

CONQUEST RESOURCES LIMITED
(A Development Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SECOND QUARTER ENDED JUNE 30, 2009

(Form 51-102F1)

CONQUEST RESOURCES LIMITED
(A Development Stage Company)
Management Discussion and Analysis
For the second quarter ended June 30, 2009

Date: July 29, 2009

General

The following discussion of financial condition, results of operations and future prospects should be read in conjunction with the consolidated financial statements for the period ended June 30, 2009 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 (TSXV) 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 June 30, 2009, 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" 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, 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 and into the Alexander Property. In July 2008, Goldcorp acquired Gold Eagle Mines for a reported \$1.5 billion to consolidate its Bruce Channel gold discovery located on the Red Lake Trend to the west of Goldcorp's producing mines. This indicates the substantial valuation that a property in the Red Lake camp can achieve.

Conquest has located a number of gold bearing structures on the Alexander Property through trenching and shallow drilling. The Company has not carried out any drilling on the Alexander property for the past three years but has developed a new 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. Management understands that Goldcorp is currently drill testing such potential in the upper levels of the Red Lake mine, extending from the No.1 Shaft area to the western boundary of the Alexander claims.

In May 2009, the Company was advised by Goldcorp Inc. ("Goldcorp") 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 programme 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.

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 \$1,433,381 on exploration to date and estimates the cost of the proposed two year, deeper drill program to amount to \$2,000,000 of which \$500,000 is estimated for the first phase to be carried out during 2009 and for which the Company is adequately financed.

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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 is currently conducting a feasibility study for the development of a 30,000 tonnes per day open pit mine based on a currently defined resource of 13.2 million contained ounces of gold. Three structural deformation zones, parallel to the Sunday Lake Deformation Zone which hosts the Detour gold deposit, longitudinally 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, an isolated group of claims forming part of the Aurora project, is located immediately 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.

The Company's Detour Lake properties comprise mining leases and mineral claims with no minimum annual expenditure required, other than mineral lease taxes. Conquest currently holds a 60% interest in the Property, subject to an option and joint venture agreement with Breakwater Resources, and may earn up to 100% interest by spending a cumulative \$4,385,816 on exploration and development programs by December 31, 2012, of which approximately \$2.5 million remains to be expended over the next four years.

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 therefore have any minimum expenditure requirement over the next several years, other than minimal mining lease taxes. The Company has expended \$973,941 on the King Bay project to date. KBG Minerals, the Company's joint venture partner, contributes its pro rata share of program 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 2009 will be concentrated on the Alexander property at Red Lake where the first phase of a planned two year deep drill program will be initiated. The exploration budget for Red Lake for 2009 is estimated at approximately \$500,000 which has been financed. The Company will monitor developments on the Detour Gold project, adjacent to the Company's Aurora property, and will pursue joint venture negotiations on the Aurora property if this opportunity arises.

Scientific and technical information disclosed herein has been prepared under the supervision of Terence N. McKillen, P.Geo, the President and a director of the Company, who is a Qualified Person within the meaning of National Instrument 43-101.

Exploration Properties and Deferred Exploration Expenditures
For the six month period ended June 30, 2009

	Alexander	Aurora	King Bay	Total
	\$	\$	\$	\$
Geology, geophysics and geochemistry	15,776	3,875	3,835	23,486
Drilling	3,214	4,400	-	7,614
Travel and accommodation	10,965	-	-	10,965
Equipment, property lease and other	2,592	1,532	1,810	5,934
Total additions	32,547	9,807	5,645	47,999

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Exploration Properties and Deferred Exploration Expenditures

	December 31 2007	Additions (Write down)	December 31 2008	Additions (Write down)	June 30 2009
	\$	\$	\$	\$	\$
Alexander	1,421,137	9,294	1,430,431	32,547	1,462,978
Aurora Detour	491,297	20,505	511,802	9,807	521,609
King Bay	886,971	83,219	970,190	5,645	975,835
Other	5,960	(5,960)	-	-	-
Total	2,805,365	107,058	2,912,423	47,999	2,960,422

Results of Operations

The Company recorded no revenue for the three month period ended June 30, 2009 or 2008.

For the three and six months periods ended June 30, 2009 the Company reported losses of \$93,627 and \$308,987 respectively, compared to \$60,383 and \$82,835 respectively for the three and six months periods ended June 30, 2008. Included in the June 30, 2009 loss was a write down to market of \$8,000 for the three month period and an unrealized gain of \$9,000 year to date of the investment Trade Winds Venture Inc. A write down of \$20,000 was recorded in the same period ended June 30, 2008. There was also a charge of \$160,000 in respect to stock-based compensation for the six month period ended June 30, 2009; there was no such charge in 2008.

Administrative expense for the three and six months periods ended June 30, 2009 amounted to \$85,627 and \$157,987 respectively, compared to \$40,383 and \$62,835 for the same periods in 2008. Included in 2009 expenses were \$86,815 professional fees compared to \$16,705 for the same period in 2008. The increase in expenses was primarily the result of additional legal fees incurred in defending the Company against the lawsuit described under "Commitments and Contingencies" and "Subsequent Event".

Summary of Quarterly Results

	3QR07 (\$)	4QR07 (\$)	1QR08 (\$)	2QR08 (\$)	3QR08 (\$)	4QR08 (\$)	1QR09 (\$)	2QR09 (\$)
Net loss before extraordinary items	(58,701)	(65,054)	(22,452)	(40,383)	(40,773)	(12,239)	(215,360)	(93,627)
Net loss	(57,501)	(631,665)	(22,452)	(60,383)	(53,773)	(27,199)	(215,360)	(93,627)
Net loss per share (before extra. Items)	(0.001)	(0.001)	(0.000)	(0.001)	(0.001)	(0.000)	(0.003)	(0.001)
Net loss per share	(0.001)	(0.010)	(0.000)	(0.001)	(0.001)	(0.000)	(0.003)	(0.001)
Total assets	4,189,925	3,492,457	3,474,873	3,390,867	3,344,886	3,822,949	3,754,548	3,691,103
Working Capital	608,065	511,084	408,422	373,562	321,867	777,219	691,340	571,233

- (i) The fourth quarter of 2007 includes the write off of the Smith Lake property.
- (ii) The first quarter of 2009 includes a charge of \$160,000 in respect to stock-based compensation
- (iii) The second quarter of 2009 includes \$50,281 legal fees incurred in defending the Company against the lawsuit described under "Commitments and Contingencies" and "Subsequent Event".

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Liquidity and Capital Resources

Total assets decreased to \$3,691,103 at June 30, 2009 from \$3,822,949 at December 31, 2008. The Company had a working capital surplus of \$571,233 at June 30, 2009 compared to \$777, 219 at December 31, 2008. Cash and short-term investments of \$706,636 at June 30, 2009 were down from \$884,718 at December 31, 2008 primarily as a result of the expenditures during the period.

At June 30, 2009, the Company had mineral properties with a total book value of \$2,960,422. 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.

Prior to December 31, 2008, the Company completed a non-brokered private placement to a related party of 10,000,000 Units at a subscription price of \$0.05 per unit for total proceeds of \$500,000. Each Unit comprises one flow-through common share and one common share purchase warrant ("Warrant"). Each Warrant will entitle the holder to purchase one common share of Conquest at an exercise price of \$0.10 per share for five years. The estimated grant date fair value of the warrants related to this private placement amounted to \$110,000. The proceeds of the placement will be used for the exploration of the Company's Alexander project at Red Lake during 2009.

Completion of this financing enables Conquest to undertake an exploration program on its Red Lake property in 2009 but the Company will require additional funding to more aggressively pursue exploration at Red Lake or to undertake exploration on its Aurora or King Bay Properties and to pursue any new project acquisitions.

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 in 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 withstand a prolonged economic recession and maintain its properties for a number of years

Commitments and Contingencies

The Company entered into a flow-through share subscription agreement in December 2008 whereby it is committed to incur on or before December 31, 2009, a total of \$500,000 of qualifying Canadian Exploration Expenses. As at June 30, 2009, no expenditures had been incurred, leaving a balance of \$500,000 to be incurred on or before December 31, 2009. The Company has indemnified the subscriber for any tax related amounts that may become payable by the subscriber as a result of the Company not meeting its expenditure commitments.

The Company has received a Summons under the *Occupational Health and Safety Act* containing charges under that Act relating to an accident that occurred in 2007 at the joint venture exploration project at King Bay, Sturgeon Lake, Ontario where an independent contractor was fatally injured. The proceedings were resolved on July 24, 2009; as described under heading "Subsequent Event".

Related Party Transactions

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

Amounts paid and accrued include the following expenditures which were incurred with directors and officers of the Company, corporations with directors and/or officers in common with the Company, and corporations controlled by directors and/or officers of the Company:

	Six months ended June 30	
	<u>2009</u>	<u>2008</u>
	\$	\$
Office and general	18,009	13,594
Corporate expenses	14,505	-
Exploration expenditures	3,995	-
Legal fees	25,213	1,240
	<u>61,722</u>	<u>14,834</u>

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During the period, the Company made payments totaling \$61,722 to related parties, including \$12,178 to D.B. Whitelaw, Director, for investor relations and administration costs, \$25,213 to Neil J.F. Steenberg, for legal fees, \$8,500 to Terence N. McKillen for geology and administration costs, \$2,400 to Gerald Gauthier for consulting, \$12,415 to Labrador Iron Mines Holdings Limited for rent, and \$1,016 for administration costs to Robert Kinloch.

Included in accounts payable and accrued liabilities at June 30, 2009 is \$105,155 (2008 - \$90,352) due to related parties, including \$87,202 interest free loan payable on demand due to Energold Minerals, a company controlled by John F. Kearney, Director, \$16,253 due to Neil J.F. Steenberg, Director, for legal fees and \$1,700 due to Terence N. McKillen for geology and administration costs.

Critical Accounting Estimates

The Company's principal accounting policies are described in Note 3 of the Consolidated Financial Statements for the period ended June 30, 2009. Management considers the following to be the most critical in understanding the judgments involved in preparing the Company's financial statements and the uncertainties that could impact its results of operations and future cash flows.

Exploration properties and deferred exploration expenditures

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

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

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

Asset retirement obligations

The Company will record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its mineral exploration properties. Management is currently not aware of any existing asset retirement obligations and the Company does not currently have any legal obligations relating to the reclamation of its mineral exploration properties.

Interests in joint ventures

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

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the period. During the fiscal years presented, management has made a number of significant estimates and valuation assumptions, including in particular the recoverability of investments in exploration properties, fair value of financial instruments, valuation of investments, valuation of tax accounts and factors affecting the valuation of stock-based compensation and share purchase warrants, and assessing any future costs associated with environmental remediation and site restoration matters. 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.

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Flow-through financing

The Company has financed a portion of its exploration activities in Canada through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock and the related exploration costs have been charged to exploration properties and deferred exploration expenditures. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation reduces share capital.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Using this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the 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.

Stock-based compensation

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

The Black-Scholes model 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.

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 its value is 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.

New Accounting Standards

On January 1, 2008, the Company adopted the CICA Handbook Section 1535, Capital Disclosures, Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation. Adoption of these standards did not have a significant impact on the Company's financial statements.

Impairment Testing of Mineral Exploration Properties, Emerging Issue Committee 174

On March 27, 2009, the CICA approved EIC-174 "Mining Exploration Costs. This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. This standard is effective for the Company beginning July 1, 2009. The Company is currently evaluating the impact of adopting this standard in 2009.

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Future Accounting Changes: International Financial Reporting Standards ("IFRS"):

On February 13, 2008, the Accounting Standards Board ("AcSB") confirmed that publicly accountable entities will be required to prepare financial statements in accordance with IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company has developed a three phase changeover plan to adopt IFRS by January 1, 2011 as follows:

(i) **Scope and Plan:** This first phase involves 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.

As at June 30, 2009, the first phase of the Company's IFRS project was near completion. Phase two of the project is expected to be complete by September 30, 2009. The final phase is expected to be complete by December 31, 2009. The project completion is geared for the start of the December 31, 2010 fiscal year to facilitate the preparation of interim financial statements for the purpose of comparison to the corresponding interim period for the year ended December 31, 2011.

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.

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.

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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.

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 June 30, 2009 and July 29, 2009, 72,663,830 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, 2009 and July 29, 2009, the Company had 10,000,000 share purchase warrants outstanding and 5,800,000 share options issued pursuant to the Company's Stock Option Plan. The share purchase warrants have an expiry date of December 30, 2013.

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.

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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 June 30, 2009, 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 June 30, 2009, 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 \$4,000 during a one-year period.

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 severe recession. Such economic upheaval has continued during the first part of 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 have been some indications of recovery in the second quarter of 2009. At the same time demand for and pricing of many mineral commodities has fallen with the exception of gold. 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 the major producers and other industrial and financial sectors, has seen share prices test historic lows since September 2008. Continued low market capitalization and lack of market liquidity, together with a less than receptive equity market for junior mining shares in the current market environment, could have a significant negative impact upon the Company's ability to finance ongoing exploration activities.

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Almost unique among all commodities, the price of gold has increased, or remained reasonably stable, amid the current financial turmoil and this has facilitated investment interest in the shares of gold mining 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.

Subsequent Event

Legal Proceedings Resolution

Subsequent to the end of the period the Company negotiated a plea agreement with respect to nine 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 where an independent contractor drowned while constructing an ice road on Sturgeon Lake while operating his own equipment about 400 meters offshore at the time of the accident.

The contractor was engaged by the project supervisor because of his expertise and experience in building ice roads and had performed similar work for Conquest at the same location in the past.

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. Five other charges against Conquest and three against the supervisor of the Project (the President of KBG Minerals were withdrawn). The fine is subject to a 25% government mandate victim impact surcharge.

The plea agreement was reached following negotiation between the Company and the Crown. While Conquest did not agree with all of the Crown's allegations and was confident of a successful outcome of trial, it was deemed to be in the best interest of the Company and its shareholders to avoid the significant legal costs (not including management's time) and the uncertainties in bringing this case to trial. The legal costs of the full trial and possible appeals would have exceeded the amount of the agreed penalty and the potential fines could theoretically have amounted to a maximum of \$3 million.

The Company will 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 supervisor of the Project, and will implement improvements to the documentation of the Company's Safety Policy.

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.

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.

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

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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.

July 29, 2009