

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS

Dated August 19, 2011

For the six-month period ended June 30, 2011

(Form 51-102F1)

CONQUEST RESOURCES LIMITED
(A Development Stage Company)
Management Discussion and Analysis
For the six-month period ended June 30, 2011

Date: August 19, 2011

General

The following discussion of financial condition, results of operations and future prospects should be read in conjunction with the condensed consolidated financial statements for the period ended June 30, 2011 of Conquest Resources Limited ("Conquest" or the "Company"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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 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

Conquest's exploration activities for the period continued in Canada with a focus on continuing exploration drilling on the Alexander Property at Red Lake, Ontario, where a total of approximately 7,950 metres of drilling has been completed year to date. In addition, the Company's joint venture partner, Detour Gold Corp ("Detour Gold"), conducted a winter exploration drill program at Conquest's Sunday Lake Property at Detour Lake, Ontario. In September 2010, Conquest granted Detour Gold the option to acquire a 50% joint venture interest in the Sunday Lake Property by incurring \$1 million in exploration expenditures before September 30, 2012. In May 2011, Conquest initiated exploration on its Smith Lake Property in Rennie Township, Northern Ontario.

Alexander Gold Project

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 and within the important "Mine Trend" regional structure. Management believes that the Company holds one of the most prospective land positions in the Red Lake gold 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 Formation sedimentary rocks, which host some of the new gold discoveries at Red Lake, have been identified on Conquest's Alexander Property. These prospective host rocks lie within the Red Lake Mine Trend Structural Corridor which extends southeast from Goldcorp's two gold mines on to and across the Alexander Property. Many of the regional structures having associated gold mineralization, which transect the two producing mine properties at Red Lake, extend eastwards on to the Alexander Property.

In July 2008, Goldcorp acquired Gold Eagle Mines, located on the Red Lake Mine Trend to the west of Goldcorp's producing mines, for a reported \$1.3 billion. The impressive valuation of the Gold Eagle property at the time of acquisition is a reminder of the unrealized asset value of key property locations within the Red Lake Gold Camp.

Conquest has located a number of gold bearing structures on the Alexander Property through trenching and drilling. The Company has developed a multi-year, phased exploration strategy to test these identified targets by drilling. The targets include surface and near surface gold mineralization extensions in the down dip directions and the possibility that the Red Lake mine mineralization may be over-folded onto the Alexander property on the northern limb of the Balmer Syncline

The Company's Alexander claim holdings are patented and do not require any annual minimum expenditures, other than nominal property taxes. As of June 30, 2011, the Company had spent \$4,702,000 on exploration on the Alexander Gold Project.

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ALEXANDER GOLD PROJECT – 2011 EXPLORATION DRILL PROGRAM

Conquest has been actively drilling on the Alexander property since August 2009. The Company resumed drilling at the Sulphide Shear Zone in late January 2011, following a short break during the holiday season in December.

The planned exploration drilling program is estimated to cost \$4 million, of which \$2 million is estimated for 2011 during the initial 10,000 metres of drilling and for which the Company is adequately financed. During the quarter, the Company completed three holes of this program, all of which intersected low grade gold mineralization.

The first wedge hole (**CR-11-047-W1**) of 2011 was completed to a hole depth of 1,448 metres under the western portion of the property. The wedge hole was cut from the parent hole CR-11-047 at a depth of 320 metres. The parent hole was collared on the Goldcorp mine property near the southwest corner of the Alexander Property. The wedge hole intersected Conquest's southern property boundary at a hole depth of 770 metres.

Sampling from CR-11-047-W1 returned an assay of 1.98 grams of gold per tonne over 0.20 metres at a depth of 910 metres vertically from fine quartz-carbonate-tourmaline veins hosted in the footwall to a narrow zone of sheared Balmer Assemblage basalt on Conquest's property. Elevated gold values (486 to 764 ppb) were also intersected below 1,000 metres vertical depth within intrusives of intermediate composition.

A new showing was found in hole **CR-11-048** located near the southern property boundary on the Alexander Property approximately 750 metres to the southeast of the central Sulphide Shear Zone which was targeted in drilling early this year.

Hole CR-11-048 was collared in a northeasterly direction at a dip of -70 degrees and was completed to a depth of 1,094 metres. It was planned in the footwall area of a brecciated Balmer Assemblage basalt intersection identified in previous drilling and was designed to test the concept that significant shear zones may be repeated in structures oriented parallel to key structural breaks recognized at the adjacent Goldcorp Red Lake Gold Mines. No previous drill holes had targeted this area prior to drilling hole CR-11-048.

Drill core from the new showing in hole CR-11-048 is characterized by strongly sheared Balmer Assemblage basalt containing quartz carbonate veining and associated stringers of sulphide mineralization over 15 metres in core. Quartz-carbonate veining and sulphide mineralization is contained within an envelope of biotite-chlorite alteration that is most intense within the zone of strongest shearing over approximately 5 metres in thickness. True thickness of this new showing is unknown at this time.

While assays from the new sulphide mineralized shear zone in CR-11-048 did not contain anomalous gold values, additional work is warranted to investigate the presence of sulphide mineralization and significant alteration along this structural conduit.

In addition to the new shear zone, hole CR-11-048 intersected an interval of altered Basalt over 13 metres that was found to contain 1.02 grams of gold per tonne over 0.57 metres at a hole depth of 233 metres.

Conquest previously identified shear structures similar to those intersected in CR-11-048 through trenching and drilling up to 450 metres in strike length within the central portion of the property but only drilled to 100 metres vertical depth. Hole CR-11-048 demonstrates, for the first time, that these sulphide mineralized shear zones exist at depths of at least 700 metres vertically.

Hole **CR-11-049** was collared 110 metres due west of CR-11-048 in a similar northeasterly direction to a hole depth of 935 metres. The targeted western extension of the sulphide mineralized shear zone showing from CR-11-049 was intersected at a hole depth of 854 metres over 6.5 metres. Sulphide mineralization was present within the shearing which was chiefly comprised of pyrrhotite with traces of pyrite and arsenopyrite associated with quartz carbonate veining. The true thickness of this horizon is unknown at this time. Assays are pending.

The identification of prospective shearing and associated sulphide mineralization is significant because many gold bearing zones in the Red Lake Gold Camp mines are characterized by a correlated affinity of gold mineralization to those quartz carbonate altered structural conduits which also contain sulphide mineralization. It is significant that many of the structural and hydrothermal ingredients for gold mineralization are present at 700 metres vertical depth on Conquest's Alexander property since the majority of deposits in the Red Lake Gold Camp are known to increase in depth in the direction of the Alexander Property.

Additional drilling is planned to both the east and west of the new showing. The system remains open at depth and along strike and represents a significant new exploration target as drilling continues through the remainder of the year.

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Conquest plans, subject to additional financing, to conduct a further 10,000 metres of diamond drilling in subsequent phases of exploration on the Alexander Property. The focus is to test the Balmer Assemblage stratigraphy below the western, central, and southeastern portions of the property throughout 2011 and to continue 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.

Sunday Lake Gold Project

Conquest's Sunday Lake Property consists of 13 square kilometers of prospective mineral leases located along the Sunday Lake Deformation Zone, approximately seven kilometres east of Detour Gold's 14.9 million ounce proposed open pit gold mine in northern Ontario.

In September 2010, Conquest entered into a joint venture with Detour Gold on Conquest's Sunday Lake Property pursuant to which Detour Gold has the right to earn a 50% interest in the Sunday Lake Property by completing \$1,000,000 of exploration over the next two years, including a minimum expenditure of \$500,000 prior to September 30, 2011.

In 2010, Detour Gold completed an MMI (Mobile Metal Ion) soil sampling program on the Sunday Lake property. A total of 552 samples were collected by Detour Gold during the soil sampling program, designed to assist in the prioritization of drill targets for the 2011 winter drill season.

In January and early February 2011, Detour Gold completed an induced polarization (IP) geophysical program on the property which defined prospective areas of high chargeability along both the Sunday Lake Deformation Zone (SLDZ) and a second parallel shear structure, located 500 metres to the north that transect the seven-kilometer length of the Sunday Lake Property.

A total of seven exploration drill holes were completed comprising of 1,647 metres of drilling prioritized target areas defined by Detour Gold's compilation of historical work conducted on the property and by the induced polarization geophysical- and MMI (Mobile Metal Ion) soil geochemical- programs. Assays are pending.

Approximately \$500,000 of exploration geochemistry, geophysics, and drilling have been spent by Detour Gold under the Agreement.

Smith Lake Gold Project

Conquest's Smith Lake Property consists of six patented mining claims and 24 newly acquired mining claims along the Missanabie-Goudreau Greenstone Belt in Leeson and Rennie Townships in northern Ontario. The property is 100% Conquest owned and is contiguous with the former International Corona Resources Renabie Gold Mine which then produced approximately 900,000 ounces of gold from 4.5 million tons at an average grade of 0.2 ounces per tonne gold (6.25 grams per tonne gold).

During the 1970s and 1980s the Company controlled a 150 square-kilometre sized land package along the Missanabie-Goudreau Greenstone Belt. Much of the data from the original property has been retrieved from the Company's database and has been used to compile a preliminary evaluation of the area.

In the second quarter of 2011, Conquest recorded approximately 50 square-kilometres of staked ground surrounding the six mining patents that it currently owns. Also additional ground was acquired by staking contiguous claims to the mine structure in areas believed to be prospective for structurally hosted gold and volcanogenic massive sulphide (VMS) hosted mineralization based on a preliminary compilation of the mine sequence and Missanabie-Goudreau Greenstone Belt.

During May 2011, a grid was cut over the six patented mining claims within the core of the new land package where there is a prominent north-south striking vein system on the property that was discovered extending from the former Renabie Mine site during the 1988 Exploration Drilling Program by Conquest. The most significant of discoveries on Conquest's Smith Lake Property includes a reported 68 grams per tonne gold intersection over 1.68 metres (2.2 ounces per tonne gold over 6 feet) from within the north south quartz vein system.

A ground magnetic survey was completed concurrent to line-cutting over the six patented mining claims where 14 line-kilometres of continuous-reading magnetic data were recorded. A detailed compilation of the past geophysical and geochemical work conducted suggests that several near surface gold targets exist on the property.

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Exploration Properties - Schedule of Deferred Exploration Expenditures

For the six months ended June 30, 2011 and 2010

	Alexander		Aurora		Sunday Lake		Smith Lake		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Geology, geophysics and geochemistry	27	32	-	-	-	-	16	-	43	32
Drilling	1,072	788	-	-	-	-	-	-	1,072	788
Assays, laboratory	28	-	-	-	-	-	-	-	28	-
Travel and accommodation	61	48	-	-	-	-	-	-	61	48
Equipment, property lease and other	111	31	-	19	1	2	-	2	112	54
Sub total	1,299	899	-	19	1	2	16	2	1,316	922
Property/mining rights acquisition	-	-	-	180	-	20	29	-	29	200
Total additions	1,299	899	-	199	1	22	45	2	1,345	1,122

Exploration Properties - Schedule of Deferred Exploration Expenditures

For the three month periods ended June 30, 2011 and 2010

	Alexander		Aurora		Sunday Lake		Smith Lake		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Geology, geophysics and geochemistry	5	19	-	-	-	-	16	-	21	19
Drilling	601	600	-	-	-	-	-	-	601	600
Assays, laboratory	10	-	-	-	-	-	-	-	10	-
Travel and accommodation	22	21	-	-	-	-	-	-	22	21
Equipment, property lease and other	52	5	-	-	-	-	-	-	52	5
Sub total	690	645	-	-	-	-	16	-	706	645
Property/mining rights acquisition	-	-	-	180	-	20	29	-	29	200
Total additions	690	645	-	180	-	20	45	-	735	845

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Future Plans

The Company's focus in 2011 will concentrate on the Alexander Property at Red Lake where the second phase of a planned two year deep drill program is continuing.

Conquest plans to conduct a total of 20,000 metres of diamond drilling during 2011 and in subsequent phases of exploration on the Alexander Property. The focus is to continue systematic drilling to test the Balmer Assemblage stratigraphy in untested structures interpreted to extend from Goldcorp's adjacent Red Lake Mine within volcanic lithologies below the 700 metre level under the western, central and eastern portions of the Alexander Property. Full implementation of the proposed follow-up drill program will require additional financing.

The estimated cost of the planned 2011/12 program is \$4 million, of which \$2 million is estimated for the initial 10,000 metres and for which the Company is adequately financed.

The Company also plans to conduct a six-hole Exploration Diamond Drilling Program on its Smith Lake Property as part of its plan to test a system of veins and other coincident geophysical and geochemical anomalies in the immediate vicinity of the former Renabie Gold Mine where an intersection of 2.2 ounces of gold over 6 feet was intersected by Conquest in 1988 on its patented mining claim group. The initial program is estimated to cost \$200,000 and will be completed prior to the end of November 2011.

Additional surface work is planned during Fall 2011 to delineate additional exploration targets on the new 50 square-kilometre sized amalgamated block of property which the Company has recently staked at Smith Lake.

Qualified Persons

Terence N. McKillen, P. Geo., Chief Executive Officer and Director and Benjamin Batson, P. Geo., Vice President Exploration of Conquest Resources Limited, are the Company's Qualified Persons for the purposes of National Instrument 43-101 and have approved the technical disclosures within this MD&A.

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Results of Operations

The Company recorded no revenue in 2011 or 2010.

For the three and six month periods ended June 30, 2011, the Company recorded losses of \$439,000 (\$0.005 per share) and \$674,000 (\$0.007 per share) respectively, compared to losses of \$104,000 (\$0.001 per share) and \$61,000 (\$0.001 per share) for the comparative periods ended June 30, 2010.

Administrative expenses (excluding share-based compensation) for the three and six month periods ended June 30, 2011 amounted to \$83,000 and \$193,000 respectively, compared to \$96,000 and \$188,000 for the same periods ended June 30, 2010. Share-based payments of \$84,000 were recorded during the second quarter of 2011. There was no such expense in 2010.

The loss in the period ended June 30, 2011 included a loss to market on the value of marketable securities of \$161,000, compared to an unrealized gain to market of (\$10,000) for the same period in 2010.

The loss in the period ended June 30, 2011 also included an income tax expense of (\$237,000) on the renunciation of the flow-through shares, compared to an income tax recovery of \$117,000 in the period ended June 30, 2010.

Summary of Quarterly Results

	3QR09	4QR09	1QR10	2QR10	3QR10	4QR10	1QR11	2QR11
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Net Income/(loss)	(217)	13	43	(104)	1,846	(83)	(234)	(439)
Net income/(loss) per share								
- Diluted	(0.001)	0.000	0.001	(0.001)	0.021	(0.000)	(0.003)	(0.005)
- Basic	(0.001)	0.000	0.001	(0.001)	0.023	(0.000)	(0.003)	(0.005)
Total assets	3,821	5,323	5,598	5,509	8,677	9,868	10,017	9,555
Working Capital	285	1,700	1,136	357	899	4,965	4,035	3,055

- The third quarter 2009 loss includes \$162,000 expense for settlement on a lawsuit.
- The fourth quarter 2009 net income includes a 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 loss includes \$24,000 legal fees related to the Detour Gold agreement.
- The third quarter 2010 income includes \$3,358,000 gain on the sale of the Detour Gold property, \$976,000 write-down of the King Bay property and \$463,000 future income taxes.
- The fourth quarter 2010 loss includes \$50,000 remuneration paid to directors.
- Total assets and working capital in the fourth quarter of 2010 reflect the receipt of private placement financings.
- The first quarter 2011 includes \$112,000 unrealized gain on the value of marketable securities and the net income tax effect of the renunciation of the flow-through shares expenditure of (\$237,000).
- The second quarter 2011 includes \$84,000 share-based payments and (\$273,000) loss to market on the value of marketable securities.

Liquidity and Capital Resources

At June 30, 2011, the Company had cash and short-term investments of \$399,000. The Company also had \$521,000 in accounts receivable and prepaid expenses, including \$389,000 deposit paid to a drilling contractor. Total assets decreased to \$9,555,000 at June 30, 2011 from \$9,868,000 at December 31, 2010, primarily due to the loss to market in marketable securities. At June 30, 2011, the Company had a working capital surplus of \$3,055,000, compared to a surplus of \$4,965,000 at December 31, 2010.

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At June 30, 2011, the Company held \$2,847,000 in marketable securities, of which \$2,795,000 represented the market value of the Company's 100,000 shares of Detour Gold.

Accounts payable and accrued liabilities increased to \$323,000 at June 30, 2011 from \$284,000 at December 31, 2010.

At June 30, 2011, the Company had mineral properties with a total book value of \$5,774,000. Management has considered the carrying value of its mineral properties and 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.

The estimated cost of the planned 2011/12 exploration program at the Red Lake property is \$4 million, of which \$2 million is estimated for the initial 10,000 metres. 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 entered into flow-through share subscription agreements in December 2010 whereby it is committed to incur before December 31, 2011, a total of \$1,710,000 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at June 30, 2011, \$1,307,000 in expenditure had been incurred, leaving a balance of \$403,000 to be incurred before December 31, 2011. The Company has advanced \$389,000 to a drilling contractor on the current drilling program. The Company has indemnified the subscribers for any tax related amounts that may become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

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 an accident at the King Bay project. The estate is claiming damages of \$1,000,000 for alleged negligence and breach of contract while the family is claiming \$1,500,000 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. The claim against the Company's directors and officers was dismissed by order of the Court on June 14, 2010. 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 the audited 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.

	June 30, 2011	June 30, 2010
	(\$000's)	(\$000's)
Salaries and fees	83	82
Equipment rental	13	-
Office and general	8	4
	<u>104</u>	<u>86</u>

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During the six-month period ended June 30, 2011, the Company made payments or accrued \$104,000 to related parties, including \$28,000 to Steenberglaw Professional Corporation, a company controlled by Neil J.F. Steenberg, Director, for legal fees, \$20,000 to Terence N. McKillen, Director, for geology and administration services, \$18,000 to D.B. Whitelaw, Director, for consulting services, \$18,000 to Benjamin Batson, Officer, for geology services, \$13,000 to Batson Consulting Services, a company controlled by Benjamin Batson, for equipment rental, and \$7,000 to Labrador Iron Mines Holdings Limited, a company with common directors, for office rent.

Included in accounts payable at June 30, 2011 is \$9,000 payable to Steenberglaw Professional Corporation. Accounts payable at June 30, 2010 was \$33,000, payable to Neil J.F. Steenberg. Such amounts were due on demand, unsecured and non-interest bearing.

Adoption of New Accounting Standards

The Company has adopted IFRS effective January 1, 2011 with a transition date of January 1, 2010. For further details, please refer to note 2 of the March 31, 2011 condensed interim consolidated financial statements.

Critical Accounting Estimates

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) 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:

Mineral Property Interests

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 sale of the property. Management's assessment of the properties 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. These assessments are based on opinions, estimates and assumptions and are subject to risks and uncertainties, including geological and exploration risks.

Risk Factors

In conducting its business, Conquest faces a number of risks common to the mining and exploration industry. These risk factors are described in the Annual Information Form, filed March 31, 2011, and 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.

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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.

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.

Outstanding Share Capital

The Company has unlimited authorized share capital of a single class of common shares of which, at June 30, 2011 and August 19, 2011, 95,477,728 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, 2011 and at August 19, 2011, the Company had 10,488,636 share purchase warrants outstanding, 10,000,000 have an expiry date of December 30, 2013. At June 30, 2011, 4,600,000 share options were outstanding. On June 2, 2011, the Company granted 1,200,000 share options to officers and employees of the Company with an expiry date of June 1, 2016 at an exercise price of \$0.11 per share. Of the options granted, 500,000 options replaced 600,000 options previously granted which expired June 15, 2011. As at August 19, 2011, 4,600,000 share options, issued pursuant to the Company's Stock Option Plan, were outstanding.

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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 marketable securities are stated at the quoted market value.

Interest rate risk

The Company has cash and cash equivalent 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 properties 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, 2011, the Company had cash and cash equivalents of \$399,000 to settle current liabilities of \$315,000. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. Other financial liabilities arise from the issue of flow-through shares and are reversed once exercised.

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 shareholders' equity.

Sensitivity Analysis

The Company has designated its cash and cash equivalents, restricted cash and marketable securities 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 are classified as other financial liabilities, which are measured at amortized cost.

As at June 30, 2011, the carrying value of the Company's financial instruments approximate 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, including restricted cash, would affect the net income by plus or minus \$4,000 during a one-year period.

Based on management's knowledge and experience in the financial markets, sensitivity to a plus or minus 10% change in the share price of marketable securities, based on the quoted market price at June 30, 2011, would affect net income by plus or minus \$285,000 during a one year period.

As at June 30, 2011, the Company did not hold any material balances in foreign currencies that would give rise to exposure to foreign exchange risk.

CONQUEST RESOURCES LIMITED
(A Development Stage Company)
Management Discussion and Analysis
For the six-month period ended June 30, 2011

Fair Value Hierarchy and Liquidity Risk Disclosure

The fair value hierarchy 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). At June 30, 2011, the Company's financial instruments that are carried at fair value, consisting of cash equivalents and marketable securities have been classified as Level 2 within the fair value hierarchy.

Industry Trends and Outlook

During 2010 and into 2011, the world economic situation remained in a fragile state 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 zone, and more recently downgrading of U.S. government debt, continue to impact the investment outlook. At the same time, pricing of many mineral commodities has shown improvement, although the continuing strength of Chinese demand remains difficult to predict. The ability to forecast the economic performance in the resource consuming countries is uncertain.

During this time of economic uncertainty, the price of gold has risen above US\$1,500 per ounce and while this stimulated investment interest in the shares of gold mining and exploration companies, this interest is volatile. The level of investment interest in the shares of gold mining and gold exploration companies may have an 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 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 thousands of Canadian dollars unless specifically stated otherwise.

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 19, 2011