CONQUEST RESOURCES LIMITED

(A Development Stage Company)

Interim Consolidated Financial Statements

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

June 30, 2008

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CONQUEST RESOURCES LIMITED

(A development stage company)

INTERIM CONSOLIDATED BALANCE SHEETS

Unaudited

	June 30 2008 $	December 31 2007 (Audited) $
ASSETS		
Current		
Cash and cash equivalents	461,228	599,963
Amounts receivable	9,622	27,164
Prepaid expense	9,965	9,965
	480,815	637,092
INVESTMENTS	30,000	50,000
EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Note 5)	2,880,052	2,805,365
	3,390,867	3,492,457
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	107,253	126,008
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 6 (a))	9,081,236	9,081,236
WARRANTS (Note 6 (c))	147,146	147,146
CONTRIBUTED SURPLUS	1,542,840	1,542,840
ACCUMULATED OTHER COMPREHENSIVE LOSS	-	-
DEFICIT	(7,487,608)	(7,404,773)
	3,283,614	3,366,449
	3,390,867	3,492,457

APPROVED ON BEHALF OF THE BOARD:

Signed "John F. Kearney" , Director

Signed "T.N. McKillen" , Director

- See Accompanying Notes –

CONQUEST RESOURCES LIMITED

(A development stage company)

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT

For the six month period ended June 30

Unaudited

	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
	$	$	$	$
Expenses				
Stock-based compensation	-	-	-	23,100
Office and general	1,830	24,753	13,358	51,836
Corporate expenses	13,931	22,072	24,036	50,875
Professional fees	16,615	20,090	16,705	27,090
Property expense	5,960	-	5,960	-
Travel	2,047	4,479	2,776	5,632
Loss before the undernoted	40,383	71,394	62,835	158,533
Write down of investments	20,000	20,000	20,000	20,000
Write down of exploration properties	-	-	-	9,600
	20,000	20,000	20,000	29,600
Loss before income taxes	60,383	91,394	82,835	188,133
Future income tax recovery	-	(25,342)	-	(48,334)
NET AND COMPREHENSIVE LOSS FOR THE PERIOD	60,383	66,052	82,835	139,799
DEFICIT, beginning of period	7,427,225	6,637,555	7,404,773	6,563,808
Other comprehensive loss	-	-	-	-
DEFICIT, end of period	7,487,608	6,703,607	7,487,608	6,703,607

-See Accompanying Notes

CONQUEST RESOURCES LIMITED

(A development stage company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six month period ended June 30

Unaudited

	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	(60,383)	(66,052)	(82,835)	(139,799)
Adjustments for:				
Stock-based compensation	-	-	-	23,100
Future income tax	-	(25,342)	-	(48,334)
Write down of exploration properties and deferred exploration expenditures	20,000	20,000	20,000	29,600
	(40,383)	(71,394)	(62,835)	(135,433)
Changes in non-cash working capital balances	(7,850)	(36,902)	9,747	(83,936)
Cash flows from operating activities	(48,233)	(108,296)	(53,088)	(219,369)
CASH FLOW FROM INVESTING ACTIVITIES				
Exploration properties and deferred exploration expenditures, net of recoveries	(5,000)	(78,890)	(85,647)	(390,230)
CASH FLOW FROM FINANCING ACTIVITIES				
Issue costs	-	(177)	-	(177)
Increase (Decrease) in cash and cash equivalents	(53,233)	(187,363)	(138,735)	(609,776)
Cash and cash equivalents, beginning of period	514,461	873,438	599,963	1,295,851
Cash and cash equivalents, end of period	461,228	686,075	461,228	686,075

-See Accompanying Notes

CONQUEST RESOURCES LIMITED
(A Development Stage Company)
Notes to the Financial Statements
For the six month period ended June 30, 2008
Unaudited

1. ~~1.~~ CONTINUANCE OF OPERATIONS

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that Conquest Resources Limited (the "Company") will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company is in the development stage with no history of profitability. There is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its properties. The Company's continued operation is dependent upon its ability to obtain the financing necessary to provide adequate working capital for the foreseeable future. Management continues to actively pursue additional financing and strives to obtain and thereafter maintain profitable operations to support the validity of the "going concern" assumption. If the "going concern" assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

2. BASIS OF PRESENTATION

These interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("CGAAP"). They do not include all of the information and disclosures required by CGAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the period ended June 30, 2008 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2008. ~~7~~ For further information, see the Company's consolidated financial statements including the notes thereto for the year ended December 31, 2007.

3. NATURE OF OPERATIONS

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

4. Summary of significant accounting policies

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

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

Asset retirement obligations
The Company will be required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its mineral property interests. This amount will be initially recorded in the period in which it is identified at its discounted present value with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to mineral property interests and is amortized over the useful life of the property. The Company is currently at the exploration stage and management is not currently aware of any significant asset retirement obligation of the Company

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

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

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.

Comprehensive Income

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

Use of estimates

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

Income taxes

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

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

Capital Management

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

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

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

Changes in Accounting Policy

On January 1, 2008, the Company adopted the recommendations included in the following Sections of the Canadian Institute of Chartered Accountants Handbook: Section 1535, "Capital Disclosures", and Section 3862, "Financial Instruments – Disclosures."

(a) Section 1535, "Capital Disclosures"

This Section establishes standards for disclosing information about a company's capital and how it is managed.

The Company manages its common shares, options and warrants as capital. As the Company is in the exploration stage, its principal source of funds for its operations is from the issuance of common shares. The issuance of common shares requires approval of the Board of Directors. The Company primarily uses stock options to retain and provide future incentives to employees and members of the management team and Directors. The granting of stock options is primarily determined by the Board of Directors.

(b) Section 3862, "Financial Instruments – Disclosure"

The new disclosure standard requires companies to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the company's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives and policies. Other than its investment in Trade Winds Ventures Inc., the Company does not have any financial instruments.

5. Exploration Properties & Deferred Exploration expenditures

	December 31 2007 $	Additions (Write down) $	June 30 2008 $
Alexander	1,421,137	6,792	1,427,929
Aurora	491,297	14,979	506,276
King Bay	886,971	63,876	950,847
Other	5,960	(5,960)	-
Total	2,805,365	79,687	2,885,052

Exploration Properties - Schedule of Deferred Exploration Expenditures
For Six Month Period Ended June 30, 2008

	Alexander $	Aurora $	King Bay $	Total $
Geology, geophysics and geochemistry	-	2,625	82	2,707
Drilling	-	-	60,575	60,575
Travel and accommodation	-	-	-	-
Equipment, property lease and other	6,792	12,354	3,219	22,365
Total additions	6,792	14,979	63,876	85,647

For Six Month Period Ended June 30, 2007

	Alexander	Aurora	King Bay	Total
	$	$	$	$
Geology, geophysics and geochemistry	3,360	1,050	34,488	38,898
Drilling	-	-	291,453	291,453
Travel and accommodation	-	-	30,424	30,424
Equipment, property lease and other	-	-	29,455	29,455
Total additions	3,360	1,050	385,820	390,230

6. Capital Stock

a) The capital stock is as follows:

Authorized Unlimited number of common shares

Issued 62,663,830 common shares

b) Stock Options

Pursuant to a stock option plan approved by the Board of Directors, the maximum number of common shares reserved for issuance to various directors, officers, consultants and employees may not exceed 10% of the common shares outstanding immediately before such issuance. During the period, 150,000 options expired unexercised and 100,000 options were terminated. The following table summarizes the stock options outstanding as at June 30, 2008:

Number of Common shares	Exercise Price $	Expiry Date
1,350,000	0.20	September 24, 2008
1,600,000	0.10	March 1, 2010
300,000	0.12	March 12, 2011
600,000	0.15	June 16, 2011
300,000	0.13	March 18, 2012
4,150,000		

c) Warrants

Share Purchase Warrants

As at June 30, 2008, the Company had the following outstanding share purchase warrants:

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

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

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

7. Net Loss Per Common Share

	Three Months Ended June 30	
	2008	2007
Net loss for the period	60,383	66,052
Basic net loss per common share	0.010	0.013

Basic loss per share was calculated on the basis of the weighted average number of common shares outstanding for the periods, which amounted to 62,663,830 common shares.

8. FINANCIAL INSTRUMENTS

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

Interest rate risk
The Company's cash equivalent investments bear a current interest rate of 3.00% and have no

maturity date. The interest rate fluctuates and is based on the current ongoing money market rates. All other financial assets and liabilities are non-interest bearing.

Credit risk
The Company has reduced its credit risk by investing its cash in Canadian short term mutual funds with a Schedule 1 Canadian chartered bank. These premium money market funds bear an interest rate of 3.00% and have no maturity date. These cash equivalent investments are highly liquid with any portion of the balance available to the Company within 24 hours.

Commodity Price Risk
The future profitability of the Company is indirectly related to the market price of metals, particularly gold.