

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – prepared by management

First Quarter

For the three month period ended March 31, 2010

(The Company's Auditors have not reviewed the financial statements for the period ended March 31, 2010)

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

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For the three month period ended March 31, 2010

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CONQUEST RESOURCES LIMITED*(A Development Stage Company)***Interim Consolidated Balance Sheets***Unaudited - prepared by management***As at March 31, 2010**

	March 31 2010	December 31 2009 (Audited)
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	978,628	950,682
Restricted cash (Note 6(a))	578,876	824,750
Amounts receivable	8,655	56,094
Prepaid expense	45,000	-
	<u>1,611,159</u>	<u>1,831,526</u>
Investments (Note 4)	38,000	20,000
Investment in mineral properties (Note 5)	<u>3,949,002</u>	<u>3,471,469</u>
	<u><u>5,598,161</u></u>	<u><u>5,322,995</u></u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	<u>190,193</u>	<u>131,336</u>
LONG TERM LIABILITY (Note 8)	<u>162,500</u>	<u>162,500</u>
FUTURE INCOME TAX LIABILITY	<u>37,000</u>	<u>37,000</u>
SHAREHOLDERS' EQUITY		
Capital Stock (Note 6(a))	11,320,048	10,976,048
Warrants (Note 6(b)).	254,108	254,108
Contributed surplus (Note 6(d))	1,789,986	1,843,986
Accumulated other comprehensive income	-	-
Deficit	<u>(8,155,674)</u>	<u>(8,081,983)</u>
	<u>5,208,468</u>	<u>4,992,159</u>
	<u><u>5,598,161</u></u>	<u><u>5,322,995</u></u>

Commitments, contingencies and subsequent events (Notes 1, 5, 8 and 11)

APPROVED ON BEHALF OF THE BOARD:

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

See accompanying notes to the consolidated financial statements.

CONQUEST RESOURCES LIMITED*(A Development Stage Company)***Interim Consolidated Statements of Operations, Comprehensive Loss and Deficit**

For the three month period ended March 31

Unaudited - prepared by management

	2010	2009
	\$	\$
Expenses		
Stock-based compensation	-	160,000
Corporate expenses	36,729	32,881
Professional fees	30,550	23,224
Office and general	17,582	13,360
Travel	6,830	2,895
	<u>91,691</u>	<u>232,360</u>
Loss before the undernoted	<u>91,691</u>	<u>232,360</u>
Unrealized gain on investment	<u>(18,000)</u>	<u>(17,000)</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	73,691	215,360
DEFICIT, beginning of period	<u>8,081,983</u>	<u>7,568,580</u>
DEFICIT, end of period	<u><u>8,155,674</u></u>	<u><u>7,783,940</u></u>
NET LOSS PER COMMON SHARE - Basic and diluted	0.001	0.003
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	75,264,325	63,184,378

See accompanying notes to the consolidated financial statements.

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

For the three month period ended March 31,

Unaudited - prepared by management

	2010	2009
	\$	\$
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES:		
Net loss and comprehensive loss for the period	(73,691)	(215,360)
Adjustments for:		
Stock-based compensation	-	160,000
Change in fair value of investment	(18,000)	(17,000)
	<u>(91,691)</u>	<u>(72,360)</u>
Changes in non-cash working capital	<u>61,295</u>	<u>(6,284)</u>
Cash flows from operating activities	<u>(30,396)</u>	<u>(78,644)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of stock options	90,000	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in restricted cash	245,874	-
Investment in mineral properties, net of recoveries	<u>(277,532)</u>	<u>(13,519)</u>
	<u>(31,658)</u>	<u>(13,519)</u>
Increase (decrease) in cash and cash equivalents	27,946	(92,163)
Cash and cash equivalents, beginning of period	<u>950,682</u>	<u>384,718</u>
Cash and cash equivalents, end of period	<u><u>978,628</u></u>	<u><u>292,555</u></u>
SUPPLEMENTAL INFORMATION		
Cash and cash equivalents consist of:		
Cash	7,504	12,158
Cash equivalents	1,550,000	780,397
Less: restricted cash	<u>(578,876)</u>	<u>(500,000)</u>
	<u><u>978,628</u></u>	<u><u>292,555</u></u>
Stock-based payment (Notes 5 and 6)	<u>200,000</u>	-

See accompanying notes to the consolidated financial statements

CONQUEST RESOURCES LIMITED
(A Development Stage Company)
Notes to the Consolidated Financial Statements
For the three month period ended March 31, 2010

1. CONTINUANCE OF OPERATIONS

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

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

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

2. NATURE OF OPERATIONS

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

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

(b) Investment in mineral properties

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

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(b) Investment in mineral properties (continued)

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

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

(c) Asset retirement obligations

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

(d) Interests in joint ventures

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

(e) Use of estimates

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

(f) Flow-through financing

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

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

(g) Income taxes

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

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(h) Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share, as a result all outstanding convertible securities have been excluded from diluted loss per share for the periods ended March 31, 2010 and 2009.

(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; 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.

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

(k) Stock-based compensation

The Company records compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to capital stock.

(l) Financial instruments

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

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

(m) Comprehensive loss

Comprehensive loss, composed of net loss and other comprehensive loss, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive loss for the Company includes unrealized gains and losses on available-for-sale securities and changes in fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive loss are disclosed in the statement of operations and comprehensive loss. Cumulative changes in other comprehensive loss are included in accumulated other comprehensive loss ("AOCL") which is presented as a separate category in shareholders' equity. As at March 31, 2010 and 2009, other comprehensive loss equalled net loss and no separate statement was prepared.

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(n) New Accounting Standards

Fair Value Hierarchy and Liquidity Risk Disclosure

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

(o) Future Accounting Changes

International Financial Reporting Standards ("IFRS"):

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

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

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

4. INVESTMENT

Investment in Trade Winds Ventures Inc.

As at March 31, 2010, the Company owned 200,000 shares of Trade Winds Ventures Inc. ("Trade Winds"), a company listed on the TSX Venture Exchange, with a quoted market value of \$38,000. During 2009, the investment increased by \$12,000 to its quoted market value of \$20,000 at December 31, 2009, and at March 31, 2010, the investment increased by \$18,000 to its quoted market value of \$38,000.

5. INVESTMENT IN MINERAL PROPERTIES

The following table shows the investment in mineral properties:

	December 31 2008	Additions (Write down)	December 31 2009	Additions (Write down)	March 31 2010
	\$	\$	\$	\$	\$
Alexander	1,430,431	528,146	1,958,577	253,722	2,212,299
Aurora Detour	511,802	24,886	536,688	221,357	758,045
King Bay	970,190	6,014	976,204	2,454	978,658
Total	2,912,423	559,046	3,471,469	477,533	3,949,002

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Alexander Property, Red Lake, Ontario

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

Aurora Property, Detour Lake, Ontario

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

The Aurora Property consists of a group of mining leases and mining claims situated at Detour Lake, Ontario, comprising three blocks named Aurora, Sunday Lake and Tie-On, which are subject to an underlying Option and Joint Venture Agreement ("Option Agreement") between Prism and Boliden Westmin (Canada) Limited ("Boliden Canada"). The Company earned an initial 60% interest in the Aurora 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.

On March 15, 2010, the Company signed an Amending Agreement to the Option Agreement with NVI Mining Ltd., an indirectly wholly-owned subsidiary of Breakwater Resources Ltd. and successor to Boliden Canada, (collectively "Breakwater") and with Prism whereby the Company agreed to satisfy the outstanding payment obligation to Breakwater of \$200,000 through the issuance to Breakwater of 1,000,000 common shares of the Company, which were issued during the period and the Company thereby completed the acquisition by the Company of 60% interest in the Aurora Lake property, located at Detour Lake, Ontario. See Subsequent Events Note 11.

King Bay Property, Sturgeon Lake, Ontario

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

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6. CAPITAL STOCK

(a) Common shares

Authorized

Unlimited common shares

Issued

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

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

(b) Share Purchase Warrants

Summary of warrants outstanding at March 31, 2010:

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

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

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

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(c) Stock Options

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

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

The following table summarizes the stock options outstanding as at March 31, 2010:

Stock options

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

Stock option transactions for the period ended March 31, 2010 were as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2009	5,700,000	0.11
Issued	-	0.00
Expired	(400,000)	0.10
Exercised	(900,000)	0.10
Balance, March 31, 2010	<u>4,400,000</u>	<u>0.11</u>

The weighted average remaining contractual life of options outstanding at March 31, 2010 is 2.02 (2009 – 2.60) years.

The weighted average exercise price for options that are exercisable at March 31, 2010 amounted to \$0.11 (2009 - \$0.11) per option.

(d) Contributed Surplus

Contributed surplus transactions for the period ended March 31, 2010 were as follows:

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

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7. RELATED PARTY TRANSACTIONS

Related party transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities at March 31, 2010 is \$11,371 (2008 - \$9,491) due to the above noted related parties for legal fees. Such amounts are due on demand, unsecured and non-interest bearing.

During the period ended March 31, 2010, the Company made payments totaling \$4,800 (2008 - \$7,196) to related parties for office rent.

8. COMMITMENTS AND CONTINGENCIES

- a) The Company entered into a flow-through share subscription agreement in December 2009 whereby it is committed to incur on or before December 31, 2010, a total of \$824,750 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at March 31, 2010, no expenditure had been incurred, leaving a balance of \$824,750 to be incurred on or before December 31, 2010. 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.

The Company entered into a flow-through share subscription agreement in December 2008 whereby it was committed to incur on or before December 31, 2009, a total of \$500,000 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at December 31, 2009, \$500,000 of expenditure had been incurred.

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

On December 14, 2009, the Company and its directors were served with a Statement of Claim on behalf of the estate and family of the contractor involved in the accident at the King Bay project. The estate is claiming damages of \$1.0 million for alleged negligence and breach of contract while the family is claiming \$1.5 million for alleged loss of care and companionship pursuant to the Family Law Act of Ontario. The Company denies any negligence or breach of contract on its part and has referred the Claim to its insurers who have engaged counsel to defend the action. The Company will seek to join its joint venture partner, KBG Minerals Corporation, and the supervisor of the project in the action. The Company believes that there is no basis for any claims against its directors and officers and intends to seek dismissal of the action against them. The Company is unable at the current time to determine the likelihood, or quantum, of any potential damages against the Company and no provision has been made in these financial statements.

9. FINANCIAL INSTRUMENTS

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

Fair value

The carrying amounts for cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities on the consolidated balance sheets approximate fair value because of the limited term of these instruments. The investment is stated at its quoted market value.

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Interest rate risk

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

Credit risk

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

Commodity price risk

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

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At March 31, 2010, the Company had cash and cash equivalents of \$978,628 (Dec. 31, 2009 - \$950,682) to settle current liabilities of \$190,193 (Dec. 31, 2009 - \$131,336). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

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

Capital Risk

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

Sensitivity Analysis

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

As at March 31, 2010, the carrying value of the Company's financial instruments represent their fair value.

Cash equivalents are invested in investment-grade short-term deposit certificates. Based on management's knowledge and experience in the financial markets, sensitivity to a plus or minus 1% change in rates, based on the current balance of cash equivalents, would affect the net loss by plus or minus \$9,500 during a one-year period.

As at March 31, 2010, the Company did not hold any balances in foreign currencies that would give rise to exposure to foreign exchange risk.

Fair Value Hierarchy and Liquidity Risk Disclosure

At March 31, 2010, the Company's financial instruments that are carried at fair value, consisting of cash and cash equivalents, restricted cash and investments have been classified as Level 1 within the fair value hierarchy.

10. CAPITAL MANAGEMENT

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

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

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

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

There were no changes to the Company's approach to capital management during the year ended March 31, 2010. The Company is not subject to externally imposed capital requirements.

11. SUBSEQUENT EVENT

On April 12, 2010, the Company entered into a letter of agreement (the "LOA") with Detour Gold Corporation ("Detour Gold") whereby Detour Gold will have the option to earn a 50% interest in Conquest's Sunday Lake Property and Detour Gold will purchase Conquest's interest in the Aurora Property.

Pursuant to the terms of the LOA, as consideration for Conquest's interest in the Aurora Property, Detour Gold will pay Conquest \$1 million in cash and will, subject to regulatory approval, issue 100,000 common shares of Detour Gold to Conquest. Detour Gold shares recently traded in the range of \$19 to \$20 per share on the TSX. In addition, Detour Gold will complete the remaining \$2.13 million in exploration expenditures on the Aurora and Sunday Lake Properties prior to December 31, 2012, of which a minimum of \$1 million will be expended on the Sunday Lake Property.

After completion of those expenditures, Detour Gold will have a 100% interest in the Aurora Property and a 50% interest in a joint venture with Conquest on the Sunday Lake Property. Conquest will retain a 50% joint venture interest in the Sunday Lake Property, subject to a 7.5% net profits interest held by Prism Resources Inc.

The Transaction with Detour Gold is expected to close in the second quarter of 2010. Closing of the Transaction is conditional upon (i) completion of satisfactory due diligence by Detour Gold; (ii) receipt of regulatory, contractual and corporate consents and approvals; (iii) entering into a formal agreement for the Transaction; (iv) Detour Gold and Conquest entering into a joint venture agreement providing Detour Gold with a right to earn a 50% interest in Conquest's interest in the Sunday Lake Property; and (v) the satisfaction of other customary conditions. See Note 5.