

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

Interim Consolidated Financial Statements

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

September 30, 2007

Index

Consolidated Balance Sheets

Consolidated Statements of Loss and Deficit

Consolidated Statements of Cash Flows

Notes to the Interim Consolidated Financial Statements

Conquest Resources Limited
(A Development Stage Company)
Interim Consolidated Balance Sheets
As at September 30, 2007

Canadian Funds

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

	September 30 2007 \$	December 31 2006 \$
ASSETS		
Current		
Cash and cash equivalents	658,951	1,295,851
Amounts receivable	52,679	87,584
Prepaid expense	<u>9,965</u>	<u>9,965</u>
	721,595	1,393,400
Other assets		
Investment (Note 9)	50,000	90,000
Exploration properties and deferred exploration expenditures	<u>3,418,330</u>	<u>3,017,189</u>
	3,468,330	3,107,189
	<u>4,189,925</u>	<u>4,500,589</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	113,530	180,283
Future income tax liability	<u>66,458</u>	-
	179,988	180,283
Shareholders' equity		
Capital stock (Note 8)	9,081,059	9,217,228
Warrants	147,146	147,146
Contributed surplus	1,542,840	1,519,740
Accumulated Other Comprehensive Income	-	-
Deficit	<u>(6,761,108)</u>	<u>(6,563,808)</u>
	4,009,937	4,320,306
	<u>4,189,925</u>	<u>4,500,589</u>

- See Accompanying Notes -

Conquest Resources Limited*(A Development Stage Company)***Interim Consolidated Statements of Operations & Comprehensive Income****For the Nine Months Ended September 30***Canadian Funds**Unaudited - these financial statements have not been reviewed by the Company's Auditors*

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Expenses				
Stock-based compensation	-	2,675	23,100	89,375
Property investigation	9,764	3,920	9,764	11,690
Office and general	22,845	31,971	74,681	106,709
Corporate expenses	13,054	25,444	63,929	68,493
Professional fees	12,064	7,421	39,154	26,736
Travel and Entertainment	974	1,772	6,606	8,175
Loss before the undernoted	58,701	73,203	217,234	311,178
Future income taxes	Note 5	(21,200)	-	(69,534)
Write down of exploration properties		-	-	9,600
Write down of investment	Note 9	20,000	-	40,000
Net loss and Comprehensive net loss for the period		57,501	73,203	197,300
Deficit, beginning of period		6,703,607	6,262,081	6,563,808
Deficit, end of period		6,761,108	6,335,284	6,761,108
Net loss and comprehensive net loss per common share	Note 4	0.01	0.01	0.01

- See Accompanying Notes -

Conquest Resources Limited
(A Development Stage Company)
Interim Consolidated Statements of Cash Flows
For the Nine Months Ended September 30

Canadian Funds

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

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
CASH FLOW FROM (USED IN)				
OPERATING ACTIVITIES				
Net loss for the period	(57,501)	(73,203)	(197,300)	(311,178)
Item not involving cash				
Stock-based compensation	-	2,675	23,100	89,375
Future income taxes	(21,200)		(69,534)	-
Write down of exploration properties	-	-	9,600	-
Write down of investment	<u>20,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
	(58,701)	(70,528)	(194,134)	(221,803)
Changes in non-cash working capital balances	52,088	(11,738)	(31,848)	(142,982)
Cash flows (used in) operating activities	(6,613)	(82,266)	(225,982)	(364,785)
CASH FLOW FROM (USED IN)				
INVESTING ACTIVITIES				
Mineral properties and deferred exploration expenditures	(20,511)	(8,350)	(410,741)	(138,785)
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,500)</u>
	(20,511)	(8,350)	(410,741)	(172,285)
CASH FLOW FROM (USED IN)				
FINANCING ACTIVITIES				
Increase (Decrease) in cash and short-term investments	(27,124)	(90,616)	(636,900)	(537,070)
Cash and short-term investments, beginning of period	686,075	1,177,677	1,295,851	1,624,131
Cash and short-term investments, end of period	<u>658,951</u>	<u>1,087,061</u>	<u>658,951</u>	<u>1,087,061</u>

- See Accompanying Notes -

Conquest Resources Limited

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2007

Canadian Funds

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

1. CONTINUANCE OF OPERATIONS

These 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 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's continued operation is dependent upon its ability to obtain the financing necessary to provide adequate working capital for the foreseeable future. Management continues to actively pursue additional financing and strives to obtain and thereafter maintain profitable operations to support the validity of the "going concern" assumption. If the "going concern" assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

2. BASIS OF PRESENTATION

These interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("CGAAP"). They do not include all of the information and disclosures required by CGAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the period ended September 30, 2007 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2007. For further information, see the Company's consolidated financial statements including the notes thereto for the year ended December 31, 2006.

3. NATURE OF OPERATIONS

The Company is engaged in the search, evaluation and development of mineral resources in Canada. There has been no determination whether the Company's interests in its properties contain 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

Conquest Resources Limited

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2007

Canadian Funds

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

value of exploration 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.

4. Summary of significant accounting policies

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant.

New accounting pronouncements

On January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments - Recognition and Measurement; Section 3861, Financial Instruments - Disclosure and Presentation; and Section 3865, Hedges. These new standards resulted in no changes to amounts previously reported.

(i) Financial Instruments

Under the new standards, 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 net income for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet. 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 income 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 income.

(ii) Comprehensive Income

Section 1530 establishes standards for reporting and presenting comprehensive income. Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income for the Company includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income are disclosed in the statement of operations and comprehensive income. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a new category in shareholders' equity.

Conquest Resources Limited

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2007

Canadian Funds

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

Mineral property interests and deferred exploration expenditures

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

Asset retirement obligations

The Company is required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its mineral property interests. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to mineral property interests and is amortized over the useful life of the property. Management is not aware of any asset retirement obligations.

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the year. Actual results could differ from estimates. During the fiscal years presented, management has made a number of significant estimates and valuation assumptions, including the recoverability of investments in mineral property interests, the future costs associated with environmental remediation and site restoration matters, fair value of financial instruments and valuation of tax accounts. 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.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under 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 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.

Conquest Resources Limited*(A Development Stage Company)***Notes to Interim Consolidated Financial Statements****For the Nine Months Ended September 30, 2007***Canadian Funds**Unaudited - these financial statements have not been reviewed by the Company's Auditors***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 increase earnings per share or decrease loss per share.

Foreign currency translation

Transactions in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the year-end exchange rate. Non-monetary assets have been translated at the historical rate of exchange prevailing at the date of the transaction. Expenses have been translated at the average rate of exchange during the year. Realized and unrealized foreign exchange gains and losses are included in operations.

5. Exploration Properties & Deferred Exploration expenditures

During the nine month period, Barrick terminated its joint venture on the Suguti property in Tanzania. As a result, the carrying value of the company's African properties of \$9,600 was written off in the first quarter of 2007.

	December 31 2006 \$	Additions (Write offs) \$	September 30 2007 \$
CANADA			
Alexander	1,411,124	10,013	1,421,137
Smith Lake	635,069	-	635,069
Aurora	486,315	4,982	491,297
King Bay	469,121	395,746	864,867
Other	5,960	-	5,960
Total Canada	3,007,589	410,741	3,418,330
AFRICA			
Tanzania	9,600	(9,600)	-
Total	3,017,189	401,141	3,418,330

The expenditures of \$410,741 in the Consolidated Statements of Cash Flow for the nine months ended September 30, 2007 are before the write-off of African properties of \$9,600.

Conquest Resources Limited*(A Development Stage Company)***Notes to Interim Consolidated Financial Statements****For the Nine Months Ended September 30, 2007***Canadian Funds**Unaudited - these financial statements have not been reviewed by the Company's Auditors***Exploration Properties - Schedule of Deferred Exploration Expenditures
For the Nine Months Ended September 30, 2007**

	Alexander	Aurora	King Bay	Total
	\$	\$	\$	\$
Geology, geophysics and geochemistry	8,820	4,982	43,001	56,803
Drilling	-	-	291,453	291,453
Travel and accommodation	-	-	30,424	30,424
Equipment, property lease and other	1,193	-	30,868	32,061
Total additions, net	10,013	4,982	395,746	410,741

The expenditures of \$410,741 in the Consolidated Statements of Cash Flow are before the write-off of African properties of \$9,600.

For the Nine Months Ended September 30, 2006

	Alexander	Aurora	King Bay	Total
	\$	\$	\$	\$
Geology, geophysics and geochemistry	11,503	5,706	24,769	41,977
Drilling	306	-	98,371	98,678
Travel and accommodation	-	-	13,354	13,354
Equipment, property lease and other	-	7,581	10,695	18,276
Recovery	-	(33,500)	-	(33,500)
Total additions, net	11,809	(20,213)	147,189	138,785

The recovery for Aurora represents receipt of 50,000 shares of Trade Winds Ventures Inc.

Conquest Resources Limited

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2007

Canadian Funds

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6. Capital Stock

a) *The capital stock is as follows:*

Authorized	Unlimited number of common shares
Issued	62,663,830 common shares

b) *Stock Options*

Pursuant to a stock option plan approved by the Board of Directors, the maximum number of common shares reserved for issuance to various directors, officers, consultants and employees may not exceed 10% of the common shares outstanding immediately before such issuance. The following table summarizes the stock options outstanding as at September 30, 2007:

<u>Number of Common shares</u>	<u>Exercise Price</u> \$	<u>Expiry Date</u>
150,000	0.30	March 17, 2008
1,350,000	0.20	September 24, 2008
1,600,000	0.10	March 1, 2010
300,000	0.12	March 12, 2011
600,000	0.15	June 16, 2011
100,000	0.13	June 16, 2011
<u>300,000</u>	0.13	March 18, 2012
4,400,000		

During the period, options on 300,000 shares exercisable at \$0.13 per year for a period of five years were issued to a Director. The fair value of options granted during the period was estimated on the date of grant at \$23,100 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 67%, a risk free interest rate of 3.75% and expected life of the options of five years and this amount was added to the contributed surplus.

During the quarters ended June 30, 2007 and September 30, 2007, options on 200,000 shares and 800,000 shares respectively, expired unexercised. No financial impact is recorded on expiry of options.

Conquest Resources Limited

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2007

Canadian Funds

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

c) Warrants

As at September 30, 2007 and at December 31, 2006, the Company had the following outstanding share purchase warrants:

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

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

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

7. Net Loss Per Common Share

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
Net loss for the period	\$57,501	\$73,203	\$197,300	\$311,178
Basic net loss per common share	\$0.01	\$0.01	\$0.01	\$0.01

Basic loss per share was calculated on the basis of the weighted average number of common shares outstanding for the periods, which amounted to 62,663,830 (September 30, 2006 – 59,767,677) common shares.

8. Future Income Taxes

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

During the year ended December 31, 2006, the Company renounced to its subscribers of 2,896,153 flow-through units Canadian Exploration and Development Expenses of \$376,500. The Company has applied the accounting treatment recommended by the Canadian Institute of Chartered Accountants - Emerging Issues Committee Recommendation #146(EI-146) requiring the transaction to be reported in the first quarter of 2007. The net effect of the adoption of EIC-146 resulted in the recognition of the estimated tax benefits renounced by the Company to the investors in the flow-through shares in the first

Conquest Resources Limited

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements**For the Nine Months Ended September 30, 2007**

Canadian Funds

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quarter. As a result a future income tax liability of \$135,992 less the current period recovery of \$22,992, was recorded in the first quarter and a corresponding reduction in Capital Stock was recorded in the first quarter. A future Income tax recovery of \$22,992, equivalent to the tax effect of the taxable loss for the first quarter (calculated at the 36% tax rate), was credited to income. During the second quarter, a tax recovery of \$25,352 was recorded equivalent to the tax effect of the taxable loss for the quarter (calculated at the 36% tax rate) and was credited to income. During the third quarter, the Company paid Part XII.6 tax of \$177 in respect of the flow-through shares and a tax recovery of \$21,200 equivalent to the tax effect of the taxable loss for the quarter (calculated at the 36% tax rate) was credited to income. The total reduction to Capital Stock during the year was \$136,169.

9. Investment

The Company's investment in Trade Winds Ventures Inc. was written down by \$20,000 in each of the second and third quarters of 2007.

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE INTERIM NINE MONTHS ENDED SEPTEMBER 30, 2007

(Form 52-109F2)

Conquest Resources Limited

(A Development Stage Company)

Management's discussion and analysis

For the Interim Nine Months Ended September 30, 2007

(Dated November 23, 2007)

(Form 52-109F2)

Company Overview

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

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

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

Operational Highlights - 3QR 2007

During the third quarter, Conquest's exploration activities continued to be concentrated in Canada on the King Bay Property at Sturgeon Lake and the Alexander Property at Red Lake.

At King Bay, results of a detailed magnetic survey conducted over the ice of King Bay in 1QR07 were further studied and confirm the presence of an anomalous area of magnetic susceptibility located to the northeast of the EC-1 anomaly which was previously thought to have potential as a source for the high grade gold mineralization contained in the Eastern and Central Boulder Trains. However, the Company now believes that the new area of magnetic susceptibility, which appears to be associated with a northeast trending structural break, is more likely to be the source area for the highgrade gold boulders. Preparations are underway to conduct a further round of drilling from the ice of King Bay this winter. Conquest currently holds a 60% interest in the King Bay project.

On the Alexander Property at Red Lake, Conquest continued data evaluation and developed a new two-year exploration strategy for the project which will include significant additional drilling. The goal of the proposed exploration programme will be to test the existing gold bearing structures located at surface or at shallow depth (the Sulphide Zone and parallel High Grade Vein Zone) at greater depth and to evaluate significantly deeper targets where the Red Lake Mine sequences may be overfolded on to the Alexander property. Additional financing will be required before this programme commences.

Conquest has been evaluating joint venture or other opportunities with respect to its Aurora and Sunday Lake properties at Detour Lake. The Sunday Lake property is located immediately east of the former Detour gold mine along the Sunday Lake Deformation Zone, the same structure that hosts the Detour deposit and which is the target of a very significant new exploration initiative by Detour Gold Mines Inc.

Financial Highlights - 3QR 2007

Conquest incurred a loss for the third quarter of 2007 of \$57,501 (\$0.01 per share) compared to a loss of \$73,203 (\$0.01 per share) in the third quarter of 2006. Included in the loss in the third quarter of 2007 was a write down of the investment in Trade Winds Venture Inc. of \$20,000 and a future income tax recovery of \$21,200. There were no comparable items in the third quarter of 2006. There was no charge in respect to stock-based compensation in the third quarter of 2007 whereas included in the loss in the third quarter of 2006 was a non-cash charge of \$2,675 in respect to stock-based compensation.

The loss of the nine months period ended September 30, 2007 was \$197,300 (\$0.01 per share) compared to a loss of \$311,178 (\$0.01 per share) in the nine months period ended September 30, 2006. Included in

the loss in the the nine months period ended September 30, 2007 were a non-cash charge of \$23,100 in respect to stock based compensation, a write down of exploration properties in Tanzania properties of \$9,600, a future income tax recovery of \$69,534, and a write down of the investment in Trade Winds Venture Inc. of \$40,000. The future income tax recovery relates to the tax effect of the renunciation by the Company of Canadian Exploration Expenses of \$376,500 arising on the issue during 2006 of flow through shares and the loss for the the nine months period ended September 30, 2007. There was a non-cash charge of \$89,375 in respect to stock-based compensation in the nine months period ended September 30, 2006.

The Company recorded no revenue in the three or the nine months period ends September 30, 2007 or 2006.

Administrative expense during the nine months period ended September 30, 2007 amounted to \$194,134 compared to \$221,803 in the nine months period ended September 30, 2006 excluding the non-cash charges of \$23,100 and \$89,375 respectively in respect to stock based compensation.

Industry Trends and Risks

The price of gold and other metals continued at high levels during the the nine months period ended September 30, 2007, including the third quarter. Despite buoyant metals market, some resource companies, particularly in the junior sector, continued to exhibit generally weak share prices. Continued low market capitalization, reflected in depressed share prices may result in less receptive equity markets for junior mining shares which could impact upon the Company's ability to finance ongoing exploration activities.

Summary of Quarterly Results

	3QR05 (\$)	4QR05 (\$)	1QR06 (\$)	2QR06 (\$)	3QR06 (\$)	4QR06 (\$)	1QR07 (\$)	2QR07 (\$)	3QR07 (\$)
Net Loss per share	(0.01)	0.01	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Net Loss* before taxes	(158,060)	382,752	(83,424)	(154,551)	(73,203)	(158,624)	(87,139)	(66,052)	(57,501)
Total assets	4,291,374	4,637,116	4,463,018	4,392,779	4,304,707	4,500,589	4,368,069	4,264,998	4,189,925

* Before write down of exploration properties & deferred exploration expenditures

Liquidity and Capital Resources

Total assets decreased to \$4,189,925 at September 30, 2007 from \$4,500,589 at December 31, 2006 primarily as a result of administrative expenses and funds expended on the Ontario exploration projects. Total liabilities decreased to \$179,988 including income taxes of \$66,458 at September 30, 2007 from \$180,283 at December 31, 2006. The Company had a working capital surplus of \$608,065 at September 30, 2007 compared to \$1,213,117 at December 31, 2006. The decline was primarily due to funds expended on the Ontario exploration projects and administrative expenses.

At September 30, 2007, the Company had mineral properties with a total book value of \$3,418,330. The balance sheet values may not represent that which could be obtained if the properties were to be offered for sale at this time.

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

Contractual and Lease Commitments

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

The minimum lease commitments for future years are as follows:

2007 (October –December)	\$26,768
2008	107,071
2009	107,071
2010	107,071
2011	<u>35,690</u>
	<u>\$383,671</u>

Mineral Properties - Schedule of Deferred Exploration Expenditure For the Nine Months Ended September 30, 2007

	Alexander	Aurora	King Bay	Total
	\$	\$	\$	\$
Geology, geophysics and geochemistry	8,820	4,982	43,001	56,803
Drilling	-	-	291,453	291,453
Travel and accommodation	-	-	30,424	30,424
Equipment, property lease and other	1,193	-	30,868	32,061
Total additions, net	10,013	4,982	395,746	410,741

The expenditures of \$410,741 in the Consolidated Statements of Cash Flow are before the write-off of African properties of \$9,600.

For the Nine Months Ended September 30, 2006

	Alexander	Aurora	King Bay	Total
	\$	\$	\$	\$
Geology, geophysics and geochemistry	11,503	5,706	24,769	41,977
Drilling	306	-	98,371	98,678
Travel and accommodation	-	-	13,354	13,354
Equipment, property lease and other	-	7,581	10,695	18,276
Recovery	-	(33,500)	-	(33,500)
Total additions, net	11,809	(20,213)	147,189	138,785

The recovery for Aurora represents receipt of 50,000 shares of Trade Winds Ventures Inc.

Related Party Transactions

Transactions with related parties have occurred in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The expenses for the nine months period ended September 30, 2007 include expenses incurred by directors or to corporations owned by or that employ directors for exploration expenses of \$36,035,

corporate and administrative expenses of \$74,070, legal expenses of \$9,965 and travel and entertainment of \$4,839.

Included in accounts payable and accrued liabilities at September 30, 2007 is \$89,203 due to these related parties. All amounts were incurred in the normal course of business.

Significant Accounting Policies

The Company's Accounting Policies have been disclosed in the Financial Statements for the Year Ended December 31, 2006. Risk factors have been disclosed in the Company's Annual Information Form for the Year Ending December 31, 2006. These documents are available from the Company upon request or can be viewed online on SEDAR at www.sedar.com.

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

Use of Estimates - The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the year. Actual results could differ from estimates. During the fiscal years presented, management has made a number of significant estimates and valuation assumptions, including the recoverability of investments in exploration properties, the future costs associated with environmental remediation and site restoration matters, fair value of financial instruments, valuation of investments, valuation of tax accounts and factors affecting the valuation of stock-based compensation and share purchase warrants. These estimates and valuation assumptions are based on present conditions and management's planned course of action, as well as an assumption about future business and economic conditions. Should the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

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

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

Changes In Accounting Policies Including Initial Adoption

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

since the adoption of the revised standard.

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

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

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

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

All other financial instruments will be recorded at cost or amortized cost, subject to impairment reviews. The criteria for assessing an other than temporary impairment remain unchanged. Transaction costs incurred to acquire financial instruments are included in the underlying balance. Regular-way purchases and sales of financial assets are accounted for on the trade date.

(ii) Comprehensive Income, Section 1530

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

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

Disclosure on Outstanding Share Capital

The Company has unlimited authorized share capital of a single class of common shares of which, at November 23, 2007, 62,663,830 common shares were issued. Each common share entitles the holder to one vote. The common shares rank equally for dividends and for all distributions upon dissolution or wind up.

At September 30 and November 23, 2007, the Company had 3,357,691 share purchase warrants outstanding and 4,400,000 share options issued pursuant to the Company's Stock Option Plan. The share purchase warrants will expire on December 15, 2008

Industry Trends and Outlook

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

The Company plans an ongoing program of exploration on its projects during the balance of 2007. Sufficient funds are available to support continued exploration activities for 2007 but the Company will have to seek additional financing to more aggressively pursue exploration on its Alexander and King Bay properties

and/or to complete the acquisition of any new projects. There is no guarantee that such financing can be secured.

Caution on Forward-Looking Information

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