

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS

Dated May 26, 2010

For the Three-Month Period Ended March 31, 2010

(Form 51-102F1)

CONQUEST RESOURCES LIMITED
(A Development Stage Company)
Management Discussion and Analysis
For the three-month period ended March 31, 2010

Date: May 26, 2010

General

The following discussion of financial condition, results of operations and future prospects should be read in conjunction with the interim consolidated financial statements for the period ended March 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 period ended March 31, 2010, Conquest's exploration activities continued in Canada with a focus on advancing the Alexander Property at Red Lake, Ontario.

Conquest's Alexander Property which lies immediately east of Goldcorp Inc.'s Red Lake and Campbell mines in the heart of the Red Lake Gold Camp, 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 area. 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 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 Mine Trend Structural Corridor which extends southeast from Goldcorp's two gold mines into and across the Alexander Property.

In July 2008, Goldcorp acquired Gold Eagle Mines to consolidate its Bruce Channel property, located on the Red Lake Trend to the west of Goldcorp's producing mines, for a reported \$1.3 billion. This indicates the substantial valuation that a prospective property in the Red Lake camp can achieve.

Conquest has located a number of gold bearing structures on the Alexander Property through trenching and drilling. The Company has developed a multi-year, phased exploration strategy to test identified drill targets, which 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. Many of the regional structures that have associated gold mineralization in the area of the two producing gold mines cross on to the Alexander Property.

In May 2009, the Company was advised by Goldcorp Inc. that it had recently completed four diamond drill holes on to Conquest's Alexander Property. The holes were drilled by Goldcorp from its adjacent Red Lake Mine Property as part of a wider program to delineate mineralization within the upper part of the Red Lake Mine. The four inclined holes, which were collared from surface within approximately 1,000 metres of the Red Lake Mine No 1 Shaft headframe, were drilled in a north-easterly direction into the western part of Conquest's property to downhole depths between 690 to 836 metres. Hole DS641 of Goldcorp's drilling program located a significant gold intersection of 4.97 grams per tonne gold over 1.82 metres, including 14.25 g/t over 0.61m, at a down hole depth of 473 metres and an estimated vertical depth of approximately 300 metres. The intersection in hole DS641 confirms gold potential exists at depth on Conquest's property.

In the fall of 2009 Conquest completed Phase-I Drill Program, which consisted of six drill holes totaling about 4,100 metres of NQ surface drilling. Gold mineralization was intersected in all six holes and valuable assay and geological information was obtained from structural and stratigraphic targets extending from Goldcorp's Red Lake gold mine onto the Alexander property from surface to a depth of 700 metres vertically. These targets lie within the Balmer and Bruce Channel formations which have been identified across the width of Conquest's property, a distance of 2,000

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metres. Of particular note, Hole CR-09-037 intersected 7.76 g/t gold over one metre at a vertical depth of 335 metres and a second intersection of 4.05 g/t gold over almost two metres at 440 metres vertical depth. The 2009 drilling program doubled the vertical drilling depth profile to 700 metres in preparation for planned deeper phases of drilling.

The Company commenced a second phase of drilling in February 2010 which will comprise approximately 8,000 metres of surface NQ drilling to depths of 2,000 metres to test targets within the Balmer Assemblage. Drilling will involve eight standard wedges from downhole depths between 1,000 and 1,500 metres. Approximately 4,500 metres of NQ sized parent hole drilling will be included in the proposed total 8,000 metres of exploration drilling.

The first 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. This hole is the deepest drilled on the property to date.

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 marginally 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 sediments were also found to contain several encouraging 10 to 50 metre thick sections of sheared sediments which were locally found to contain massive sulphide replacement and cherty iron formations. Assays for sampling within the Bruce Channel Formation are pending. 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. *This first parent hole is now being used for subsequent wedging.* The first wedge hole was started at a hole depth of 320 metres. Two primary targets have been identified for this wedge hole. The first is a sheared and altered structure in the Balmer volcanics and the second is a broad, 400 metre thick horizon of locally sheared and brecciated sediments below the Balmer Assemblage belonging to the Bruce Channel Formation which was discovered in the drilling of the parent hole, CR-10-039.

Conquest plans to conduct a further 20,000 metres of diamond drilling in subsequent phases of exploration, subject to additional financing, on the Alexander Property which will test the Balmer Assemblage stratigraphy below the western and central portions of the property. The focus for the Company is to continue a systematic deepening of 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 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 \$2,212,299 on exploration to date and estimates the cost of the next two phases of drilling to amount to \$4,000,000, of which \$1.5 million is estimated for the second phase in 2010 which has already commenced, and for which the Company is adequately financed.

The Company's Detour Lake properties comprise the 88 sq. kilometre Aurora and Sunday Lake properties which are located very close to Detour Gold Inc.'s Detour Lake gold development project. The Aurora property is situated 500 metres to the south of the proposed open pit mine. Detour Gold has completed a pre-feasibility study for the development of a 45,000 tonnes per day open pit mine based on a currently defined resource of 8.81 million contained ounces of gold for an average annual gold production of approximately 560,000 ounces at an average Life of Mine cash operating cost of \$404/oz.

Three structural deformation zones, parallel to the Sunday Lake Deformation Zone which hosts the Detour gold deposit, cross the Aurora property. Conquest and previous operators have encountered significant gold values over narrow widths along these southern deformation zones. Conquest's Sunday Lake claim group, a separate group of claims forming part of the Aurora project, is located east of the proposed new open pit mine and the former Detour underground gold mine. The eastern extension of the Sunday Lake Deformation Zone crosses the length of Conquest's Sunday Lake claim group.

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The Company's Detour Lake properties comprise mining leases and mineral claims with no minimum annual expenditure required, other than mineral lease taxes. Conquest holds a 60% interest in the Property, subject to an option and joint venture agreement with Breakwater Resources.

On March 15, 2010, the Company signed an Amending Agreement to an earlier Option Agreement with NVI Mining Ltd., an indirectly wholly-owned subsidiary of Breakwater Resources Ltd. and successor to Boliden Westmin (Canada) Limited, a signatory to the original agreement, (collectively "Breakwater") and with Prism Resources Inc. ("Prism") whereby Conquest satisfied an outstanding payment obligation to Breakwater of \$200,000 through the issuance to Breakwater of 1,000,000 common shares of Conquest to complete the acquisition by Conquest of a 60% interest in the Aurora and Sunday Lake properties. Breakwater will retain a 2% net smelter royalty, and as part of the Agreements, Conquest shall have the right to purchase half of the net smelter royalty interest (1%) for a consideration of \$1,000,000. Prism retains a net profits interest equal to 7.5% of Conquest's net profit from the Aurora property.

Conquest has the right to increase its interest in the Aurora and Sunday Lake properties to 100%, by spending a further approximate \$2.13 million on exploration and development by December 31, 2012. Approximately \$2,300,000 has already been expended as at December 31, 2009.

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.

The King Bay Property at Sturgeon Lake, Ontario, is a Joint Venture between Conquest 60% and KBG Minerals Corporation 40%. The King Bay project comprises a combination of Mining Leases and Mineral Claims. Due to the value of the exploration programs carried out over the past several years, the mineral claims are in a credit position with respect to minimum work commitments and do not have any minimum expenditure requirement over the next several years, other than minimal mining lease taxes. The Company has expended \$978,658 on the King Bay project to date. The Company is seeking reimbursement from KBG Minerals, the Company's joint venture partner for \$130,431 being its 40% share of certain joint venture costs. The Company believes that a source of the high grade boulder trains remains undetected. The Company will review all of the historic exploration data to evaluate a strategy for locating the source of the high grade gold boulders.

The Company's focus in 2010 will concentrate on the Alexander property at Red Lake where the second phase of a planned two year deep drill program has started. The exploration budget for the Alexander property for this phase of drilling is approximately \$1,500,000 which has been financed. Implementation of the proposed follow-up drill program will require additional financing. The recently announced sale and joint venture agreement with Detour Gold on the Company's Aurora and Sunday Lake properties will give the Company approximately \$3 million, which includes \$1 million in cash and the current value of the 100,000 shares of Detour Gold. In addition, as part of the agreement, Detour Gold will complete the remaining \$2.13 million expenditures required to vest the properties, of which a minimum of \$1 million will be expended on the Sunday Lake Property over a two year period with a minimum of \$500,000 per year.

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Exploration Properties and Deferred Exploration Expenditures

For the three-month periods ended March 31, 2010 and 2009

	Alexander		Aurora		King Bay		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
Geology, geophysics and geochemistry	13,298	1,158	-	886	-	1,941	13,298	3,985
Drilling	188,644	-	-	4,400	-	-	188,644	4,400
Travel and accommodation	26,275	-	-	-	-	-	26,275	-
Equipment, property lease and other	25,504	1,792	21,357	1,532	2,454	1,810	49,315	5,134
Sub total	253,722	2,950	21,357	6,818	2,454	3,751	277,532	13,519
Share based payment (see Note 5 of the financial statements)	-	-	200,000	-	-	-	200,000	-
Total additions	253,722	2,950	221,357	6,818	2,454	3,751	477,532	13,519

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.

The Company incurred a loss for the period ended March 31, 2010 of \$73,691 (0.001 per share) compared to a loss of \$215,360 (0.003 per share) for the same period in 2009. The 2010 loss was net of an unrealized gain of \$18,000 (2009 - \$17,000) on the investment Trade Winds Venture Inc. The loss at March 31, 2009 included \$160,000 stock-based compensation. There was no such expense in 2010.

Administrative expense for the year ended March 31, 2010 amounted to \$91,691, compared to \$72,360 for the same period in 2009.

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Summary of Quarterly Results

	2QR08	3QR08	4QR08	1QR09	2QR09	3QR09	4QR09	1QR10
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net loss before extraordinary items	(40,383)	(40,773)	(12,239)	(215,360)	(93,627)	(217,198)	(79,218)	(73,691)
Net loss	(60,383)	(53,773)	(27,199)	(215,360)	(93,627)	(217,198)	12,782	(73,691)
Net loss per share (before extra. Items)	(0.001)	(0.001)	(0.000)	(0.003)	(0.001)	(0.001)	(0.001)	(0.001)
Net loss per share	(0.001)	(0.001)	(0.000)	(0.003)	(0.001)	(0.001)	0.000	(0.001)
Total assets	3,390,867	3,344,886	3,822,949	3,754,548	3,691,103	3,820,865	5,322,995	5,598,161
Working Capital	373,562	321,867	777,219	691,340	571,233	284,935	1,700,190	1,420,966

- The first quarter of 2009 includes a charge of \$160,000 in respect to stock-based compensation
- The second quarter of 2009 includes \$50,281 legal fees incurred in defending the Company against the lawsuit described under "Commitments and Contingencies".
- The third quarter of 2009 includes \$162,500 for settlement on the lawsuit.
- The fourth quarter 2009 net loss includes future income tax recovery of \$92,000.
- Total assets and working capital in the fourth quarter of 2009 reflect the receipt of the private placement financing.

Liquidity and Capital Resources

Total assets increased to \$5,598,161 at March 31, 2010 from \$5,322,995 at December 31, 2009. The Company had a working capital surplus of \$1,420,966 at March 31, 2010 compared to a surplus of \$1,700,190 at December 31, 2009. Cash and short-term investments of \$1,557,504 (including restricted cash) at March 31, 2010 decreased from \$1,775,432 at December 31, 2009 primarily as a result of exploration expenditures during the period. The restricted cash comprises the proceeds from the issue of flow-through shares which are intended for exploration expenditures.

At March 31, 2010, the Company had mineral properties with a total book value of \$3,949,002. Management has considered the carrying value of its mineral properties and has 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.

In December 2009, the Company completed a non-brokered private placement of 3,585,869 flow-through shares at \$0.23 per share and 5,300,895 non flow-through units at \$0.19 per unit, for total proceeds of \$1,831,920. Each Unit comprises one common share and one-half of a common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to purchase one common share of Conquest at an exercise price of \$0.26 per share for one year. The estimated grant date fair value of the warrants related to this private placement amounted to \$124,543.

Completion of this financing will enable Conquest to continue the exploration program on its Red Lake property in 2010 but the Company will require additional funding to more aggressively pursue exploration at Red Lake and to pursue any new project acquisitions.

Subsequent to the end of the quarter, the Company entered into the sale and joint venture agreement with Detour Gold on the Company's Aurora and Sunday Lake properties, which will result in a transaction value to the Company of approximately \$3 million, which includes \$1 million in cash and the current value of the 100,000 shares of Detour Gold.

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The Company is adequately financed to complete its stated goals for 2010, 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 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 at March 31, 2010, \$245,874 expenditures had been incurred, leaving a balance of \$578,876 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 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 of failing to provide information about the thickness of the ice and agreed to a fine of \$130,000, with two years to make the payment. 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 amount of the penalty and legal costs from its joint venture partner on the King Bay Project, KBG Minerals Corporation, 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 which has 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.

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) payable to Neil J.F. Steenberg, Director, 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 Labrador Iron Mines, a company with common directors, for office rent.

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.

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:

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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.

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 has 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 includes the detailed review, documentation and selection of accounting policy choices relating to each IFRS standard. This phase will also include 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 will be finalized, first-time adoption exemptions and exceptions will be considered, and draft financial statements and note disclosures will be prepared.
- (iii) **Implement and Review:** The final phase involves the actual implementation of IFRS standards. This phase will involve 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 expected IFRS transition date of January 1, 2011 will require 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 ended December 31, 2010.

The Company is continuing to assess the financial reporting impacts of adopting IFRS in 2011. The Company believes that the changes identified to date are minimal. The Company's staffs involved in the preparation of financial statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies.

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, are being reviewed in 2010 with the expectation that training at an appropriate level can be completed by the end of 2010. The Board of Directors and the Audit Committee have been updated on the progress of the IFRS conversion.

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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 prior to the Company’s conversion to IFRS in 2011.

Accounting Policy Impacts and Decisions: The Company has completed its initial 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.

- *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 may 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 PP&E and/or intangible assets.

- *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.

- *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.

- *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 are 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 does not expect any changes to its accounting policies related to foreign currency to have a material impact on the Company’s results.

- *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, however, the differences are not expected to have a material impact on the Company.

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- *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 March 31, 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 ended 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 impact on information systems requirements. The Company is assessing the need for systems upgrades or modifications to ensure an efficient conversion to IFRS.

The IASB has a number of ongoing projects on its agenda, in addition to the project on accounting for rate-regulated activities, 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. The Company is preparing an opening balance sheet as at January 1, 2010 in accordance with IFRS.

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.

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.

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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.

Disclosure on Outstanding Share Capital

The Company has unlimited authorized share capital of a single class of common shares of which, at March 31, 2010 and May 26, 2010, 83,713,637 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 March 31, 2010 and May 26, 2010, the Company had 12,976,534 share purchase warrants outstanding, 2,976,534 have an expiry date of December 21, 2010 and 10,000,000, an expiry date of December 30, 2013. At March 31, 2010 and May 26, 2010, 4,400,000 share options were outstanding, issued pursuant to the Company's Stock Option Plan.

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Financial Instruments

Fair value

Fair value estimates of financial assets and liabilities are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities on the consolidated balance sheets approximate fair value because of the limited term of these instruments. The investment is stated at its quoted market value.

Interest rate risk

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

Credit risk

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

Exchange and Commodity price risk

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. The Company's financial instruments are not exposed to commodity price risk. The future profitability of the Company is indirectly related to the market price of metals, particularly gold.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company intends on fulfilling all of its financial obligations as they come due.

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 particularly gold.

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. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Sensitivity Analysis

The Company has designated its cash and cash equivalents and restricted cash as held-for-trading, which are measured at fair value. Other financial instruments included in current assets are classified as loans and receivables, which are measured at amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at March 31, 2010, the carrying and fair value amounts of the Company's financial instruments are the same.

Cash equivalents are invested in investment-grade short-term deposit certificates. Based on management's knowledge and experience in the financial markets, the Company believes the following movements are "reasonably possible" over a one-year period. 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.

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Industry Trends and Outlook

During the third quarter 2008, the world economic situation deteriorated with the recognition that most of the world's leading economies were already in, or on the brink of a significant financial crisis. Such economic upheaval has continued during 2009, with continuing liquidity problems resulting from the general lack of credit and fears in the banking sector, particularly in the USA. This all led to significant declines in equity markets although there has been some recovery 2009. At the same time pricing of many mineral commodities has improved primarily on the strength of Chinese demand and other infrastructure investment. The ability to forecast the economic performance in Canada and the resource consuming countries is significantly less predictable than previously due to these impacts.

The junior mineral exploration sector, in concert with other industrial and financial sectors, saw share prices test historic lows after September 2008. However, the Company's share price and market capitalization improved significantly during 2009, from a low of \$0.01 per share to a high of \$0.22 per share.

During this time of economic uncertainty, the price of gold has increased significantly to set new record highs and this has facilitated investment interest in the shares of gold mining and exploration companies. If this interest continues it may work its way down to 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 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.

May 26, 2010

Form 52-109FV2 – Certification of Interim Filings

Venture Issuer Basic Certificate

I, Danesh K. Varma, Chief Financial Officer of XTIERRA INC. certify the following:

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of Xtierra Inc. (the “issuer”) for the period ended March 31, 2010.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings.

Date: May 31, 2010

Signed “Danesh K. Varma “

Danesh K. Varma
Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuer’s Annual and Interim Filing* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

The issuer’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Form 52-109FV2 – Certification of Interim Filings

Venture Issuer Basic Certificate

I, Terence N. McKillen, Chief Executive Officer of XTIERRA INC. certify the following:

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of Xtierra Inc. (the “issuer”) for the period ended March 31, 2010.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings.

Date: May 31, 2010

Signed “Terence N. McKillen “

Terence N. McKillen
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuer’s Annual and Interim Filing* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

The issuer’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.
