

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS

Dated March 18, 2011

For the year ended December 31, 2010

(Form 51-102F1)

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Management Discussion and Analysis

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

Date: March 18, 2011

General

The following discussion of financial condition, results of operations and future prospects should be read in conjunction with the audited consolidated financial statements for the period ended December 31, 2010 of Conquest Resources Limited ("Conquest" or the "Company"), which have been prepared in accordance with Canadian generally accepted accounting principles.

Company Overview

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

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

Overall Performance

During the year ended December 31, 2010, Conquest's exploration activities continued in Canada with a focus on continuing exploration drilling on the Alexander Property at Red Lake, Ontario, where a total of 9,030 metres of drilling was completed. The Company also completed the sale of its Aurora Property to Detour Gold Corporation ("Detour Gold") for a total of \$4,972, including 100,000 shares of Detour Gold, realizing a profit of \$3,358. In addition, the Company granted Detour Gold an option to acquire a 50% joint venture interest in the Sunday Lake Property by incurring \$1,000 in exploration expenditures over two years.

Alexander Property

Conquest's Alexander Property lies immediately east of Goldcorp Inc.'s Red Lake and Campbell mines in the heart of the Red Lake Gold Camp and is almost completely surrounded by Goldcorp's land holdings on the important "Mine Trend" regional structure. Management believes that the Company holds one of the most prospective land positions in the Red Lake 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 the 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 that have associated gold mineralization in the area of the two producing gold mines 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 and the Company has developed and initiated a multi-year, phased exploration strategy to test identified targets by drilling. The targets include following surface and near surface gold mineralization down dip and evaluating the possibility that the Red Lake mine mineralization may be over-folded onto the Alexander property on the northern limb of the Balmer Syncline.

2010 Deep Drilling Exploration Program

The Company commenced a second phase of drilling in March 2010 comprising 7,755 metres of surface NQ drilling to depths of 2,000 metres to test targets within the Balmer Assemblage. Drilling involved three standard wedges from downhole depths between 200 and 400 metres. Approximately 3,800 metres of NQ sized parent hole drilling was conducted under the western portion of the Alexander Property.

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Management Discussion and Analysis

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

The **first parent hole** in the deep drill program, **CR-10-039**, was collared in a steeply dipping northeast direction from the southwest corner of the Alexander Property and was completed in 75 days of drilling to a hole depth of 2,084 metres. Hole CR-10-039 intersected a favorable shear zone in basalts belonging to the Balmer Assemblage over 10 metres in the hole (approximately 7.2 metres true thickness) at a depth of 790 vertical metres. The zone is characterized by three metres of hanging wall brecciation followed by a zone of shearing and strong silica-quartz-carbonate and biotite alteration over this interval. Similar rocks to these at the adjacent Goldcorp Red Lake mine are host to high grade mineralization within similar shear structures that are believed to extend onto the Alexander Property.

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

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

The **first wedged hole** of the program, **CR-10-039-W1**, was cut from a depth of 320 metres in the first parent hole CR-10-039. This hole was completed to a total hole depth of 1,226 metres in 28 days of drilling. CR-10-039-W1 intersected the targeted sheared Balmer structures which correlate well to those horizons cut in the nearby parent hole. The hole was completed in the Bruce Channel Formation approximately 15 metres below the Balmer – Bruce Channel Unconformity. The wedge hole confirmed the presence of elevated gold values (less than 1.0 g/t) in the sheared Balmer basalts.

The **second parent hole** of the program, **CR-10-040**, was collared in a steeply dipping northeast direction approximately 400 metres to the east of the first parent hole under the western portion of the Alexander property. The hole was completed to a total depth of 1,745 metres in 45 days of drilling. The hole intersected several sheared and altered zones within the Balmer Assemblage which returned elevated anomalous gold values 100 to 300 ppb which correlate to similar zones in CR-10-039 within the Balmer Assemblage.

The **first** of two **planned wedges**, **CR-10-040-W1**, was cut from the second parent hole (CR-10-040) at a hole depth of 390 metres and was completed to a total hole depth of 2,390 metres in 93 days of drilling. This hole represents the deepest drilling on the project to date at a vertical depth of 2,035 metres, and is the only hole to have intersected lithologies beneath the northern Bruce Channel Formation unconformity.

Hole CR-10-040-W1 was designed to test the Balmer volcanics which straddle the upper and lower Bruce Channel Formation unconformities. The hole intersected the targeted volcanics on the folded continuation of the Red Lake mine sequence Balmer rocks which lie at depth beyond the north limb unconformity of the Bruce Channel under the north-central portion Alexander Property, and intersected Balmer basalts containing several strongly altered and sheared intermediate dyking in the target area. Sampling was performed throughout the middle Balmer Assemblage and Bruce Channel portions of the hole which locally returned anomalous assay values of above 300 ppb gold over 1.0 metre intervals and one assay of 1.59 grams per tonne gold over 0.50 metres.

The **second planned wedge hole**, **CR-10-040-W2**, was cut from the parent hole (CR-10-040) at a hole depth of 200 metres, located approximately 180 metres vertically above CR-10-040-W1 and was completed to a total hole depth of 1,220 metres in 19 days of drilling. Three zones of sulphide-bearing shearing were intersected between 685.89 and 803.21 metres hole depth. The upper shear zone assayed 1.03 grams per tonne over 0.37 metres. The hole was completed in the Bruce Channel Formation at 1,220 metres hole depth after intersecting the Balmer Assemblage – Bruce Channel Formation Unconformity at a depth of 2,111 metres in the hole.

2010 Sulphide Shear Zone Exploration Program

In late July, Conquest commenced a supplementary exploration drill program in the central portion of the Alexander property, concurrent with the ongoing 8,000 metre deep drilling program underway in the western portion of the property. The program was comprised of three drill holes which totalled 1,275 metres of NQ-sized drilling under the Sulphide Shear Zone area that was discovered in 2003 drilling and surface trenching. The three widely spaced holes cover up to 325 metres of strike under the central part of the Alexander property where several holes drilled by Conquest in 2003 and 2004 tested the upper stratigraphy and the best hole drilled in 2004 intersected gold mineralization reporting 12 grams per tonne over 0.43 metres.

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Management Discussion and Analysis

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

The **three holes, CR-10-041, -042, and -043** were drilled at -60 degrees dip to the north east under the eastern portion of the Sulphide Shear Zone to respective hole depths of 486, 429, and 360 metres. The targeted zone is oriented approximately 120 degrees in strike, dipping steeply to the south west, and remains untested in all directions below 225 metres vertical depth.

A gold mineralized intrusive was intersected within the Sulphide Shear Zone hanging wall in **hole CR-10-042** at a vertical depth of 238 metres containing 4.64 g/t gold over 6.0 metres, which included 12.67 g/t gold over 1.50 metres.

Holes CR-10-041 and -043 intersected strong sulphide mineralization hosted in strongly sheared and carbonate-silica-biotite altered basalts over respective true thickness widths of 11.6 and 9.2 metres. Hole CR-10-042 intersected similar mineralization over 4.7 metres true thickness. The geology intersected in these three holes provides strong encouragement to undertake follow-up drilling in the open areas to the west and beneath this shear zone, where the interpreted extension of this zone remains untested and highly prospective.

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

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

A second 15 by 80 metre sized trench was excavated during the first week of November that was designed to uncover shearing within the Balmer Assemblage basalts which extends into the footwall of the Sulphide Shear Zone structure previously mapped in the August trenching program. This extension uncovered an additional 15 metres of the known seven metre true-thickness shear zone along strike to the west. While the August trenching was designed to focus on a single structure along a *strike-parallel* exposure (approximately 120 degrees azimuth exposure), the new trench during November was designed to transect the structure perpendicularly and investigate the extensive silica-biotite alteration within the footwall.

The new exposure revealed a folded intermediate dyke averaging ten metres in thickness located 15 metres into the footwall of the Sulphide Shear Zone. Additional shearing was found within immediate five metres adjacent to the previously defined silica-biotite altered footwall of the shear zone. A total of 60 samples were collected from channel sampling on the trench and have been sent for assay. Results are pending. Additional trenching and drilling is required at the Sulphide Shear Zone to evaluate the lateral and depth extent of this showing.

2011 Exploration on Alexander Property:

Conquest plans, subject to additional financing, to conduct a further 20,000 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 and central portions of the property and to continue a systematic drilling in untested structures interpreted to extend from the adjacent Red Lake Mine (Goldcorp) within volcanic lithologies below the 700 metre level at the Alexander Property.

The **first hole** of 2011, **hole CR-11-044** was collared in late January 2011 in a steeply dipping northerly direction under the Sulphide Shear Zone in the central portion of the Property. The hole was planned to target two zones of shearing and mineralization at vertical depths of 900 and 1100 vertical metres. A zone of mineralization and strong shearing was intersected over 4.05 metres in the hole (unknown true thickness) at a vertical depth of 1,120 metres and is hosted within the Balmer Assemblage basalts. The core from the target areas has been extensively sampled. Assays are pending.

The **second hole, CR-11-045** is underway approximately 300 metres to the northwest of CR-11-044 which has been planned to intersect the down-dip extension of the Sulphide Shear Zone at a depth of 450 vertical metres. The planned depth of this hole is 900 metres after intersecting the Bruce Channel Formation Unconformity.

The Company's Alexander claim holdings are patented and do not require any annual minimum expenditures, other than minimal property or mineral taxes. The Company has spent \$4,095 on exploration to December 31, 2010 and estimates the cost of the planned 2011 exploration drilling program to amount to \$4,000, of which \$2,000 is estimated for the initial 10,000 metres of drilling and for which the Company is adequately financed.

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Management Discussion and Analysis

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

Sunday Lake Property

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.

During 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 of exploration over the next two years, including a minimum expenditure of \$500 prior to September 30, 2011.

In September 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 ten exploration drill holes comprised of 2,000 metres of drilling have been planned from five prioritized target areas defined by Detour Gold's compilation of historical work conducted on the property and by the recently completed induced polarization geophysical- and MMI (Mobile Metal Ion) soil geochemical- programs.

Approximately \$160 of exploration geochemistry and geophysics have been spent by Detour Gold under Agreement.

Drilling by Detour Gold is currently underway; the Company anticipates Detour Gold will complete approximately 2,000 metres of drilling in the program prior to March 30, 2011.

King Bay

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 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. 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.

The Company has commenced litigation to seek reimbursement from KBG of its share of certain joint venture costs. During the year ended December 31, 2010, the Company wrote off the carrying value of the King Bay property by \$976.

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 further 20,000 metres of diamond drilling in 2011 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 the adjacent Red Lake Mine (Goldcorp) within volcanic lithologies below the 700 metre level in the western and central 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 program is \$4,000, of which \$2,000 is estimated for the initial 10,000 metres and for which the Company is adequately financed. The recent sale of the Company's Aurora Property to Detour Gold has given the Company a net liquidity of approximately \$4,400, which included \$2,000 in cash and the current value of the 100,000 shares of Detour Gold, less a \$500 cash payment to NVI (See Note 5 of the financial statements).

Detour Gold will undertake a \$500 exploration program on Conquest's Sunday Lake Property over the next year. The Sunday Lake Property is located in the northern Abitibi Greenstone Belt, 7 kilometers east of Detour Gold's large open pit gold development project.

CONQUEST RESOURCES LIMITED*(A Development Stage Company)***Management Discussion and Analysis**

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010**Exploration Properties - Schedule of Deferred Exploration Expenditures**

For the years ended December 31, 2010 and 2009

	Alexander		Aurora		Sunday Lake		King Bay		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Geology, geophysics and geochemistry	43	39	-	5	-	-	-	4	43	48
Drilling	1,832	411	-	-	-	-	-	-	1,832	411
Assays, laboratory	55	34	-	-	-	-	-	-	55	34
Travel and accommodation	138	29	-	-	-	-	-	-	138	29
Equipment, property lease and other	69	14	115	17	2	3	-	2	186	36
Sub total	2,137	528	115	22	2	3	-	6	2,254	559
Property acquisition	-	-	1,174	-	120	-	-	-	1,294	-
Total additions before disposal	2,137	528	1,289	22	122	3	-	6	3,548	559
Disposal and write down	-	-	(1,614)	-	-	-	(976)	-	(2,590)	-
Total additions	2,137	528	(325)	22	122	3	(976)	6	958	559

Exploration Properties - Schedule of Deferred Exploration Expenditures

For the three month periods ended December 31, 2010 and 2009

	Alexander		Aurora		Sunday Lake		King Bay		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Geology, geophysics and geochemistry	5	14	-	1	-	-	-	-	5	15
Drilling	497	193	-	-	-	-	-	-	497	193
Assays, laboratory	8	34	-	-	-	-	-	-	8	34
Travel and accommodation	39	12	-	-	-	-	-	-	39	12
Equipment, property lease and other	21	10	-	14	3	-	-	-	24	24
Total additions	571	264	-	15	3	-	-	-	574	278

Qualified Person

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

Results of Operations

The Company recorded no revenue in 2010 or 2009.

For the year ended December 31, 2010, the Company recorded an income of \$2,048 (a diluted earnings per share of \$0.017 and a basic earnings per share of \$0.019), compared to a loss of (\$605) (a diluted and basic loss per share of (\$0.007)) for the year ended December 31, 2009.

Included in the income for the year ended December 31, 2010 was a gain on the sale of the Aurora property of \$3,358, an unrealized gain to market of \$16 on the value of marketable securities and a write down of the King Bay property of \$976.

As a result of the sale of the Aurora Property, the Company expects to utilize substantially all of its existing income tax pools and balances to offset the income taxes that would otherwise become payable on the gains realized as a result of the sale. As a result, certain timing differences have arisen between the carrying values and tax balances of certain assets, resulting in a net future income tax expense for the year of \$463.

CONQUEST RESOURCES LIMITED*(A Development Stage Company)***Management Discussion and Analysis**

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

The loss at December 31, 2009 included \$160 stock-based compensation and the settlement of a lawsuit in the amount of \$162. There were no such expenses in 2010.

Administrative expense for the year ended December 31, 2010 amounted to \$350, compared to \$295 for the year ended December 31, 2009.

Selected Annual Information

The following selected annual financial information has been derived from the audited financial statements of the Company, which have been prepared in accordance with Canadian generally accepted accounting principles.

	2010	2009	2008
	\$	\$	\$
Loss before amortization, write downs and gain on sale of investments	(350)	(455)	(116)
Net Income (Loss)	1,585	(513)	(164)
Net earnings (loss) per common share - diluted	0.017	(0.007)	(0.003)
Net earnings (loss) per common share - basic	0.019	(0.007)	(0.003)
Total assets	9,868	5,323	3,823
Cash and cash equivalents	2,282	1,776	885
Long-term debt	Nil	Nil	Nil
Shareholders' equity	8,878	4,992	3,698

Summary of Quarterly Results

	1QR09	2QR09	3QR09	4QR09	1QR10	2QR10	3QR10	4QR10
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net Income/(loss)	(215)	(94)	(217)	13	(74)	(104)	1,846	(83)
Net earnings /(loss) per share								
- Diluted	(0.003)	(0.001)	(0.001)	0.000	(0.001)	(0.001)	0.021	(0.001)
- Basic	(0.003)	(0.001)	(0.001)	0.000	(0.001)	(0.001)	0.023	(0.001)
Total assets	3,755	3,691	3,821	5,323	5,598	5,509	8,677	9,868
Working Capital	691	571	285	1,700	1,421	680	1,222	5,155

- The first quarter 2009 includes a charge of \$160 in respect to stock-based compensation
- The second quarter 2009 includes \$50 legal fees incurred in defending the Company against the lawsuit described under "Commitments and Contingencies".
- The third quarter 2009 includes \$162 for settlement on the lawsuit.
- The fourth quarter 2009 net income includes a future income tax recovery of \$92.
- Total assets and working capital in the fourth quarter of 2009 reflect the receipt of the private placement financing.
- The second quarter 2010 net loss includes \$24 legal fees related to the Detour Gold deal discussed above.
- The third quarter 2010 net income includes \$3,452 gain on the sale of the Detour Gold property, \$976 write-down of the King Bay property and \$612 future income taxes.
- The fourth quarter 2010 net loss includes \$50 remuneration paid to directors.
- Total assets and working capital in the fourth quarter of 2010 reflect the receipt of private placement financings.

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Management Discussion and Analysis

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

Liquidity and Capital Resources

Total assets increased to \$9,868 at December 31, 2010 from \$5,323 at December 31, 2009, primarily as a result of the sale of the Aurora property to Detour Gold, partially offset by the write-down of the King Bay property, and private placement financings (discussed below). The Company had a working capital surplus of \$5,155 at December 31, 2010 compared to a surplus of \$1,701 at December 31, 2009. Cash and short-term investments, including restricted cash, of \$2,282 at December 31, 2010 increased from \$1,776 at December 31, 2009.

At December 31, 2010, the Company also held \$3,008 in marketable securities, of which \$2,919 represented the market value of the Company's 100,000 shares of Detour Gold.

Accounts payable and accrued liabilities increased to \$284 at December 31, 2010 from \$131 at December 31, 2009. The increase is primarily due to the reclassification of \$162 covering a fine payable, from a long term to a current liability as the amount is now due within twelve months.

At December 31, 2010, the Company had mineral properties with a total book value of \$4,429. Management has considered the carrying value of its remaining 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.

On December 22, 2010, the Company completed a private placement of 5,500,455 flow-through shares at \$0.22 per share, for total proceeds of \$1,210. The share issue costs for the private placement included \$55 compensation paid to the brokers, 238,636 compensation shares valued at \$45 and 238,636 broker warrants valued at \$10. Each broker warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.22 per share for one year.

On December 31, 2010, the Company completed a private placement of 2,500,000 flow-through shares at \$0.20 per share, for total proceeds of \$500. The share issue costs for the private placement included \$52 compensation paid to the brokers, and 250,000 broker warrants valued at \$17. Each broker warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.20 per share for two years.

Other share issue costs for the above two private placements were \$25 comprised of \$24 legal fees paid to a director and officer of the Company, and \$1 sundry expenditures.

Completion of these two financings will enable Conquest to continue the exploration program on its Red Lake property in 2011; however, the Company's continued operation is dependent upon its ability to obtain the financing necessary to provide adequate working capital for the foreseeable future. The Company may face difficulties in accessing capital markets depending on the current market environment. The Company has no debt and its mineral properties have low holding costs. Mineral exploration is mostly discretionary and administrative expenses can be sustained at minimal levels. Accordingly, management believes that the Company should be able to maintain its properties and carry out its planned programs for a number of years.

Commitments and Contingencies

The Company entered into flow-through share subscription agreements in December 2010 whereby it is committed to incur on or before December 31, 2011, a total of \$1,710 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at December 31, 2010, no expenditure had been incurred, leaving a balance of \$1,710 to be incurred on or before December 31, 2011. 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.

In September 2009, 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 involving a contractor 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, with two years to make the payment. The fine is subject to a 25% government mandated victim impact surcharge, increasing the liability to \$162. The remaining five charges were withdrawn. The Company has commenced legal proceedings to seek indemnity and recovery of the full amount of the penalty and legal costs from its joint venture partner on the King Bay Project, KBG Minerals Corporation, which is the registered owner of the mineral claims, and from the supervisor of the Project.

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Management Discussion and Analysis

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

On December 14, 2009, the Company and its directors were served with a Statement of Claim on behalf of the estate and family of the contractor involved in the accident at the King Bay project. The estate is claiming damages of \$1,000 for alleged negligence and breach of contract while the family is claiming \$1,500 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.

	2010	2009
	\$	\$
Professional fees	54	43
Office and general	14	19
Fees related to the sale of the Aurora Property	119	-
Legal fees related to private placement included in share issue costs	24	30
Fees related to private placement included in share issue costs	-	10
	<u>211</u>	<u>102</u>

During the year ended December 31, 2010, the Company made payments or accrued \$211 to related parties, including \$117 to Neil J.F. Steenberg, Director, for legal fees (\$39 of which were related to the sale of the Aurora property and \$24 related to the private placement), \$55 to Robert Kinloch, Director, and \$25 to John F. Kearney, Chairman, for services related to the sale of the Aurora property, and \$14 to Labrador Iron Mines Holdings Limited, a company with common directors, for office rent.

Included in accounts payable and accrued liabilities at December 31, 2010 is \$38, payable to Neil J.F. Steenberg. Accounts payable at December 31, 2009 was \$47, including \$37 payable to Neil J.F. Steenberg and \$10 payable to D.B. Whitelaw. Such amounts are due on demand, unsecured and non-interest bearing.

Critical Accounting Estimates

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

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Management Discussion and Analysis

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

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 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. These assessments are based on opinions, estimates and assumptions and are subject to risks and uncertainties, including geological and exploration risks.

Future Accounting Standards

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

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

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 developed a three phase changeover plan to adopt IFRS by January 1, 2011 as follows:

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

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

The CEO, CFO and certain other directors currently sit on the Boards of companies that report under IFRS and have knowledge of IFRS. The needs of other members of the audit committee and the Company generally, were reviewed. The Board of Directors and the Audit Committee have been updated on the progress of the IFRS conversion. The Company's staff involved in the preparation of financial statements were trained on the relevant aspects of IFRS and the anticipated changes to accounting policies.

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

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Management Discussion and Analysis

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

Accounting Policy Impacts and Decisions

The Company has completed its assessment of the impacts of adopting IFRS based on the standards as they currently exist, and has identified the following as having the greatest potential to impact the Company's accounting policies, financial reporting and information systems requirements upon conversion to IFRS. The Company believes that the changes identified to date are minimal.

- *Presentation and Disclosure*

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

- *Deferred exploration and development costs*

Canadian GAAP is more comprehensive than IFRS, which only provides guidance up to the point that technical feasibility and commercial viability of extracting is demonstrated. Canadian GAAP allows for the capitalization of certain exploration and development costs. IFRS allows accounting in line with Canadian GAAP for the exploration and evaluation phase but expenditures beyond the exploration and evaluation phase must be considered in line with the capitalization criteria for plant, property and equipment (PP&E) and/or intangible assets. No significant impact on the measurement of these assets is expected, and they will be separately classified in the future.

- *Impairment of Assets*

IAS 36, *Impairment of Assets* ("IAS 36") uses a one-step approach for testing and measuring asset impairments, with asset carrying values being compared to the higher of value in use and fair value less costs to sell. Value in use is defined as being equal to the present value of future cash flows expected to be derived from the asset in its current state. In the absence of an active market, fair value less costs to sell may also be determined using discounted cash flows. The use of discounted cash flows under IFRS to test and measure asset impairment differs from Canadian GAAP where undiscounted future cash flows are used to compare against the asset's carrying value to determine if impairment exists. This may result in more frequent adjustments in the carrying value of assets under IFRS since asset carrying values that were previously supported under Canadian GAAP based on undiscounted cash flows may not be supported on a discounted cash flow basis under IFRS. However, under IAS 36, previous impairment losses may be reversed where circumstances change such that the impairment has been reduced. This also differs from Canadian GAAP, which prohibits the reversal of previously recognized impairment losses. The Company has performed a thorough assessment of its assets as at December 31, 2010 and is not expecting any impact on the measurement of these assets. In the future, testing and measuring for asset impairment will be performed as required.

- *Provisions and Contingent Liabilities*

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

- *Foreign exchange, Functional Currency and IFRS*

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

The Company's functional currency is the Canadian Dollar; therefore, the Company does not expect any changes to its accounting policies.

- *Stock-based Compensation*

Under Canadian GAAP, vesting of employee stock options can be recognized on a straight-line basis whereas IFRS requires that each tranche of stock option vesting is treated as having a separate fair value. The amount of the expense recognized under IFRS may be different to that under Canadian GAAP and is recognized more up-front. As the Company did not grant any stock-based compensation in 2010, the stock options outstanding pre- December 31, 2009 are covered under IFRS 1, therefore, the Company does not expect any changes to its financial statements.

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Management Discussion and Analysis

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

- *Income Taxes*

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

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

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

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

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

- *Information Systems*

It is anticipated that the adoption of IFRS will have some minor impact on information systems requirements. The Company is using an external financial software application, and is expecting an efficient transition to IFRS. The Company has prepared an opening balance sheet as at January 1, 2010 in accordance with IFRS.

The International Accounting Standards Board has a number of ongoing projects on its agenda that may result in changes to existing IFRS prior to the Company's conversion to IFRS in 2011. The Company continues to monitor these projects and the impact that any resulting IFRS changes may have on its accounting policies, financial position or results of operations under IFRS for 2011 and beyond.

Risk Factors

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

Stage of Development

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

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

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

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Management Discussion and Analysis

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

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 December 31, 2010 and March 18, 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 December 31, 2010 and at March 18, 2011, the Company had 10,488,636 share purchase warrants outstanding, 10,000,000 have an expiry date of December 30, 2013. At December 31, 2010 and March 18, 2011, 4,000,000 share options were outstanding, issued pursuant to the Company's Stock Option Plan.

CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Management Discussion and Analysis

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

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 December 31, 2010, the Company had cash and cash equivalents of \$572 (2009 - \$951) to settle current liabilities of \$284 (2009 - \$131). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

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

Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its mineral properties. The capital structure of the Company consists of cash, cash equivalents and 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 December 31, 2010 and 2009, 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 \$23 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 December 31, 2010, would affect net income by plus or minus \$301 during a one year period.

As at December 31, 2010 and 2009, 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

(Expressed in \$000's, except per share amounts)

For the year ended December 31, 2010

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 December 31, 2010 and 2009, 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, the world economic situation has 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 and Sterling zones, continues to impact the Canadian economy. 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 Canada and the resource consuming countries is significantly less predictable at the present time than previously.

During this time of economic uncertainty, the price of gold has risen above US\$1,400 per ounce and this has stimulated investment interest in the shares of gold mining and exploration companies, particularly those with assets close to production. If this interest continues it may reflect in the junior resource companies in the gold sector, which may have a positive impact on the Company's ability to finance future work programs. Continued volatility in equity markets for junior mining shares, could have a significant negative impact upon the Company's ability to finance ongoing exploration activities.

Additional Information

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com 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.

March 18, 2011