

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – prepared by management

For the interim periods ended September 30, 2009

(The Company's Auditors have not reviewed these unaudited interim consolidated financial statements)

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – prepared by management

Third Quarter

For the three and nine month periods ended September 30, 2009

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CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Interim Consolidated Balance Sheets

Unaudited - prepared by management

As at September 30, 2009

	September 30 2009	December 31 2008 (Audited)
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	114,995	384,718
Restricted cash (Note 6(a))	421,935	500,000
Amounts receivable	14,913	17,808
Prepaid expense	60,000	-
	<u>611,843</u>	<u>902,526</u>
Investments (Note 4)	16,000	8,000
Investment in mineral properties (Note 5)	<u>3,193,022</u>	<u>2,912,423</u>
	<u>3,820,865</u>	<u>3,822,949</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	326,908	125,307
Long-term liabilities (Note 8)	162,500	-
SHAREHOLDERS' EQUITY		
Capital Stock (Note 6(a))	9,466,236	9,466,236
Warrants (Note 6(b)).	110,000	110,000
Contributed surplus (Note 6(d))	1,849,986	1,689,986
Accumulated other comprehensive income	-	-
Deficit	<u>(8,094,765)</u>	<u>(7,568,580)</u>
	<u>3,331,457</u>	<u>3,697,642</u>
	<u>3,820,865</u>	<u>3,822,949</u>

Commitments and contingencies (Notes 1, 5 and 8)

APPROVED ON BEHALF OF THE BOARD:

Signed "John F. Kearney" , Director

Signed "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 September 30**

	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Expenses				
Stock-based compensation	-	-	160,000	-
Office and general	6,793	20,167	29,930	33,527
Corporate expenses	9,522	9,839	51,177	33,875
Professional fees	34,353	10,265	121,167	26,970
Travel	3,030	502	9,411	3,278
	<u>53,698</u>	<u>40,773</u>	<u>371,685</u>	<u>97,650</u>
Loss before the undernoted				
Other items				
Write down of exploration properties	-	-	-	5,960
Write down of investments	1,000	13,000	(8,000)	33,000
Loss on settlement of lawsuit (Note 8)	162,500	-	162,500	-
	<u>163,500</u>	<u>13,000</u>	<u>154,500</u>	<u>38,960</u>
Net and comprehensive loss for the period	217,198	53,773	526,185	136,610
Deficit, beginning of period	7,877,567	7,487,610	7,568,580	7,404,773
Other comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficit, end of period	<u><u>8,094,765</u></u>	<u><u>7,541,383</u></u>	<u><u>8,094,765</u></u>	<u><u>7,541,383</u></u>
Net loss per common share				
- Basic and diluted	0.003	0.001	0.008	0.002
Weighted average common shares outstanding				
- Basic and diluted	72,663,830	62,663,830	70,090,031	62,663,830

See accompanying notes to the consolidated financial statements.

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

For the nine month period ended September 30

Unaudited - prepared by management

	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
CASH (USED IN) PROVIDED BY:				
OPERATING ACTIVITIES:				
Net loss for the period	(217,198)	(53,773)	(526,185)	(136,610)
Adjustments for:				
Stock-based compensation	-	-	160,000	-
Decrease (increase) in investments	1,000	13,000	(8,000)	38,960
	<u>(216,198)</u>	<u>(40,773)</u>	<u>(374,185)</u>	<u>(97,650)</u>
Funds transferred from restricted cash	78,065	-	78,064	-
Loss on settlement of lawsuit	162,500	-	162,500	-
Net change in non-cash working capital	<u>116,592</u>	<u>10,504</u>	<u>144,497</u>	<u>14,292</u>
	140,959	(30,269)	10,876	(83,358)
INVESTING ACTIVITIES				
Investment in mineral properties, net of recoveries	<u>(232,600)</u>	<u>(5,921)</u>	<u>(280,599)</u>	<u>(91,568)</u>
Increase (Decrease) in cash and cash equivalents	<u>(91,641)</u>	<u>(36,190)</u>	<u>(269,723)</u>	<u>(174,926)</u>
Cash and cash equivalents, beginning of period	<u>206,636</u>	<u>461,227</u>	<u>384,718</u>	<u>599,963</u>
Cash and cash equivalents, end of period	<u><u>114,995</u></u>	<u><u>425,037</u></u>	<u><u>114,995</u></u>	<u><u>425,037</u></u>
SUPPLEMENTAL INFORMATION				
Cash and cash equivalents consist of:				
Cash			25,005	13,559
Cash equivalents net of restricted cash			511,925	411,478
Less: restricted cash			(421,935)	-
			<u><u>114,995</u></u>	<u><u>425,037</u></u>

See accompanying notes to the consolidated financial statements

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

September 30, 2009

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'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 unaudited consolidated 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. 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 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. 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 unaudited 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 unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries.

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

September 30, 2009

(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.

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 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 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.

CONQUEST RESOURCES LIMITED*(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****September 30, 2009****(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 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.

(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. The fully diluted shares including options and warrants would be:

Weighted average number of shares	72,663,830
Options (see Note 6 (c))	5,800,000
Warrants (see Note 6 (b))	10,000,000
	<hr/>
	88,463,830
	<hr/> <hr/>
Fully diluted loss per share	<hr/> <hr/> 0.008

(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 year end; plant and equipment and 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 year, 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.

(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.

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Notes to the Interim Consolidated Financial Statements

September 30, 2009

(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 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 (loss).

The Company's investment is classified as "held-for-trading" and is measured at fair value. Changes in its value is recognized in net income 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 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 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.

(n) New Accounting Standards

Section 3064, Goodwill and Intangible Assets

In February 2008, the CICA issued the new Section 3064 to replace Section 3062, "Goodwill and Other Intangible Assets" and establish standards for the recognition, measurement and disclosure of goodwill and intangible assets. In addition, the CICA issued amendments to Section 1000 "Financial Statements Concepts" and Accounting Guideline 11, "Enterprises in the Development Stage" and withdrew Section 3450, "Research and Development Costs". The Company adopted Section 3064 effective January 1, 2009.

Impairment Testing of Mineral Exploration Properties, Emerging Issue Committee 174

On March 27, 2009, the CICA approved EIC-174 "Mining Exploration Costs". This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. This standard was adopted by the Company effective March 27, 2009.

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 is currently assessing the impact of the implementation of IFRS and has developed a changeover plan.

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 (as defined in the Section). 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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Notes to the Interim Consolidated Financial Statements

September 30, 2009

4. INVESTMENT

Investment in Trade Winds Ventures Inc.

As at September 30, 2009, 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 \$17,000. During 2008, the investment was written down by \$42,000 to its quoted market value of \$8,000 at December 31, 2008, and at September 30, 2009, the investment was increased by \$9,000 to its quoted market value of \$17,000.

5. INVESTMENT IN MINERAL PROPERTIES

The following table shows the investment in mineral properties:

	December 31 2007	Additions (Write down)	December 31 2008	Additions (Write down)	September 30 2009
	\$	\$	\$	\$	\$
Alexander	1,421,137	9,294	1,430,431	264,431	1,694,862
Aurora Detour	491,297	20,505	511,802	10,153	521,955
King Bay	886,971	83,219	970,190	6,015	976,205
Other	5,960	(5,960)	-	-	-
Total	2,805,365	107,058	2,912,423	280,599	3,193,022

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, Sunday Lake and Tie-On, which are subject to an underlying Joint Venture Agreement between Prism and Boliden Westmin (Canada) Limited ("Boliden Canada"). The Company earned an initial 60% interest in the Aurora Property 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. The above-mentioned agreement with Boliden Canada has not yet been consummated and the payment to Boliden Canada has not been made.

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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 joint venture 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 8.

6. CAPITAL STOCK

(a) Common shares

Authorized

Unlimited common shares

Issued

	Shares #	Amount \$
	<u> </u>	<u> </u>
Balance at December 31, 2007	62,663,830	9,081,236
Issued:		
Private placement	10,000,000	500,000
Warrant valuation	-	(110,000)
Share issue costs	-	(5,000)
	<u>72,663,830</u>	<u>9,466,236</u>
Balance at December 31, 2008	<u>72,663,830</u>	<u>9,466,236</u>
Balance at September 30, 2009	<u><u>72,663,830</u></u>	<u><u>9,466,236</u></u>

- (i) In December 2008, the Company completed a private placement with a related party of 10,000,000 flow-through units at a price of \$0.05 per unit for gross proceeds of \$500,000. Each unit consisted of one flow-through common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.10 until December 31, 2013. Pursuant to the requirements of the TSX Exchange, the placement was closed in escrow on December 31, 2008, pending disinterested shareholder approval of the creation of a new Control Person. Approval was obtained at the Annual and Special Meeting of Shareholders held March 6, 2009. The issue costs for the private placement were \$5,000 for legal fees.
- (ii) The fair value of the warrants, in the amount of \$110,000, was estimated on the date of issue using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%, expected volatility of 76%, risk free interest rate of 1.69% and an expected life of five years.

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September 30, 2009

(b) Share Purchase Warrants

As at September 30, 2009, the Company had the following outstanding share purchase warrants:

<u>Warrants</u>	<u>Grant Date Fair</u>		
	<u>Value</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
#	\$	\$	
10,000,000	110,000	0.10	December 30, 2013

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

(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.

On March 13, 2009, 3,200,000 stock options were granted to directors and officers of the Company at an exercise price of \$0.10 for a period of five years. The grant date fair value of these options is \$160,000 which has been recorded as stock-based compensation and an increase to contributed surplus. The following assumptions were used in calculating the fair value of options granted, using the Black-Scholes option pricing model: expected dividend yield of 0%, expected volatility of 87%, risk-free interest rate of 1.87% and expected life of five years.

The following table summarizes the stock options outstanding as at September 30, 2009.

Stock options

<u>Number of</u> <u>Common shares</u>	<u>Exercise</u> <u>Price \$</u>	<u>Expiry Date</u>
1,400,000	0.10	March 1, 2010
300,000	0.12	March 12, 2011
600,000	0.15	June 15, 2011
300,000	0.13	March 18, 2012
<u>3,200,000</u>	0.10	March 13, 2014
<u><u>5,800,000</u></u>		

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September 30, 2009

Stock option transactions for the period ended September 30, 2009 were as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2008	2,600,000	0.12
Issued	<u>3,200,000</u>	0.10
Balance, September 30, 2009	<u><u>5,800,000</u></u>	0.11

(d) Contributed Surplus

Contributed surplus transactions for the period ended September 30, 2009 were as follows:

Balance, December 31, 2008	\$ 1,689,986
Value of stock options	<u>160,000</u>
Balance, September 30, 2009	<u><u>\$ 1,849,986</u></u>

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:

	Nine months ended September 30	
	<u>2009</u>	<u>2008</u>
	\$	\$
Office and general	24,768	5,886
Corporate expenses	23,000	7,000
Professional fees	6,050	6,400
Legal fees	37,610	4,300
	<u>91,428</u>	<u>23,586</u>

During the period, the Company made payments totaling \$91,428 to related parties, including \$17,222 to D.B. Whitelaw, Director, for investor relations and administration costs, \$37,610 to Neil J.F. Steenberg, for legal fees, \$13,650 to Terence N. McKillen for geology and administration costs, \$3,600 to Gerald Gauthier for consulting, \$16,015 to Labrador Iron Mines Holdings Limited for rent, and \$3,331 for administration costs to Robert Kinloch.

Included in accounts payable and accrued liabilities at September 30, 2009 is \$103,608 (2008 - \$88,847) due to related parties, including \$87,202 interest free loan payable on demand due to Energold Minerals, a company controlled by John F. Kearney, Director, \$14,569 due to Neil J.F. Steenberg, Director, for legal fees and \$1,837 due to Terence N. McKillen for geology and administration costs.

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September 30, 2009

8. COMMITMENTS AND CONTIGENCIES

The Company entered into a flow-through share subscription agreement in December 2008 whereby it is committed to incur on or before December 31, 2009, a total of \$500,000 of qualifying Canadian Exploration Expenses. As at September 30, 2009, an amount of \$208,550 had been incurred, leaving a balance of \$291,450 to be incurred on or before December 31, 2009. The Company has indemnified the subscriber for any tax related amounts that may become payable by the subscriber as a result of the Company not meeting its expenditure commitments.

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 intends 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.

9. FINANCIAL INSTRUMENTS

Fair value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities on the consolidated balance sheets approximate fair value because of the limited 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 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 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. 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. The Company intends on fulfilling all of its financial obligations as they come due.

CONQUEST RESOURCES LIMITED
(A Development Stage Company)
Notes to the Interim Consolidated Financial Statements
September 30, 2009

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 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 September 30, 2009, 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 \$5,000 during a one-year period.

As at September 30, 2009, the Company did not hold any balances in foreign currencies that would give rise to exposure to foreign exchange risk.

10. CAPITAL MANAGEMENT

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.

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.

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

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 September 30, 2009.
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: November 24, 2009

Signed "Danesh K. Varma "

Danesh K. Varma
Chief Financial Officer

NOTE TO READER

In contrast to the certificate required 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.

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 September 30, 2009.
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: November 24, 2009

Signed "Terence N. McKillen "

Terence McKillen
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required 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.
