issued under the Ontario Occupational Health and Safety Act relating to an accident that occurred in December 2007 at the King Bay project. The Company agreed to enter a guilty plea in respect of one charge and agreed to a fine of \$130,000, with two years to make the payment. The remaining five charges were withdrawn. The fine is subject to a 25% government mandated victim impact surcharge. The Company has commenced legal proceedings to seek indemnity and recovery of the full amount of the penalty and legal costs from its joint venture partner on the King Bay Project, KBG Minerals Corporation, which is the registered owner of the mineral claims and from the supervisor of the Project.

On December 14, 2009, the Company and its directors were served with a Statement of Claim on behalf of the estate and family of the contractor involved in the accident at the King Bay project. The estate is claiming damages of \$1.0 million for alleged negligence and breach of contract while the family is claiming \$1.5 million for alleged loss of care and companionship pursuant to the Family Law Act of Ontario. The Company denies any negligence or breach of contract on its part and has referred the Claim to its insurers which has engaged counsel to defend the action. The Company has joined its joint venture partner, KBG Minerals Corporation, and the supervisor of the project in the action. By order of the Court on June 14, 2010, the claim against the Company's directors and officers was dismissed. The Company is unable at the current time to determine the likelihood, or quantum, of any potential damages against the Company and no provision has been made in these financial statements.

**9. FINANCIAL INSTRUMENTS**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

**Fair value**

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 term of these instruments. The investment is stated at its quoted market value.

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*(A Development Stage Company)*  
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**Interest rate risk**

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by major Canadian banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

**Credit risk**

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's risk is low as it is primarily attributable to funds held in Canadian banks and commodity taxes recoverable from the Government of Canada, which are included in amounts receivable.

**Commodity price risk**

The ability of the Company to develop its property and the future profitability of the Company is directly related to the market price of certain minerals, particularly gold.

**Liquidity Risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At June 30, 2010, the Company had cash and cash equivalents of \$798,719 (Dec. 31, 2009 - \$950,682) to settle current liabilities of \$205,361 (Dec. 31, 2009 - \$131,336). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

**Market Risk**

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals.

**Capital Risk**

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its mineral properties. The capital structure of the Company consists of cash, cash equivalents and capital stock.

**Sensitivity Analysis**

The Company has designated its cash and cash equivalents, restricted cash and investments as held-for-trading, which are measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized costs. Accounts payable and accrued liabilities and long-term liability are classified as other financial liabilities, which are measured at amortized cost.

As at June 30, 2010, the carrying value of the Company's financial instruments represent their fair value.

Cash equivalents are invested in investment-grade short-term deposit certificates. Based on management's knowledge and experience in the financial markets, sensitivity to a plus or minus 1% change in rates, based on the current balance of cash equivalents, would affect the net loss by plus or minus \$6,000 during a one-year period.

As at June 30, 2010, the Company did not hold any balances in foreign currencies that would give rise to exposure to foreign exchange risk.

**Fair Value Hierarchy and Liquidity Risk Disclosure**

At June 30, 2010, the Company's financial instruments that are carried at fair value, consisting of cash and cash equivalents, restricted cash and investments have been classified as Level 1 within the fair value hierarchy.

**10. CAPITAL MANAGEMENT**

The capital of the Company consists primarily of its shareholders' equity.

The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, development and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. All equity financings require the approval of the Board of Directors.

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The Company invests all capital that is surplus to its immediate operational needs in short term, highly-liquid financial instruments, such as short term guaranteed investment certificates, held with a major Canadian financial institution.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes to the Company's approach to capital management during the period ended June 30, 2010. The Company is not subject to externally imposed capital requirements.

## **11. SUBSEQUENT EVENTS**

In August 2010, subsequent to the end of the period, the Company entered into an acquisition agreement with NVI Mining Ltd. ("NVI") to purchase the remaining 40% interest in the Aurora and Sunday Lake properties that the Company did not previously own, together with the 2% NSR interest held by NVI, for a consideration of \$1 million to be satisfied through the payment of \$500,000 cash and the issuance, subject to regulatory approval, of 3,125,000 common shares of Conquest.

In August 2010, the Company and Detour Gold agreed to amend the Letter of Agreement (See Note 5), whereby the Company will convey to Detour Gold, subject to regulatory and other approvals, a 100% undivided interest in the Aurora Property free and clear of the 2% net smelter royalty. The consideration has been amended to a cash consideration of \$2.0 million. The consideration will also include the issuance, subject to regulatory approval, of 100,000 shares of Detour Gold to Conquest.

In addition, Detour Gold will have an option to acquire a 50% joint venture interest in the Sunday Lake Property by completing \$1.0 million in exploration expenditures on the Sunday Lake Property over the next two years with a minimum of \$500,000 in the first year. The Aurora Property and the Sunday Lake Property each remain subject to an interest held by Prism Resources Inc. equal to 7.5% of the net profits from the properties.

The Transaction with Detour Gold is expected to close in the third quarter of 2010. Closing of the Transaction is conditional upon (i) completion of satisfactory due diligence by Detour Gold; (ii) receipt of regulatory, contractual and corporate consents and approvals; (iii) entering into a formal agreement for the Transaction; (iv) Detour Gold and Conquest entering into a joint venture agreement providing Detour Gold with a right to earn a 50% interest in Conquest's interest in the Sunday Lake Property; and (v) the satisfaction of other customary conditions. TSX Venture Exchange approval was obtained on August 13, 2010.

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**MANAGEMENT DISCUSSION AND ANALYSIS**

Dated August 25, 2010

**For the six-month period ended June 30, 2010**

(Form 51-102F1)

**CONQUEST RESOURCES LIMITED**  
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**Management Discussion and Analysis**  
**For the six-month period ended June 30, 2010**

*Date: August 25, 2010*

## **General**

The following discussion of financial condition, results of operations and future prospects should be read in conjunction with the interim consolidated financial statements for the period ended June 30, 2010 of Conquest Resources Limited. ("Conquest" or the "Company"), which have been prepared in accordance with Canadian generally accepted accounting principles.

## **Company Overview**

Conquest is a Toronto, Canada based public company incorporated in 1945 and whose shares are listed on the TSX Venture Exchange (TSX-V) 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 Ontario, Canada, on which the principal target is gold.

## **Overall Performance**

During the period ended June 30, 2010, Conquest's exploration activities continued in Canada with a focus on ongoing drilling at the Alexander Property at Red Lake, Ontario.

## **Alexander Property**

Conquest's Alexander Property lies immediately east of Goldcorp Inc.'s Red Lake and Campbell mines in the heart of the Red Lake Gold Camp and is almost completely surrounded by Goldcorp's land holdings on the important "Mine Trend" regional structure. Management believes that the Company holds one of the most prospective land positions in the Red Lake camp. The Red Lake mine is claimed by Goldcorp to be the richest gold mine in the world. The Red Lake Mining District has produced in excess of 25 million ounces of gold over the past 60 years. The important Balmer Assemblage volcanic rocks, which host the majority of gold produced from the Red Lake greenstone belt, and the adjacent Bruce Channel sedimentary rocks which host some of the new gold discoveries at Red Lake, have been identified on the Alexander Property. These prospective host rocks lie within the Mine Trend Structural Corridor which extends southeast from Goldcorp's two gold mines into and across the Alexander Property.

In July 2008, Goldcorp acquired Gold Eagle Mines to consolidate its Bruce Channel property, located on the Red Lake Trend to the west of Goldcorp's producing mines, for a reported \$1.3 billion. This indicates the substantial valuation that a prospective property in the Red Lake camp can achieve.

Conquest has located a number of gold bearing structures on the Alexander Property through trenching and drilling and the Company has developed and implemented a multi-year, phased exploration strategy to test identified targets by drilling. The targets include following surface and near surface gold mineralization down dip and evaluating the possibility that the Red Lake mine mineralization may be over-folded onto the Alexander property on the northern limb of the Balmer Syncline. Many of the regional structures that have associated gold mineralization in the area of the two producing gold mines at Red Lake extend on to the Alexander Property.

The Company commenced a second phase of drilling in February 2010 which will comprise approximately 8,000 metres of surface NQ drilling to depths of 2,000 metres to test targets within the Balmer Assemblage. Drilling will involve eight standard wedges from downhole depths between 1,000 and 1,500 metres. Approximately 4,500 metres of NQ sized parent hole drilling will be included in the proposed total 8,000 metres of exploration drilling.

The first hole in the deep drill program, CR-10-039, was collared in a steeply dipping northeast direction from the southwest corner of the Alexander Property and was completed in 75 days of drilling to a hole depth of 2,084 metres. This hole is the deepest drilled on the property to date.

Hole CR-10-039 intersected a favorable shear zone in basalts belonging to the Balmer Assemblage over 10 metres in the hole (approximately 7.2 metres true thickness) at a depth of 790 vertical metres. The zone is characterized by three metres of hanging wall brecciation followed by a zone of shearing and strong silica-quartz-carbonate and biotite alteration over this interval. Similar rocks to these at the adjacent Goldcorp Red Lake mine are host to high grade mineralization within similar shear structures that are believed to extend onto the Alexander Property.

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Assay values from this structure returned marginally anomalous gold values and the zone provides encouragement for gold mineralizing potential both up- and down-dip along this structure which is untested and open in all directions.

The underlying Bruce Channel sediments were also found to contain several encouraging 10 to 50 metre thick sections of sheared meta-sediments which were locally found to contain massive sulphide replacement and cherty iron formations. One of such horizons was discovered to contain elevated gold ranging from 0.2 to 8.49 grams per tonne over several metres. The most significant sample returned 8.49 g/t over 1.0 metres at a vertical depth of 1,615 metres. True thickness of these horizons is unknown as they have never been tested and outcrop 1,700 metres up-dip on the northern portion of the Alexander Property under the Red Lake Mine tailings pond.

The first wedged hole of the program, CR-10-039-W1, was cut from a depth of 320 metres in the first parent hole CR-10-039. This hole was completed to a total hole depth of 1,226 metres in 28 days of drilling. CR-10-039-W1 intersected the targeted sheared Balmer structures which correlate well to those horizons cut in the nearby parent hole. The hole was completed in the Bruce Channel Formation approximately 15 metres below the Balmer – Bruce Channel Unconformity. The wedge hole confirmed the presence of elevated gold values (less than 1.0 g/t) in the sheared Balmer basalts. The second parent hole of the program, CR-10-040, has been collared approximately 400 metres to the east of the first parent hole under the western portion of the Alexander property. The hole is planned to a depth of 1,700 metres, targeting several shear structures in the Balmer basalts and is planned to follow-up the gold bearing horizon discovered in CR-10-039 approximately 300 metres to the east of the 8.49 g/t gold assay over one metre intersection in cherts hosted within the Bruce Channel Formation. Hole CR-10-040 will be maintained for subsequent wedging.

In late July, Conquest commenced a 1,200 metre exploration drill program in the central portion of the Alexander property, concurrent with the ongoing 8,000 metre deep drilling program underway in the western portion of the property. The program is comprised of three drill holes to a planned depth of 500 metres targeted at the Sulphide Shear Zone that was discovered in 2003 drilling and surface trenching. This program is expected to be completed by late August.

A surface trenching program was completed in early August that exposed 80 metres of the Sulphide Shear Zone in the central portion of the Alexander property. The Company performed a detailed structural mapping and sampling program on this new trench, where a seven metre true-thickness mineralized and strongly carbonate-silica-biotite altered shear zone was uncovered on strike with the Sulphide Shear Zone outlined by Conquest in 2003.

Channel samples were cut from the trench on a locally established grid across the entire width of the shear zone. Anomalous gold values were returned over the most intensely oxidized hanging-wall portions of the shear zone in the range of 50 to 200 ppb. The highest values were found to occur in the footwall of the shear zone between 300 and 400 ppb.

Conquest plans to conduct a further 20,000 metres of diamond drilling in subsequent phases of exploration, subject to additional financing, on the Alexander Property which will test the Balmer Assemblage stratigraphy below the western and central portions of the property. The focus for the Company is to continue a systematic drilling in untested structures interpreted to extend from the adjacent Red Lake Mine (Goldcorp) within volcanic lithologies below the 700 metre level at the Alexander Property.

The Company's Alexander claim holdings are patented and do not require any annual minimum expenditures, other than minimal property or mineral taxes. The Company has spent \$2,857,236 on exploration to date and estimates the cost of the next two phases of drilling to amount to \$4,000,000, of which \$1.5 million is estimated for the second phase in 2010 which has already commenced, and for which the Company is adequately financed.

### **Aurora Detour**

The Company's Detour Lake properties comprise the 88 square kilometre Aurora and Sunday Lake properties which are located very close to Detour Gold Inc.'s Detour Lake gold development project. The Aurora property is situated 500 metres to the south of the proposed open pit mine. Detour Gold has completed a pre-feasibility study for the development of a 45,000 tonnes per day open pit mine based on a currently defined resource of 8.81 million contained ounces of gold for an average annual gold production of approximately 560,000 ounces at an average Life of Mine cash operating cost of \$404/oz.

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Conquest's Sunday Lake claim group, a separate group of claims, is located east of the proposed new open pit mine and the former Detour underground gold mine. The eastern extension of the Sunday Lake Deformation Zone crosses the length of Conquest's Sunday Lake claim group.

The Company's Detour Lake properties comprise mining leases and mineral claims with no minimum annual expenditure required, other than mineral lease taxes. Conquest holds a 60% interest in the Property, subject to an option and joint venture agreement with NVI Mining Ltd. ("NVI"), an indirectly owned subsidiary of Breakwater Resources and successor to Boliden Canada, (collectively "Breakwater").

On March 15, 2010, the Company signed an Amending Agreement to the Option Agreement with Breakwater and with Prism whereby the Company agreed to satisfy the outstanding payment obligation to Breakwater of \$200,000 through the issuance to Breakwater of 1,000,000 common shares of the Company, which were issued during the period and the Company thereby completed the acquisition by the Company of 60% interest in the Aurora and Sunday Lake properties. A total of \$2,249,533 has been expended on explorations of the Aurora and Sunday Lake properties.

In August 2010, subsequent to the end of the period, the Company entered into an amending and acquisition agreement with Breakwater to purchase the remaining 40% interest in the Aurora and Sunday Lake properties that it did not previously own, together with the 2% net smelter royalty interest held by Breakwater, for a consideration of \$1 million to be satisfied through the payment of \$500,000 cash and the issuance, subject to regulatory approval, of 3,125,000 common shares of Conquest.

In April, 2010, the Company entered into a letter of agreement ("LOA") with Detour Gold Corporation ("Detour Gold") whereby Detour Gold will have the option to earn a 50% interest in Conquest's Sunday Lake Property and Detour Gold will purchase Conquest's interest in the Aurora Property.

Under an amended agreement with Detour Gold signed in August 2010, the Company agreed to convey to Detour Gold, subject to regulatory and other approvals, a 100% undivided interest in the Aurora Property free and clear of the 2% net smelter royalty. The consideration has been amended to a cash consideration of \$2.0 million, rather than \$1.0 million, to reflect that at the time of Detour Gold's acquisition from the Company, the Aurora Property and the Sunday Lake Property will not be subject to the 2% net smelter royalty. The consideration will include the issuance, subject to regulatory approval, of 100,000 shares of Detour Gold to Conquest. In addition, Detour Gold will have an option to acquire a 50% joint venture interest in the Sunday Lake Property by completing \$1.0 million in exploration expenditures on the Sunday Lake Property over the next two years with a minimum of \$500,000 in the first year. The Aurora Property and the Sunday Lake Property each remain subject to an interest held by Prism Resources Inc. equal to 7.5% of the net profits from the properties.

The Transactions with Breakwater and Detour Gold are expected to close in the third quarter of 2010. Closing of the Transactions is conditional upon (i) completion of satisfactory due diligence by Detour Gold; (ii) receipt of regulatory, contractual and corporate consents and approvals; (iii) entering into a formal agreement for the Transaction; (iv) Detour Gold and Conquest entering into a joint venture agreement providing Detour Gold with a right to earn a 50% interest in Conquest's interest in the Sunday Lake Property; and (v) the satisfaction of other customary conditions. TSX Venture Exchange approval was obtained on August 13, 2010.

### **King Bay**

The King Bay Property at Sturgeon Lake, Ontario, is a Joint Venture between Conquest 60% and KBG Minerals Corporation 40%. The King Bay project comprises a combination of Mining Leases and Mineral Claims. Due to the value of the exploration programs carried out over the past several years, the mineral claims are in a credit position with respect to minimum work commitments and do not have any minimum expenditure requirement over the next several years, other than minimal mining lease taxes. The Company has expended \$978,658 on the King Bay project to date. The Company is seeking reimbursement from KBG Minerals, the Company's joint venture partner for \$130,431 being its 40% share of certain joint venture costs. The Company believes that a source of the high grade boulder trains remains undetected.

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**Future Plans**

The Company's focus in 2010 will concentrate on the Alexander property at Red Lake where the second phase of a planned two year deep drill program is underway. The exploration budget for the Alexander property for this phase of drilling is approximately \$1,500,000 which has been financed. Implementation of the proposed follow-up drill program will require additional financing

The recently announced sale and joint venture agreements with Detour Gold on the Company's Aurora and Sunday Lake properties will give the Company a net liquidity of approximately \$4.4 million, which includes \$2 million in cash and the current value of the 100,000 shares of Detour Gold, less \$500,000 payment to NVI.

Detour Gold will undertake a \$500,000 exploration program on Conquest Sunday Lake Property over the next year.

**Exploration Properties and Deferred Exploration Expenditures**

For the six-month periods ended June 30, 2010 and 2009

	Alexander		Aurora		King Bay		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
Geology, geophysics and geochemistry	31,878	15,776	-	3,875	-	3,835	31,878	23,486
Drilling	788,213	3,214	-	4,400	-	-	788,213	7,614
Travel and accommodation	47,821	10,965	-	-	-	-	47,821	10,965
Equipment, property lease and other	30,747	2,592	21,357	1,532	2,454	1,810	54,557	5,934
Sub total	898,659	32,547	21,357	9,807	2,454	5,645	922,470	47,999
Property acquisition	-	-	200,000	-	-	-	200,000	-
Total additions	898,659	32,547	221,357	9,807	2,454	5,645	1,122,470	47,999

**Exploration Properties - Schedule of Deferred Exploration Expenditures**

For the three-month periods ended June 30, 2010 and 2009

	Alexander		Aurora		King Bay		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
Geology, geophysics and geochemistry	18,580	14,618	-	2,989	-	1,894	18,580	19,501
Drilling	599,569	3,214	-	-	-	-	599,569	3,214
Travel and accommodation	21,546	10,965	-	-	-	-	21,546	10,965
Equipment, property lease and other	5,243	800	-	-	-	-	5,243	800
Total additions	644,938	29,597	-	2,989	-	1,894	644,938	34,480

**Qualified Person**

Terence N. McKillen, P. Geo., Chief Executive Officer and Director of Conquest Resources Limited, is the Company's Qualified Person for the purposes of National Instrument 43-101 and has approved the technical disclosures in this MD&A.

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**Results of Operations**

The Company recorded no revenue in 2010 or 2009.

For the three and six month periods ended June 30, 2010, the Company incurred losses of \$104,111 (\$0.001 per share) and \$177,802 (\$0.002 per share) respectively, compared to \$93,627 (\$0.001 per share) and \$308,987 (\$0.005 per share) for the three and six months periods ended June 30, 2009. Included in the June 30, 2010 loss was a write down to market of \$8,000 for the three month period and an unrealized gain to market of \$10,000 for the six month period on the investment Trade Winds Venture Inc. The loss at June 30, 2009 included \$160,000 stock-based compensation. There was no such expense in 2010.

Administrative expense for the three and six month periods ended June 30, 2010 amounted to \$96,111 and \$187,802 respectively, compared to \$85,627 and \$157,987 for the same periods in 2009.

**Summary of Quarterly Results**

	3QR08	4QR08	1QR09	2QR09	3QR09	4QR09	1QR10	2QR10
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net loss before extraordinary items	(40,773)	(12,239)	(215,360)	(93,627)	(217,198)	(79,218)	(73,691)	(104,111)
Net loss	(53,773)	(27,199)	(215,360)	(93,627)	(217,198)	12,782	(73,691)	(104,111)
Net loss per share (before extra. Items)	(0.001)	(0.000)	(0.003)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Net loss per share	(0.001)	(0.000)	(0.003)	(0.001)	(0.001)	0.000	(0.001)	(0.001)
Total assets	3,344,886	3,822,949	3,754,548	3,691,103	3,820,865	5,322,995	5,598,161	5,509,218
Working Capital	321,867	777,219	691,340	571,233	284,935	1,700,189	1,420,966	679,918

- The first quarter 2009 includes a charge of \$160,000 in respect to stock-based compensation
- The second quarter 2009 includes \$50,281 legal fees incurred in defending the Company against the lawsuit described under "Commitments and Contingencies".
- The third quarter 2009 includes \$162,500 for settlement on the lawsuit.
- The fourth quarter 2009 net loss includes future income tax recovery of \$92,000.
- Total assets and working capital in the fourth quarter of 2009 reflect the receipt of the private placement financing.
- The second quarter 2010 net loss includes \$23,588 legal fees related to the Detour Gold deal discussed above.

**Liquidity and Capital Resources**

Total assets increased to \$5,509,218 at June 30, 2010 from \$5,322,995 at December 31, 2009. The Company had a working capital surplus of \$679,918 at June 30, 2010 compared to a surplus of \$1,700,190 at December 31, 2009. Cash and short-term investments of \$798,719 at June 30, 2010 decreased from \$1,775,432 at December 31, 2009 primarily as a result of exploration expenditures during the period.

At June 30, 2010, the Company had mineral properties with a total book value of \$4,593,939. Management has considered the carrying value of its mineral properties and has determined that, primarily because of the good location of its properties in close proximity to major gold deposits, no impairment is appropriate. The balance sheet values may not represent that which could be obtained if the properties were to be offered for sale at this time.

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In December 2009, the Company completed a non-brokered private placement of 3,585,869 flow-through shares at \$0.23 per share and 5,300,895 non flow-through units at \$0.19 per unit, for total proceeds of \$1,831,920. Each Unit comprises one common share and one-half of a common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to purchase one common share of Conquest at an exercise price of \$0.26 per share for one year. The estimated grant date fair value of the warrants related to this private placement amounted to \$124,543.

Completion of this financing has enabled Conquest to continue the exploration program on its Red Lake property in 2010, but the Company will require additional funding to more aggressively pursue exploration at Red Lake and to pursue any new project acquisitions.

In April 2010, the Company entered into the sale and joint venture agreement with Detour Gold on the Company's Aurora and Sunday Lake properties (amended August 2010), which will result in a transaction value to the Company of approximately \$4.5 million, which includes \$2 million in cash and the current value of the 100,000 shares of Detour Gold, less \$500,000 payment to NVI.

The Company is adequately financed to complete its stated goals for 2010; however, the Company's continued operation is dependent upon its ability to obtain the financing necessary to provide adequate working capital for the foreseeable future. The Company may face difficulties in accessing capital markets depending on the current market environment. The Company has no debt and its mineral properties have low holding costs. Mineral exploration is mostly discretionary and administrative expenses can be sustained at minimal levels. Accordingly, management believes that the Company should be able to maintain its properties and carry out its planned programs for a number of years.

### **Commitments and Contingencies**

The Company negotiated a plea agreement with respect to six charges which had been issued under the Ontario Occupational Health and Safety Act relating to an accident that occurred in December 2007 at the King Bay Project. The Company agreed to enter a guilty plea in respect of one charge of failing to provide information about the thickness of the ice and agreed to a fine of \$130,000, with two years to make the payment. The fine is subject to a 25% government mandated victim impact surcharge. The Company has commenced legal proceedings to seek indemnity and recovery of the amount of the penalty and legal costs from its joint venture partner on the King Bay Project, KBG Minerals Corporation, the registered owner of the mineral claims and from the supervisor of the project.

On December 14, 2009, the Company and its directors were served with a Statement of Claim on behalf of the estate and family of the contractor involved in the accident at the King Bay project. The estate is claiming damages of \$1.0 million for alleged negligence and breach of contract while the family is claiming \$1.5 million for alleged loss of care and companionship pursuant to the Family Law Act of Ontario. The Company denies any negligence or breach of contract on its part and has referred the Claim to its insurers which has engaged counsel to defend the action. The Company has joined its joint venture partner, KBG Minerals Corporation, and the supervisor of the project in the action. By order of the Court on June 14, 2010, the claim against the Company's directors and officers was dismissed. The Company is unable at the current time to determine the likelihood, or quantum, of any potential damages against the Company and no provision has been made in these financial statements.

### **Related Party Transactions**

Related party transactions were 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.

Amounts paid and accrued include the following expenditures which were incurred with directors and officers of the Company, corporations with directors and/or officers in common with the Company, and corporations controlled by directors and/or officers of the company.

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**Related Party Transactions (Continued)**

	<u>2010</u>	<u>2009</u>
	\$	\$
Office and general	7,200	12,415
Legal fees	43,984	25,213
	<u>51,184</u>	<u>37,628</u>

Included in accounts payable and accrued liabilities at June 30, 2010 is \$33,150 (2009 - \$16,253) payable to Neil J.F. Steenberg, Director, for legal fees. Accounts payable at June 30, 2009 also included an amount of \$87,202 covering an interest free loan due to Energold Minerals, a company controlled by a director of the Company, the loan was repaid in December 2009. Such amounts are due on demand, unsecured and non-interest bearing.

During the period ended June 30, 2010, the Company made payments totaling \$7,200 (2008 - \$12,415) to Labrador Iron Mines, a company with common directors, for office rent.

**Critical Accounting Estimates**

The Company's financial statements are prepared in accordance with Canadian GAAP and require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities, if any. The Company's management makes assumptions that are believed to be reasonable under the circumstances and that are based upon historical experience, current conditions and expert advice. These estimates are reviewed on an ongoing basis for updated information and facts. The use of different assumptions would result in different estimates, and actual results may differ from results based on these estimates.

The following is a discussion of the accounting estimates that are considered by management to be significant in determining the Company's financial results and position:

**New Accounting Standards**

*Fair Value Hierarchy and Liquidity Risk Disclosure*

In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, "Financial Instruments Disclosures" in an effort to make Section 3862 consistent with IFRS Section 7 - Disclosures ("IFRS 7"). The purpose was to establish a framework for measuring fair value in Canadian GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The adoption of these amendments resulted in additional disclosures in the notes to the consolidated financial statements.

**Future Accounting Standards**

*Sections 1582, Business Combinations, 1601, Consolidations and 1602, Non-controlling Interests*

In January 2009, the CICA issued these new sections to replace Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements". Section 1582 will apply to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. A bargain purchase will result in the recognition of a gain. Acquisition costs will be expensed. Any non-controlling interest will be recognized as a separate component of shareholders' equity and net income will be allocated between the controlling and non-controlling interests. These new standards will apply to fiscal years beginning on or after January 1, 2011. The Company does not believe that these new Sections will have an impact on its consolidated financial statements.

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***International Financial Reporting Standards ("IFRS"):***

On February 13, 2008, the Accounting Standards Board ("AcSB") confirmed that publicly accountable entities will be required to prepare financial statements in accordance with IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company has developed a three phase changeover plan to adopt IFRS by January 1, 2011 as follows:

- (i) **Scope and Plan:** This first phase involved the development of an initial project plan and structure, the identification of differences between IFRS and existing Canadian GAAP, and an assessment of their applicability and the expected impact on the Company.
- (ii) **Design and Build:** The second phase includes the detailed review, documentation and selection of accounting policy choices relating to each IFRS standard. This phase will also include assessing the impact of the conversion on business activities, including the effect on information technology and data systems, income tax, internal controls over financial reporting, and disclosure controls. In this phase, accounting policies will be finalized, first-time adoption exemptions and exceptions will be considered, and draft financial statements and note disclosures will be prepared.
- (iii) **Implement and Review:** The final phase involves the actual implementation of IFRS standards. This phase will involve the finalization of IFRS conversion impacts, approval and implementation of accounting policies, implementation and testing of new processes, systems and controls, and the execution of detailed training where required.

The Company's expected IFRS transition date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported on the Company's opening IFRS balance sheet as at January 1, 2010 and amounts reported by the Company for the year ending December 31, 2010.

The Company is continuing to assess the financial reporting impacts of adopting IFRS in 2011. The Company believes that the changes identified to date are minimal. The Company's staffs involved in the preparation of financial statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies.

The CEO, CFO and certain other directors currently sit on the Boards of companies that report under IFRS and have knowledge of IFRS. The needs of other members of the audit committee and the Company generally, are being reviewed in 2010 with the expectation that training at an appropriate level can be completed by the end of 2010. The Board of Directors and the Audit Committee have been updated on the progress of the IFRS conversion.

Differences between IFRS and Canadian GAAP, in addition to those referenced further under "Accounting Policy Impacts and Decisions", may continue to be identified based on further detailed analyses by the Company and other changes in IFRS prior to the Company's conversion to IFRS in 2011.

***Accounting Policy Impacts and Decisions:*** The Company has completed its initial assessment of the impacts of adopting IFRS based on the standards as they currently exist, and has identified the following as having the greatest potential to impact the Company's accounting policies, financial reporting and information systems requirements upon conversion to IFRS.

- ***Presentation and Disclosure***

IFRS requires significantly more disclosure than Canadian GAAP for certain standards, most of which do not apply to the Company. The increased disclosure requirements may cause the Company to change financial reporting processes to ensure the appropriate data is collected.

- ***Deferred exploration and development costs***

Canadian GAAP is more comprehensive than IFRS, which only provides guidance up to the point that technical feasibility and commercial viability of extracting is demonstrated. Canadian GAAP allows for the capitalization of certain exploration and development costs. IFRS allows accounting in line with Canadian GAAP for the exploration and evaluation phase but expenditures beyond the exploration and evaluation phase must be considered in line with the capitalization criteria for PP&E and/or intangible assets.

- ***Impairment of Assets***

IAS 36, *Impairment of Assets* ("IAS 36") uses a one-step approach for testing and measuring asset impairments, with asset carrying values being compared to the higher of value in use and fair value less costs to sell. Value in use is defined as being equal to the present value of future cash flows expected to be derived from the asset in its current state. In the absence of an active market, fair value less costs to sell may also be determined using discounted cash flows. The use of discounted cash flows under IFRS to test and measure asset impairment differs from Canadian

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GAAP where undiscounted future cash flows are used to compare against the asset's carrying value to determine if impairment exists. This may result in more frequent adjustments in the carrying value of assets under IFRS since asset carrying values that were previously supported under Canadian GAAP based on undiscounted cash flows may not be supported on a discounted cash flow basis under IFRS. However, under IAS 36, previous impairment losses may be reversed where circumstances change such that the impairment has been reduced. This also differs from Canadian GAAP, which prohibits the reversal of previously recognized impairment losses.

- *Provisions and Contingent Liabilities*

IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37") requires a provision to be recognized when: (i) there is a present obligation as a result of a past transaction or event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate can be made of the obligation. The threshold for recognizing a provision under Canadian GAAP is higher than under IFRS. It is possible, therefore, that some contingent liabilities which would not have been recognized under Canadian GAAP may meet the criteria for recognition as a provision under IFRS.

- *Foreign exchange, Functional Currency and IFRS*

*Functional currency* is the currency of the primary economic environment in which the entity operates. The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. IFRS requires that the functional currency of the Company and its subsidiaries be determined separately, and the factors considered to determine functional currency are different than in Canadian GAAP. *Foreign exchange translation*; under IFRS, assets and liabilities are translated at the closing rate at the date of balance sheet. All resulting exchange rate differences are recognized as a separate component of equity.

The Company does not expect any changes to its accounting policies related to foreign currency to have a material impact on the Company's results.

- *Stock-based Compensation*

Under Canadian GAAP, vesting of employee stock options can be recognized on a straight-line basis whereas IFRS requires that each tranche of stock option vesting is treated as having a separate fair value. The amount of the expense recognized under IFRS may be different to that under Canadian GAAP and is recognized more up-front, however, the differences are not expected to have a material impact on the Company.

- *Income Taxes*

IAS 12, *Income Taxes* ("IAS 12") prescribes that an entity account for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Therefore, where transactions and other events are recognized in earnings, the recognition of deferred tax assets or liabilities that arise from those transactions should also be recorded in earnings. For transactions that are recognized outside the statement of earnings, either in other comprehensive income or directly in equity, any related tax effects should also be recognized outside the statement of earnings.

- *IFRS 1, First-Time Adoption of IFRS*

IFRS 1 provides the framework for the first-time adoption of IFRS and specifies that, in general, an entity shall apply the principles under IFRS retrospectively. IFRS 1 also specifies that the adjustments that arise on retrospective conversion to IFRS from other GAAP should be recognized directly in retained earnings. Certain optional exemptions and mandatory exceptions to retrospective application are provided for under IFRS 1.

The various accounting policy choices available are being assessed and those determined to be most appropriate will be implemented. At the current time, the Company expects to apply the following optional exemptions under IFRS 1: (a) Share-based payments (stock-based compensation) vested as at June 30, 2010 will not be retrospectively applied, and (b) financial instruments designated as held for trading under Canadian GAAP will be designated as at fair value through profit or loss (to the extent permitted) in order to maintain the current accounting practice of changes in fair value being reported directly in the statement of operations.

Prior to reporting interim financial statements in accordance with IFRS for the quarter ended March 31, 2011, the Company may decide to apply other optional exemptions contained in IFRS 1.

- *Information Systems*

It is anticipated that the adoption of IFRS will have some impact on information systems requirements. As the Company is using internationally recognized accounting software, it is expected that the modifications required for an efficient conversion to IFRS will be completed in time for the implementation.

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The IASB has a number of ongoing projects on its agenda, in addition to the project on accounting for rate-regulated activities, that may result in changes to existing IFRS prior to the Company's conversion to IFRS in 2011. The Company continues to monitor these projects and the impact that any resulting IFRS changes may have on its accounting policies, financial position or results of operations under IFRS for 2011 and beyond. The Company is preparing an opening balance sheet as at January 1, 2010 in accordance with IFRS.

## **Risk Factors**

In conducting its business, Conquest faces a number of risks common to the mining and exploration industry. These are summarized below. There are also certain specific risks including those listed below, associated with an investment in the Company and prospective investors should consider carefully these specific risk factors associated with an investment in the Company.

### **Stage of Development**

All of the Company's properties are in the exploration or pre-production stage. There can be no assurance that the Company will be able to develop and operate any of these projects profitably, or that its activities will generate positive cash flow.

Exploration and development of minerals is a speculative venture involving substantial risk. There is no certainty that the expenditures to be made by the Company will result in discoveries of commercial quantities of ore. Hazards such as unusual or unexpected formations and other conditions are involved.

The development of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of processing equipment, proximity of the necessary infrastructure, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. The exact effect of these factors cannot be accurately predicted.

### **Additional Financing**

The Company's ability to continue exploration, development and expansion of production of its properties will be dependent upon its ability to raise additional financing. No assurances can be made that the Company will be able to raise such additional capital.

### **Dependence upon Key Personnel**

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, including in particular its Chairman and its President. The loss of services of any of its management could have a material adverse effect on the Company. The Company does not maintain key man insurance on any of its management.

### **Laws and Regulations**

The Company's mining and exploration activities may be affected by the extent of the country's political and economic stability and the nature of government regulation relating to the mining industry and foreign investors therein. Changes in regulation or shifts in political conditions are beyond the control of the Company and may adversely affect its business and its holdings. In addition, mining operations may be affected by government regulations with respect to production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

### **Insurance**

The Company may become subject to liability for cave-ins, environmental impacts or other hazards of mineral exploration and production against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the Company's financial position. The directors of the Company know of no such liability pending or otherwise at this time.

### **Adequate Labour**

The Company will depend upon recruiting and maintaining other qualified personnel to staff its operations. The Company believes that such personnel currently are available at reasonable salaries and wages in the geographic areas in which the Company intends to operate. There can be no assurance, however, that such personnel will always be available in the future. In addition, it cannot be predicted whether the labour staffing at any of the Company's projects will be unionized, resulting in potentially higher operating costs.

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**Gold or Other Metal Prices**

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 commodities and specifically gold as well as the capitalization of the Company and the general receptiveness of the markets to junior equities.

The price of gold, as well as other precious and base metals, has experienced some volatility over short periods of time and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (including the U.S. dollar relative to the Canadian dollar and other currencies), interest rates, global or regional consumption patterns, speculative activities and increases in production due to improved mining and production methods. The supply of and demand for gold and other precious and base metals are affected by various factors including political events, economic conditions and production costs in major mineral producing regions.

**Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements.

**Disclosure on Outstanding Share Capital**

The Company has unlimited authorized share capital of a single class of common shares of which, at June 30, 2010 and August 25, 2010, 83,713,637 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 June 30, 2010 and August 25, 2010, the Company had 12,976,534 share purchase warrants outstanding, 2,976,534 have an expiry date of December 21, 2010 and 10,000,000, an expiry date of December 30, 2013. At June 30, 2010 and August 25, 2010, 4,400,000 share options were outstanding, issued pursuant to the Company's Stock Option Plan.

**Financial Instruments**

**Fair value**

Fair value estimates of financial assets and liabilities 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 term of these instruments. The investment is stated at its quoted market value.

**Interest rate risk**

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by major Canadian banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

**Credit risk**

Credit risk is the risk that a client or vendor will be unable to pay any amounts owed to the Company. Management's assessment of the Company's credit risk is low as it is primarily attributable to funds held in Canadian banks and taxes recoverable from the Government of Canada, which are included in amounts receivable.

**Exchange and Commodity price risk**

As at June 30, 2010, the Company did not hold any balances in foreign currencies that would give rise to exposure to foreign exchange risk. The Company's financial instruments are not exposed to commodity price risk. The future profitability of the Company is indirectly related to the market price of metals, particularly gold.

**Liquidity Risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company intends on fulfilling all of its financial obligations as they come due.

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**Market Risk**

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals particularly gold.

**Capital Risk**

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its mineral properties. The capital structure of the Company consists of cash, cash equivalents and capital stock. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

**Sensitivity Analysis**

The Company has designated its cash and cash equivalents and restricted cash as held-for-trading, which are measured at fair value. Other financial instruments included in current assets are classified as loans and receivables, which are measured at amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at June 30, 2010, the carrying and fair value amounts of the Company's financial instruments are the same.

Cash equivalents are invested in investment-grade short-term deposit certificates. Based on management's knowledge and experience in the financial markets, the Company believes the following movements are "reasonably possible" over a one-year period. Sensitivity to a plus or minus 1% change in rates, based on the current balance of cash equivalents, would affect the net loss by plus or minus \$6,000 during a one-year period.

**Industry Trends and Outlook**

During 2010, the world economic situation has remained in a fragile stage with many of the world's leading economies still not showing any significant growth after the 2008 financial crisis. The continuing liquidity and banking problems, especially in the Euro and Sterling zones, continues to impact the Canadian economy resulting in significant declines in equity markets. At the same time, pricing of many mineral commodities shows signs of improvement although the strength of Chinese demand remains difficult to predict. The ability to forecast the economic performance in Canada and the resource consuming countries is significantly less predictable at the present time than previously.

During this time of economic uncertainty, the price of gold has remained above US\$1,200 per ounce and this has stimulated investment interest in the shares of gold mining and exploration companies, particularly those with assets close to production. If this interest continues it may work its way down to the junior resource companies in the gold sector, which may have a positive impact on the Company's ability to finance future work programs. Continued volatility in equity markets for junior mining shares, could have a significant negative impact upon the Company's ability to finance ongoing exploration activities.

**Additional Information**

Additional information about the Company is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website.

The Company reports its financial information in Canadian dollars and all monetary amounts set forth herein are expressed in Canadian dollars unless specifically stated otherwise.

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**Forward-Looking Statements**

*This management's discussion and analysis contains certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects changes in exchange rates, fluctuations in commodity prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.*

*August 25, 2010*

**Form 52-109FV2 – Certification of Interim Filings**

***Venture Issuer Basic Certificate***

I, Danesh K. Varma, Chief Financial Officer of CONQUEST RESOURCES LIMITED certify the following:

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of Conquest Resources Limited, (the “issuer”) for the period ended June 30, 2010.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings.

Date: August 27, 2010

Signed “Danesh K. Varma “

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Danesh K. Varma  
Chief Financial Officer

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**NOTE TO READER**

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuer’s Annual and Interim Filing* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

The issuer’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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**Form 52-109FV2 – Certification of Interim Filings**

***Venture Issuer Basic Certificate***

I, Terence N. McKillen, Chief Executive Officer of CONQUEST RESOURCES LIMITED certify the following:

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of Conquest Resources Limited, (the “issuer”) for the period ended June 30, 2010.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings.

Date: August 27, 2010

Signed “Terence N. McKillen “

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Terence N. McKillen  
Chief Executive Officer

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**NOTE TO READER**

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuer’s Annual and Interim Filing* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

The issuer’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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