

CONQUEST RESOURCES LIMITED

Interim Financial Statements

June 30, 2004

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Balance Sheet

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Conquest Resources Limited
Interim Consolidated Balance Sheet

As at 30 June 2004

Canadian Funds

Unaudited - these financial statements have not been reviewed by an auditor

	June 30 2004	December 31 2003
	\$	\$
ASSETS		
Current assets		
Cash and short-term investments	2,213,863	2,973,969
Amounts receivables	<u>51,638</u>	<u>24,838</u>
	2,265,501	2,998,807
Other assets		
Investments	281,970	222,970
Mineral properties	2,427,865	2,165,744
Plant and equipment, net	<u>97,094</u>	<u>331,155</u>
	2,806,929	2,719,869
	<u>5,072,430</u>	<u>5,718,676</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	293,557	323,991
Shareholders' equity		
Capital stock	8,461,064	8,417,313
Warrants	713,640	908,640
Contributed Surplus	372,050	58,150
Deficit	<u>(4,767,881)</u>	<u>(3,989,418)</u>
	4,778,873	5,394,685
	<u>5,072,430</u>	<u>5,718,676</u>

ON BEHALF OF THE BOARD:

"Terence N. McKillen" Director

"John F. Kearney" Director

- See Accompanying Notes -

Conquest Resources Limited

Interim Consolidated Statement of Loss and Deficit

For the Six Months Period Ended June 30

Canadian Funds

Unaudited - these financial statements have not been reviewed by an auditor

	Three Months Ended June 30		Six Months Ended June 30	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	\$	\$	\$	\$
Expenses				
Office and general	16,260	5,887	20,912	33,351
Corporate expenses	26,778	13,641	61,991	22,648
Consulting fees	3,980	-	3,980	14,000
Salaries and benefits	20,680	22,480	35,807	35,342
Professional fees	9,600	1,200	14,782	2,900
Travel & Entertainment	4,363	-	6,191	629
Loss before the undernoted	81,661	43,208	143,663	108,870
Write down of mineral properties	281,841	-	281,841	183,106
Amortization	117,246	130,224	234,059	260,448
Net loss for the period	480,748	173,432	659,563	552,424
Deficit, beginning of period	4,287,133	2,911,950	3,989,418	2,460,586
Retroactive restatement of stock compensation	-	-	118,900	-
Convertible debentures charges	-	68,661	-	141,032
Deficit, end of period	<u>4,767,881</u>	<u>3,154,043</u>	<u>4,767,881</u>	<u>3,154,042</u>
Net loss per common share	(0.01)	(0.01)	(0.01)	(0.01)

- See Accompanying Notes -

Conquest Resources Limited

Interim Consolidated Statement of Cash Flows

For the Six Months Period Ended June 30

Canadian Funds

Unaudited - these financial statements have not been reviewed by an auditor

	Three Months Ending June		Six Months Ending June	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES				
	\$	\$	\$	\$
Net loss for the period	(480,748)	(173,432)	(659,568)	(552,424)
Item not involving cash				
Write down of mineral properties	281,841	-	281,841	183,106
Amortization	<u>117,246</u>	<u>130,224</u>	<u>234,059</u>	<u>260,448</u>
	(81,661)	(43,208)	(143,663)	(108,870)
Changes in non-cash working capital balances	(40,499)	741	(57,234)	(59,053)
Cash flows (used in) operating activities	(122,160)	(42,467)	(200,897)	(167,923)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES				
Mineral properties	100,000	-	100,000	-
Options exercised	-	-	40,000	-
Issue Costs	-	-	(3,749)	-
Shares issued for exploration properties		-	<u>7,500</u>	-
	100,000	-	143,751	-
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES				
Mineral properties and deferred exploration expenditures	<u>(267,207)</u>	<u>(180,018)</u>	<u>(702,960)</u>	<u>(550,437)</u>
	(267,207)	(180,018)	(702,960)	(550,437)
Increase (Decrease) in cash & short-term investments	(289,367)	(222,485)	(760,106)	(718,360)
Cash & short-term investments, beginning of period	2,503,232	275,623	2,973,969	771,498
Cash & short-term investments, end of period	<u>2,213,863</u>	<u>53,138</u>	<u>2,213,863</u>	<u>53,138</u>

- See Accompanying Notes -

Conquest Resources Limited

Notes to Interim Consolidated Financial Statements

30 June, 2004

Canadian Funds

Unaudited - these financial statements have not been reviewed by an auditor

1. Basis of Presentation

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on the "going concern basis", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities. These financial statements do not include all of the information and disclosures required by Canadian GAAP 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, 2004 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2004. For further information, see the Company's consolidated financial statements including the notes thereto for the year ended December 31, 2003.

2. Accounting Changes

The interim financial statements are prepared with the same policies used in the Audited Financial Statements for the year ending December 31, 2003, except for the following:

Change in accounting for Stock-based Compensation

Effective January 1, 2002, the Company adopted the new recommendations of CICA Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. These new recommendations require that compensation for all awards made to non-employees and certain awards made to employees be measured and recorded in the financial statements at fair value. This Section also sets out a fair value based method of accounting for stock options issued to employees and applies to awards granted on or after January 1, 2002.

The Company, as permitted by Section 3870, has chosen to apply this section retroactively in fiscal year 2004 with a restatement of deficit as at January 1, 2004. The cumulative effect of this accounting change at January 1, 2004 is an increase in deficit of \$118,900 and an increase in contributed surplus of \$118,900. Had the December 31, 2003 financial statements been restated, expenses would have increased by \$118,900 and basic loss per share would have increased by \$0.01.

3. Capital Stock

a) *The capital stock is as follows:*

Authorized
Unlimited common shares
Issued
57,121,677 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. The following table summarizes the stock options outstanding as at June 30, 2004.

Number of Common shares	Exercise Price \$	Expiry Date
1,230,000	\$ 0.20	10 Feb, 2005
600,000	\$ 0.10	7 May, 2006
200,000	\$0.20	6 May, 2007
800,000	\$0.20	26 Sep, 2007
150,000	\$0.30	17 Mar, 2008
<u>1,350,000</u>	\$0.20	24 Sep, 2008
4,330,000		

c) *Warrants*

As at June 30, 2004, the Company has issued and outstanding 10,256,886 share purchase warrants valued at \$713,640. Each warrant entitles the holder to purchase one common share of the Company. A summary of outstanding warrants is as follows:

Warrants	Exercise Price	Expiry Date
363,115	\$0.19	17 Mar, 2005
6,721,939	\$0.25	17 Mar, 2005
1,400,000	\$0.45	31 Dec, 2005
20,800	\$0.35	31 Dec, 2004
177,680	\$0.37	31 Dec, 2004
<u>1,575,000</u>	\$0.45	31 Dec, 2005
10,265,734		

The following capital stock was issued during the quarter ended June 30, 2004:

Nil

5. Profit and Loss Per Share

Basic (loss) earnings per share were calculated on the basis of the weighted average number of common shares outstanding for the periods ended June 30, 2004 and June 30, 2003 which amounted to 57,027,861 and 37,986,788 common shares respectively.

The existence of stock options, conversion rights and warrants and for the period ended June 30, 2003, convertible debentures, affects the calculation of loss per share on a fully diluted basis. As the effect of this dilution is to reduce the reported loss per share, fully diluted loss per share has not been shown.

Conquest Resources Limited

Schedule of Mineral Properties

Canadian Funds

	Dec-31-03	Additions	Mar-31-04	Additions	Recovery	Jun-30-04
CANADA						
Missanabie	\$509,537	-	\$509,537	\$2,040	-	\$511,577
Alexander	404,688	389,455	794,143	50,303	-	844,446
Aurora	351,621	29,828	381,449	68,966	(159,000)	291,415
Phiz	30,000	14,372	44,372	63,977	-	108,349
Rock N Roll	-	15,127	15,127	81,925	-	97,052
Total Canada	\$1,295,846	\$448,782	\$1,744,628	\$267,211	(\$159,000)	\$1,852,839

Recovery of \$159,000 in QR2-04 represents payment of \$100,000 and 50,000 shares at \$1.18 per share re property option granted to Trade Winds Ventures Inc.

AFRICA

Tanzania						
Acquisition	\$43,971	(\$13,031)	\$30,941			\$30,041
Exploration	14,085		14,085			14,085
Zimbabwe						
Piper Moss						
Acquisition	156,178		156,178	(56,178)		100,000
Exploration	57,309		57,309	(57,309)		
Babs, Beehive, Eva						
Acquisition	571,642		571,642	(141,642)		430,000
Exploration	26,712		26,712	(26,712)		
Total Africa	\$869,898	(\$13,031)	\$856,867	(\$281,841)		\$575,026
Total	\$2,165,744	\$435,751	\$2,601,495	(\$14,630)	(\$159,000)	\$2,427,865

The write down of \$284,841 in QR2-04 represents a provision against the carrying value of the Company's properties in Zimbabwe as a result of the continuing political, economic, and operating uncertainties in that country.

Mineral Properties - Schedule of Deferred Exploration Expenditure

For the Six Month Periods Ended June 30

Mineral Properties	Alexander	Aurora	Missanabie	Phiz	Rock N Roll	Total
Six Months ended June 30, 2004						
Acquisition/recovery					7,500	
Geology, geophysics, geochemistry	122,775	74,032	2,040	71,437	79,205	349,489
Drilling	287,944					287,944
Travel & Accommodation	17,382	2,597		2,889	4,511	27,379
Equipment & property lease	6,804	19,735		1,412	3,951	31,902
Other	4,853	2,431		2,610	1,885	11,779
Total	\$439,758	\$98,795	\$2,040	\$78,348	\$97,052	\$708,493

Mineral Properties	Alexander	Aurora	Missanabie	Phiz	Rock N Roll	Total
Six months ended June 30, 2003						
Geology, geophysics, geochemistry	\$90,402	\$35,708				\$126,110
Drilling	138,813	231,926				370,739
Travel & Accommodation	17,496	6,811				24,307
Equipment & property lease	4,173	22,000				26,173
Other	267	2,840				3,107
Total	\$251,151	\$299,285				\$550,436

**FORM 52-109FT2 - CERTIFICATION OF
INTERIM FILINGS DURING TRANSITION PERIOD**

I, Terence N. McKillen, Chief Executive Officer of Conquest Resources Limited, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of Conquest Resources Limited, (the "Issuer") for the interim period ending June 30, 2004;
2. Based on my knowledge, 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, with respect to the period covered by the interim filings; and
3. Based on my knowledge, 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: August 12, 2004

"Terence N. McKillen"

Terence N. McKillen
Chief Executive Officer

FORM 52-109FT2 - CERTIFICATION OF
INTERIM FILINGS DURING TRANSITION PERIOD

I, John F. Kearney, Chief Financial Officer of Conquest Resources Limited, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of Conquest Resources Limited, (the "Issuer") for the interim period ending June 30, 2004;
2. Based on my knowledge, 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, with respect to the period covered by the interim filings; and
3. Based on my knowledge, 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: August 12, 2004

"John F. Kearney"

John F. Kearney
Chief Financial Officer

CONQUEST RESOURCES LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE INTERIM PERIOD ENDED 30 JUNE, 2004
(Form 51-102F1)

General

The following discussion of the operating results and financial position of Conquest Resources Limited (the "Company" or "Conquest") is prepared as at August 12, 2004 and should be read in conjunction with the unaudited financial statements and the notes thereto of the Company for the three months and six months ended June 30, 2004 and the audited financial statements of the Company and the notes thereto for the year ended December 31, 2003. The financial statements have not been reviewed by the Company's auditor.

Description of Business

Conquest is a Toronto based junior mining exploration and development company. It is a reporting issuer in the Provinces of Ontario, British Columbia and Alberta, and its common shares are listed on the TSX Venture Exchange under the symbol "CQR."

The Company is principally engaged in the acquisition, exploration, development and operation of mineral exploration properties. The Company has acquired interests and entered into agreements to acquire interests in and to mineral exploration properties located in Canada, Zimbabwe, and Tanzania. The significant industry and economic factors effecting the Company remained substantially unchanged during the period.

Operational Highlights - 2QR 2004

During the second quarter of 2004, Conquest's activities continued to be mainly concentrated in Ontario and British Columbia, Canada. Activities in Canada focussed on property evaluation and exploration on the Alexander Property at Red Lake, Ontario, the Aurora Property at Detour Lake, Ontario and the Phiz and Rock and Roll Properties in British Columbia.

During the second quarter, Conquest received results from a 15-hole drill programme completed in the first quarter on the Alexander property. Significant gold values and related alteration were encountered in several holes along a 2,000 metre long easterly trend, which broadly represents a shear zone identified in previous drilling and by geophysical surveys. Results included 12.82g/t gold over 0.14 m in hole CR-04-20, 5.49g/t gold over 0.12 m in hole CR-04-24 and 4.42g/t gold over 0.7 m in hole CR-04-17, together with additional values in the 1g/t to 3g/t gold range over widths of 0.16 to 1.0 metres. Gold mineralization has been discovered over narrow widths in the footwall and hangingwall basalts as well as in the central diorite intrusive. The drill programme was designed to test structural features identified from the interpretation of geophysical survey data and geochemical anomalies identified by a programme of soil sampling and Mobile Metal Ion (MMI) analysis completed in 2003. Eleven of the 15 holes encountered anomalous gold values and/or alteration features considered indicative of potential gold mineralization while 4 encountered significant gold mineralization. Although the drill holes were relatively shallow (average of 160 metres vertical depth), the results confirm the presence of gold bearing structures on the Alexander property and justify more detailed and deeper drilling in the next phase of drilling being planned for later this year.

On the Aurora property, Conquest carried out a programme of MMI geochemical soil sampling over the 2,000 metre long GB gold zone and over areas of previously identified reverse circulation overburden gold anomalies. The programme is designed to evaluate the MMI technique in areas of deep overburden cover and to enhance targets for the next round of drilling which is scheduled to commence in August. Further to an option/joint venture agreement announced April 2004 with Trade Winds Ventures Inc., Conquest received an initial cash payment of \$100,000 and 50,000 common shares of Trade Winds. Subsequent to the end of the quarter, Trade Winds completed a \$500,000 private placement in Conquest at \$0.40 per unit. Each Unit comprises one share and one share purchase warrant. Each share purchase warrant entitles Trade Winds

to purchase a common share of Conquest at \$0.60 per share on or before January 15, 2006. Under the Joint Venture Trade Winds has the right to contribute \$4.4 million to exploration at Aurora over a four year period to earn a 60% interest in the main claim block. Conquest retains its 90% interest in the Sunday Lake and Nash Creek claim blocks, also in the Detour area.

In northwest British Columbia, Conquest commenced an initial field evaluation of the adjacent Phiz and Rock and Roll claims, situated in the Iskut River area close to the former Snip gold mine and the Eskay Creek gold mine. In addition to a re-evaluation of historical data, Conquest has completed geological mapping, sampling and evaluation of the Phiz high grade gold prospect and the Black Dog massive sulphide prospect. Geochemical surveys including MMI and conventional soil sampling have also been completed on both properties.

In Tanzania, Barrick Gold continues to explore under option the Company's Suguti property in the Lake Victoria area while in Zimbabwe the Company's projects in the Midland's goldfield have remained on a care and maintenance basis pending an improvement in the local political, economic and security situation.

Review of Financial Results

Conquest incurred a loss for the second quarter of 2004 of \$480,748 (\$0.01 per share) compared to a loss of \$173,432 in the second quarter of 2003. Included in the loss in the second quarter of 2004 was amortization of plant and equipment in the amount of \$117,246, compared to \$130,220 in the second quarter of 2003 and write down of deferred exploration expenditures on its African mineral properties of \$281,841. The Company recorded no revenue in the second quarter of 2004 or 2003. For the six months ended for June 30, 2004 Conquest incurred a loss of \$659,563 compared to a loss of \$552,424 in the first six months of 2003. Included in the loss in the first six months of 2004 was a write down of Zimbabwe mineral properties of \$281,841 compared to a write down of \$183,106 in the first six months of 2003.

Administrative expense during the second quarter of 2004 amounted to \$81,661 compared to \$43,208 in the second quarter of 2003. The major items were corporate office and general expense of \$43,038 in the second quarter of 2004 compared with \$19,528 in the second quarter of 2003. The increase in expenses during the second quarter of 2004 was as a result of an increased level of corporate activity.

Related Party Transactions

The expenses for the quarter include expenses incurred by directors or to corporations owned by or that employ directors for exploration expenses of \$48,752; corporate expenses of \$10,538; administrative services of \$6,175; and legal services of \$3,511.

Included in accounts payable and accrued liabilities at June 30, 2004 is \$262,108 due to these related parties. All amounts were incurred in the normal course of business and are measured at the exchange amount.

Liquidity and Capital Resources

Total assets decreased to \$5,072,430 at June 30, 2004 from \$5,718,676 at December 31, 2003 primarily as a result of losses incurred on administrative expenses together with amortization of plant and equipment and write down of deferred exploration expenditures. Total liabilities decreased to \$293,557 at June 30, 2004 from \$256,781 at March 31, 2004 and \$323,991 at December 31, 2003. The Company had a working capital surplus of \$1,971,944 at June 30, 2004 compared to a surplus of \$2,674,816 at December 31, 2003.

Cash and short term investments declined to \$2.2 million at June 30, 2004 from \$2.9 million at December 31, 2003 primarily as funds were expended on the Ontario and British Columbia exploration projects.

Subsequent to the end of the quarter, further to an option/joint venture agreement announced April 2004 with Trade Winds Ventures Inc., Trade Winds completed a \$500,000 private placement in Conquest at \$0.40 per unit. Each Unit comprises one share and one share purchase warrant. Each share purchase warrant entitles Trade Winds to purchase a common share of Conquest at \$0.60 per share on or before January 15, 2006.

The proceeds of \$500,000 were added to working capital.

At June 30, 2004, the Company had mining properties with a total book value of \$2,427,865. Plant and mining equipment, located in Zimbabwe, had a book value of \$97,094 at June 30, 2004. The equipment is being amortized on the straight line basis at 30% per annum. The balance sheet values may not represent that which could be obtained were the properties to be offered for sale at this time. The investments of \$281,970 in Oxus Gold PLC and Trade Winds Ventures Inc. are treated as long-term investments.

Summary of Quarterly Results

	1QR02	2QR02	3QR02	4QR02	1QR03	2QR03	3QR03	4QR03	1QR04	2QR04
Net Income (loss) per share (\$)	(0.01)	(0.01)	(0.01)	0.00	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Net Income (loss) before taxes, amortization & writedowns (\$)	(162,348)	(204,706)	(151,274)	88,642	(378,993)	(173,432)	218,958	(917,473)	(178,815)	(143,663)
Total assets (\$)	4,658,145	5,112,758	4,971,299	5,448,811	5,031,504	4,874,272	6,280,765	5,718,676	5,568,898	5,072,430

The net income in the third quarter of 2003 related to a non-recurring gain on the sale of investment in Oxus Gold Plc

Outstanding Share Data

The Company has unlimited authorized share capital of a single class of common shares of which, at June 30, 2004, 57,121,677 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 June 30, 2004, the Company had 10,265,734 share purchase warrants outstanding and convertible into common shares and 4,343,000 share purchase options issued pursuant to the Company's Stock Option Plan. No options were granted in the quarter. 1,950,000 share purchase warrants expired during the second quarter 2004.

Significant Accounting Policies and Risk Factors

The Company's Accounting Policies have been disclosed in the Financial Statements for the Year ended December 31, 2003 as well as in the Company's Annual Information Form (AIF) for the Year ended December 31, 2003. Risk Factors have been disclosed in the Company's AIF for the Year ending December 31, 2003. These documents are available from the Company upon request or can be viewed on SEDAR at www.sedar.com.

The 2004 interim financial statements are prepared in accordance with the same policies as the December 31, 2003 year end except for a change in the method of accounting for stock based compensation in accordance with the recommendations of the Canadian Institute of Chartered Accountants. The new recommendations require that compensation for all awards be measured and recorded at fair value for fiscal years beginning on or after January 1, 2004. The Company, as permitted, has chosen to apply the change retroactively in fiscal 2004 with a restatement of deficit as at January 1, 2004.

The fair value of stock options is determined by the widely used Black-Scholes option pricing model which was developed for use in estimating the fair value of freely traded options which are fully transferable and have no vesting restrictions. The Company's options have characteristics that are significantly different from those of traded options and changes in any of the assumptions used can materially affect fair value estimates.

The principal Risk Factors impacting the Company have been disclosed in the Company's Annual Information Form for the year ended December 31, 2003 which can be viewed on SEDAR at www.sedar.com.

Outlook

The Company plans an aggressive programme of exploration on its Canadian projects during 2004 with significant emphasis on diamond drilling. In the third quarter 2004, Conquest plans to continue exploration in Ontario on its Alexander, Aurora and Detour (Sunday Lake) gold properties and also conduct geological mapping and geochemical sampling on its Leeson Township property at Missanabie. Drilling will form a major part of planned programs at the Alexander and Aurora properties in the fall. Consideration is also being given to preliminary drilling at the Detour (Sunday Lake) and Missanabie (Leeson Township) properties.

Sufficient funds are available to support the proposed exploration activities for 2004 but the Company will have to seek additional financing to continue exploration into 2005. There is no guarantee that such financing can be secured.

Caution on Forward-Looking Information

This report may contain "forward-looking statements" within the meaning of the United States Private Securities Legislation Reform Act of 1995. Such forward-looking statements are subject to risks, uncertainties and other factors described under the caption "Risk Factors" in the Company's Annual Information Form.