



# CONQUEST RESOURCES LIMITED

## ANNUAL INFORMATION FORM

For the fiscal year ended December 31, 2002

Dated as at May 14, 2003

**Conquest Resources Limited**  
347 Bay Street, Suite 201  
Toronto, ON, M5H 2R7  
Telephone: 416-362-8243 Facsimile: 416-368-5344  
Email: [info@conquestresources.net](mailto:info@conquestresources.net)  
Website: [www.conquestresources.net](http://www.conquestresources.net)

## TABLE OF CONTENTS

	<u>Page</u>
Item 1: - The Company - Incorporation .....	4
Item 2: - General Development Of The Company .....	4
Item 3: - Description Of The Business .....	5
General: .....	5
<b>THE COMPANY'S MINERAL PROPERTIES .....</b>	<b>5</b>
<b>CANADA .....</b>	<b>5</b>
1. Alexander Project, Red Lake, Ontario .....	5
2. Aurora Project, Ontario .....	8
3. Misanabie Project, Ontario .....	12
<b>KYRGYZ REPUBLIC .....</b>	<b>13</b>
1. Jerooy Project .....	13
<b>REPUBLIC OF ZIMBABWE .....</b>	<b>18</b>
General .....	18
1. Piper Moss Property .....	19
2. Babs and Beehive Mines .....	20
3. Shamrock Property .....	21
4. Gretna Green Property .....	23
5. Eiffel Flats Properties .....	24
<b>REPUBLIC OF TANZANIA .....</b>	<b>27</b>
1. Suguti Property .....	27
2. Ikungu Property .....	28
<b>COMPETITIVE CONDITIONS .....</b>	<b>29</b>
<b>HUMAN RESOURCES .....</b>	<b>30</b>
Dependence upon Key Personnel .....	30
Conflicts of Interest .....	30
<b>RISK FACTORS: .....</b>	<b>30</b>
Exploration and Development Risks .....	30
Stage of Development .....	31
Title Matters .....	31
Marketability .....	31
Mineral Prices .....	31
Currency Conversion and Exchange Rates .....	32
Environmental and other Regulatory Requirements .....	32
Uninsured Risks .....	32
Laws and Regulations - Political Stability .....	32
Additional Financing .....	33
Limitations on Enforceability .....	33
Item 4: - Selected Consolidated Financial Information .....	34
Item 5: - Management's Discussion and Analysis of Financial Condition and Results of Operations Year Ended 31 December 2002 .....	35
A. General .....	35
B. Quarterly Information .....	35

<b>C. Liquidity and Capital Resources</b> .....	<b>35</b>
<b>D. Results of Operations</b> .....	<b>35</b>
<b>E. Subsequent Events</b> .....	<b>37</b>
<b>F. Outlook</b> .....	<b>37</b>
<b>Item 6: - Market for Securities</b> .....	<b>38</b>
<b>Item 7: - Directors and Officers</b> .....	<b>38</b>
<b>Item 8: - Additional Information</b> .....	<b>38</b>

# CONQUEST RESOURCES LIMITED

## ANNUAL INFORMATION FORM

### **Item 1: - The Company - Incorporation**

Conquest Resources Limited (the “*Company*” or “*Conquest*”) was incorporated on January 23, 1945 under the name “Quest Yellowknife Mines Limited” under the *Business Corporations Act* (Ontario). On October 15, 1984 the Company changed its name to “Conquest Yellowknife Resources Ltd.”. On January 27, 2000 the Company changed its name to “Conquest Resources Limited” .

The Company 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”.

### **Item 2: - General Development Of The Company**

Since incorporation in 1945 the Company has been principally engaged in the acquisition, exploration, development and operation of mineral properties. The Company has acquired interests and entered into agreements to acquire interests in and to mineral properties located in Canada, Zimbabwe, Tanzania and Kyrgyz Republic. In the early 1980s the Company refocused its efforts on mineral exploration in Northern Ontario and acquired the Misanabie property lying north of the Renabie Mine and conducted a mineral exploration program.

In 1993 the Company acquired mining claims in Heenan Township, 65 miles due west of Timmins, Ontario and completed an exploration program in 1994.

In 1996 the Company entered into an option agreement on two gold properties in the Mount Nansen area of the Yukon Territory and carried out an exploration program.

In 1999 the Company entered into an agreement to acquire Baobab Minerals Inc., a private company which held a package of mineral exploration properties in Tanzania and Zimbabwe. The acquisition of Baobab was completed by an exchange of shares the effect of which was to constitute a reverse takeover of Conquest by Baobab.

In 2000 the Company acquired three mineral properties and entered into tribute and option agreements on two exploration properties in Zimbabwe.

In 2001 the Company acquired a further four mineral properties comprising former mines and small producing mines also in Zimbabwe.

In 2002 the Company determined to diversify its interests away from Southern Africa, disposed of three Zimbabwe properties and dropped two others. For the immediate future Conquest intends to confine its efforts in Zimbabwe on securing and maintaining its remaining assets pending clarification of the future direction and economic prospects for that country. These assets are largely non producing exploration or development projects.

In 2002 the Company entered into agreements to explore two gold properties at Red Lake and Detour Lake in Ontario.

In 2002, the Company entered into an Option and Joint Venture Agreement to acquire an interest in a gold property in the Kyrgyz Republic.

Conquest plans for 2003 and future years is to focus its ongoing efforts on gold exploration in Canada on the Company's Alexander Property in the Red Lake Gold camp and a joint venture on the Aurora property in the Detour Gold Camp, both in Northern Ontario, while at the same time advancing its interest in the Jerooy gold deposit in Central Asia. The Company continues to evaluate other mining exploration and development opportunities as they arise.

### **Item 3: - Description Of The Business**

#### **General:**

The Company's business is conducted in the various countries in which it operates through direct and indirect ownership of companies, joint ventures or other entities having beneficial ownership of, or rights to, or rights to explore and acquire, mining and mineral exploration claims, concessions, leases, licences or properties.

The Company carries out its operations in Canada either directly or through its wholly owned subsidiary Baobab Minerals Inc. ("*Baobab*"), a company incorporated under the *Company Act* (British Columbia).

The Company owns the mineral rights of patented mineral claims in Ontario in Leeson Township, in the Misanabie area and has entered into option agreements whereby it may earn an interest in certain mineral properties located near Detour Lake and in Balmer Township at Red Lake, also in Ontario by incurring certain exploration expenditures all of which are described in more detail under the heading captioned "The Company's Mineral Properties" below.

The Company carries out its operations in Zimbabwe through its wholly owned subsidiary African Gold B.V. ("*Afgold*") incorporated under the laws of The Netherlands which owns all of the issued and outstanding shares of Plontberg Manufacturing (Private) Limited ("*Plontberg*"), a company incorporated under the laws of the Republic of Zimbabwe.

The Company owns the formerly producing shut down Babs, Beehive and Piper Moss mines, and the exploration and exploitation rights over the Shamrock and Gretna Green properties which are located in Zimbabwe; all of which are described in more detail under the heading captioned "The Company's Mineral Properties" below.

The Company carries out its operations in Tanzania through its wholly owned subsidiary Sampo Resources (Tanzania) Limited ("*Sampo*") incorporated under the laws of the Republic of Tanzania. Sampo holds the mineral exploration rights over the Ikungu and Suguti properties (each hereinafter discussed) which are located in Tanzania; all of which are described in more detail under the heading captioned "The Company's Mineral Properties" below.

The Company has entered into an Option and Joint Venture Agreement to acquire all of the shares of Norox Mining Company Limited ("*Norox*") a company incorporated under the laws of the Cayman Islands which is the owner of 66.67% of the shares of Talas Gold Mining Company a company incorporated in the Kyrgyz Republic which holds the exclusive right to explore for and extract gold and other metals at the Jerooy Gold property in the Kyrgyz Republic; all of which are described in more detail under the heading captioned "The Company's Mineral Properties" below.

### **THE COMPANY'S MINERAL PROPERTIES**

#### **CANADA**

##### **1. Alexander Project, Red Lake, Ontario**

### Land Tenure

Pursuant to an option agreement dated March 4, 2002, between Energold Minerals Inc. (“Energold”) and the Company, Conquest has the right to acquire a 100% interest in the Alexander Property in Red Lake, Ontario by expending \$500,000 on exploration and development work prior to December 31, 2006. Upon exercise of the option, Energold will be entitled to a 2% net smelter royalty from any production from the property. The Alexander Property comprises 27 patented claims situated in the Township of Balmer, in the District of Kenora (Patricia Division) and issued by Letters Patent dated January 25, 1947. The claims comprise approximately 1,107 acres (448 ha) and numbered KRL 20303-05, KRL 20437-40, KRL 20485-88, KRL 20516-20, KRL 20533-56, KRL 20748-54.

### Location, Access and Infrastructure

The claims are located in central Balmer Township, in the heart of the Red Lake mining camp and immediately adjacent to the Red Lake gold mine owned and operated by Goldcorp Inc. Access to the claims is through the Goldcorp property.

Red Lake is a long established gold mining town with services and infrastructure to support mining and exploration activity.

### Overview

The Alexander Property is located immediately east of Goldcorp’s Red Lake mine.

The Alexander Property boundary lies approximately 1,000 metres east of Goldcorp’s production shaft, and includes over 4,000 metres of potentially favourable geology located in the heart of the Red Lake camp where past production and current publicly disclosed reserves and resources total approximately 23,000,000 ounces of gold.

Previous work done on the property in 1946 by Alexander Red Lake Gold Mines Limited identified a discontinuous zone of gold mineralisation with up to 0.34 ounces gold per ton (10.6 g/t) over narrow widths and approximately 1,200 metres in length. In 1980 Getty Canadian Minerals Ltd. completed a programme of airborne and surface exploration and five shallow drill holes with a best result of 0.31 ounces gold per ton (9.7 g/t) over 0.52m.

The property has not been explored since 1980. The known zone of mineralization, which has been traced over 1,200 metres has not been adequately tested throughout its length. The property has never been tested or explored at depth. On its adjacent property, Goldcorp discovered its new high grade zone at a depth of approximately 5,000 feet (1,500 metres) in 1995.

Goldcorp’s **Far East Zone** was located by drilling in 1998 and 1999 to the east of the main workings, and as reported by Goldcorp was found in “an area previously thought to have limited potential.” The Far East Zone is located between the 16 and 23 Levels at a depth of about 3,000 feet and is believed to be located approximately 4,800 feet east of the main shaft, placing it not far from the boundary with Conquest’s claims. According to Goldcorp, the “target area has potential to host both sulphide and high grade mineralization.”

### Geological Setting

The Red Lake greenstone belt is located in the western portion of the Uchi Subprovince, a typical Archean granite-greenstone terrain containing eastward trending belts of volcanic and sedimentary rocks and synvolcanic intrusives. The volcanic complex is comprised of mafic flows with subordinate amounts of intercalated intermediate and felsic volcanic rocks, and chemical and clastic sedimentary units. Several large, ultramafic to intermediate intrusions are present in the sequence. The greenstone belt is bounded on all sides by granitoid masses.

The Red Lake greenstone belt has been subdivided into distinct tectonic assemblages. These assemblages, from oldest to youngest, are the Balmer Assemblage, the Ball Assemblage, the Bruce Channel Assemblage, and the Confederation Assemblage. The Balmer Assemblage which hosts the Red Lake mine gold deposits, constitutes the majority of the Red Lake greenstone belt and forms the central core. Large scale folding is a prominent characteristic of the eastern portion of the Red Lake greenstone belt. Lithological and aeromagnetic evidence supports the presence of major folding.

Gold deposits at Red Lake appear to be spatially related to large-scale linear deformation-alteration zones. The mine rock types are characterized by large-scale intense alteration. Ore zones are also spatially related to faults and irregular fold contacts between mafic and ultramafic rocks.

### Reserves and Resources

There are no known mineral reserves or resources on the Company's Red Lake property.

### Exploration & Development

During 2002, the Company carried out a geological evaluation, regional and property data compilation, cut new grids and undertook a soil geochemical survey over the property on a 100 x 25m grid to establish priority areas for future follow up. Subsequent to year-end, the Company undertook ground and airborne geophysical surveys and completed approximately 3,000 metres of diamond drilling. The estimated budget for this work was \$500,000. The drill programme and ground geophysical survey was carried out under the supervision of Christopher Marmont, P.Geo., while Terence N. McKillen, P.Geo., President and CEO of the Company, supervised the field programmes and is the Qualified Person on the property.

Results of the geochemical survey have outlined over 30 discrete single- and multi-point gold and arsenic anomalies with values up to 2,490ppb gold and 5,690ppm arsenic which frequently appear to be associated with structures (faults/shears). Reinterpretation of old airborne geophysical data suggested the presence of several north-trending cross-structures as well as a significant, east-west trending, regional structure which can be traced from Placer Dome's mine, through the Goldcorp headframe area, and into the central part of the Alexander claims (the "Goldcorp Structure"). This latter structure, identified by Goldcorp (in a regional structural report on open file) as an important gold bearing secondary structure, represents an important target for potential gold mineralisation and may possibly be the same structure represented in the #1 and #2 shear zones identified from earlier drilling on the Alexander Property during the late 1940s.

Subsequent to year-end, Conquest also conducted an high intensity airborne magnetometer and detailed ground VLF EM surveys over the Alexander Property. The airborne survey was undertaken by Terraquest Ltd. and comprised a 3-D magnetic gradiometer system. The Property was surveyed on 50m spaced flight lines together with 100m spaced tie lines. At the time of writing, data from these surveys was not available.

Conquest started its first phase of drilling on the Alexander Project in late February 2003. Approximately 2,650 metres of drilling (10 holes) were completed in an initial fence of holes drilled approximately 600 metres east of the claim boundary with the Goldcorp mine property. The holes were drilled to down-hole depths of between 175m and 358m to provide preliminary geological information with respect to lithologies, alteration, structure and sulphide mineralization in the western part of the property and to assist in the development of future drill targets. Holes 01, 02 and 03 are within the hangingwall metavolcanic and metasedimentary sequences, all on survey line 4+00mE. Hole CR-03-04 was drilled within the central diorite body. Hole CR-03-05, also in the hangingwall sequence, was located on section line 2+00mE (off-section), while holes CR-03-06, 07, 08, 09 and 10 were drilled, within the footwall metavolcanic and metasedimentary sequences to the north of the intrusive body.

At the time of writing, only analytical results for the first three holes are available. Several sulphide intervals and evidence of shearing and cross-faulting were encountered in a number of the holes. In holes CR-03-01 to 03, sulphide zones occur over a 250 metre interval of the hangingwall metavolcanics, with two intervals

being encountered by all three holes. Assay results include minor gold values. Sulphide mineralization forms an important part of the gold reserves at both the Goldcorp and Placer operations.

In hole CR-03-04 several narrow, steeply dipping discordant mafic and quartz-feldspar porphyry dikes were encountered, as well as several shear zones that appear to dip steeply to the southwest, concordant with stratigraphy. Disseminated arsenopyrite occurs in some of the porphyry and in some of the shear zones, associated with narrow quartz-carbonate veinlets. An assay of 2.5g/t gold was obtained over a core length of 0.5m from the lower part of one porphyry. In the upper part of hole CR-03-06, the diorite is intruded by arsenopyrite-bearing quartz-feldspar porphyry, below which it is affected by chlorite and biotite alteration. A silica-pyrite iron formation, with chlorite-magnetite and garnet marks the contact between diorite and underlying pillowed basalt. Below the iron formation, the basalt contains numerous quartz-pyrite-pyrrhotite stringers and veinlets.

Additional sulphide zones were encountered in the footwall sequences in holes CR-03-07 to 10. In hole CR-03-07, disseminated arsenopyrite was observed in a 3.4m wide quartz-feldspar-porphyry dyke near the top of the hole. Thin quartz-chlorite-pyrrhotite veinlets, with rare sphalerite, arsenopyrite, chalcopyrite or muscovite occur at intervals. In hole CR-03-10 pillow selvages were frequently heavily veined by pyrrhotite and pyrite-bearing calcite-quartz veins, with sulphides making up as much as 20% of the rock over intervals of one metre.

A preliminary evaluation of the drilling (without the benefit of complete assay data) has provided a continuous cross-section of the geology of the western part of the Alexander Property. Various structural features have been identified which may be related to structures interpreted from airborne and ground geophysical data. Some of these structures are known to be associated with gold mineralization on the adjacent Goldcorp mine property. These structures, together with recognized zones of alteration, sulphide mineralization (pyrite, pyrrhotite and arsenopyrite), often with minor associated gold mineralization, are considered positive indicators for gold mineralization. A 1,600m long zone of intermittent gold mineralization, encountered in previous shallow drilling on the Alexander Property in the early 1980s, remains open along strike and to depth and is located approximately 600 metres to the south of the Goldcorp Structure.

The Alexander Property is one of the most strategically located exploration properties in the Red Lake mining camp immediately adjacent to more than 20 million ounces of gold resources. Conquest plans to continue data evaluation and compilation and will develop targets for a follow-up programme of drilling and surface exploration which will be scheduled for later in 2003.

## **2. Aurora Project, Ontario**

### **Land Tenure**

Pursuant to an option/joint venture agreement dated March 7, 2002, between Conquest and Prism Resources Inc. ("Prism"), Conquest has the right to acquire a 60% interest in Prism's right to earn a 100% interest in the Aurora Property, a group of 11 mining leases, 17 mining claims and 84 staked claims, in three separate blocks, situated between 3km and 6km south, east and southeast of the former Detour gold mine which are subject to an underlying joint venture agreement dated December 31, 1999 between Prism and Boliden Westmin (Canada) Limited ("Boliden").

Conquest may acquire an initial interest in the Aurora Property by expending a total of \$350,000 on exploration and development programs prior to June 31, 2004 with a commitment of \$150,000 expenditure prior to June 30, 2003. Conquest is the operator of the joint venture. In order for the Conquest-Prism joint venture to be vested with its initial 60% interest, Prism will make a payment of \$200,000 to Boliden by July 1, 2004. In the event that Prism fails to make such payment, Conquest will have the right to make the payment, after which its interest in the Conquest-Prism joint venture will increase to 90% (54% direct property interest). The parties have the right to enter into an operating joint venture with Boliden on July 1, 2004 (on a 60:40 basis) or elect

to earn a further 40% interest (total 100%) subject to a 2% NSR by spending a cumulative \$4,385,816 on or before December 31, 2012.

Mining Leases: 106316-23, 106367, 106541, 107018

Mining Claims: P1090117-20, P1114018-19, P1204468, P1204525-29, P1204533, P124533, P1204535, P1218849-50

Staked Claims: P1088666-75, P1090057-74, P1090089-90, P1090117-20, P1114018-19, P1204468, P1204525-29, P1204533, P1204535, P951001-5, P951007-13, P951016-20, P951024-40, P951050, P956232-33, P951006, P951014-15

### Location, Access and Infrastructure

The Aurora claims comprise three separate blocks including the main **Aurora** property (12 leases) which is located approximately 4km south of the former Detour gold mine which had published recorded production of 1,600,000 ounces of gold between 1983 and 1998; the **Sunday Lake** property (3 leases) which lies 5.5km east of the Detour mine, along the Sunday Lake Deformation Zone, a major structural break with which the Detour gold deposit is intimately associated; and the **Nash Creek** property (4 leases) which lies approx. 4.5km southeast of the main Aurora property.

The Aurora claims comprise a total of 6,770 hectares in the Detour Mining District and lie 130 kilometres northeast of Cochrane near the Ontario/Quebec provincial border. The main Aurora claim group is 16km in length and 4 to 5km in width. The Detour mine site (currently owned by Pelangio Mines Inc.) is accessible by all-weather road from Cochrane. A network of bush roads traverses the Aurora Property. Also located nearby are the Selbaie copper-zinc-silver-gold mine and the Casa Berardi gold deposits.

### Overview

Previous exploration expenditure on the property by Boliden, Placer Dome, Inco, Penarroya and Amoco Canada reportedly exceeds \$3.7 million. Approximately 90 diamond drill holes (17,000 metres), 113 reverse circulation drill holes, EM, magnetometer and IP surveys have been completed over the 16 kilometre strike length of the Aurora Property. Drilling has identified three zones of mineralization associated with major structural breaks (Northern, Central and Southern Zones) that parallel the long axis of the Property. Several target areas have been identified for further drilling.

In 1971, Inco completed a 115 metre diamond drill test hole on claims which are now part of the property. Further work was conducted over a small portion of the property during the next six years by Penarroya Ltd. (EM, magnetometer surveys, and one diamond drill hole), Amoco Canada Ltd. (ground EM, magnetic surveys, and one diamond drill hole), and Noranda Exploration (ground geophysical surveys and some diamond drilling).

In 1980, Westmin staked the Aurora Property. Since then approximately \$3 million has been spent on data gathering that has included diamond and reverse circulation (RC) overburden drilling and geophysical surveying. Westmin acquired a large portion of the current property and conducted an extensive exploration program between 1980 and 1989 consisting of geological mapping, geophysical surveys, 113 reverse circulation holes, 50 diamond drill holes (8,260.5 metres), additional Max-Min II and magnetometer surveys.

Placer Dome optioned the property in 1994 and conducted a detailed airborne magnetic-EM survey, followed by a ground grid IP survey. In 1996 Placer Dome drilled 16 diamond drill holes (3,968 metres). Five holes intersected visible gold mineralization. Assays ranged up to 46.2 grams of gold per tonne over 3 metres and 21.6 grams of gold per tonne over 2.6 metres. In 1997 Placer Dome completed an additional 16 holes (4,314 metres), encountering visible gold in 3 more holes including 10 grams of gold per tonne over 2 metres. In 1998, Placer Dome relinquished the option on the Aurora Property at the time they announced the closure of their Detour Mine.

The 90 diamond drill holes (17,000 metres) completed over the 16 kilometre strike length of the Aurora Property have defined three sections of mineralization: Northern Break, Central Break, and Southern Break.

### Geological Setting

The Aurora claims are located in the northeastern part of the Early Precambrian Abitibi Belt of the Superior Province. The Detour mine and the immediately surrounding part of the Abitibi Greenstone Belt is included in what has been designated the Northern Volcanic Zone which has been subdivided into two distinct volcano-sedimentary successions; these are the monocyclic volcanic segment and the polycyclic volcanic segment. The Detour mine orebodies are located on the north limb of a major fold structure and are hosted in strongly conductive sulphide-rich tuffaceous cherty chemical sedimentary rocks at the contact between clastic sedimentary rocks on the south and tholeiitic mafic volcanic rocks on the north. Gold orebodies are also hosted in quartz veins, talc-carbonate rock and in other environments.

### Northern Break

The Northern Break is marked by thick sections of graphitic argillite near the contact between mafic and ultramafic volcanic and intrusive rocks and the clastic sedimentary rocks on the north side of the property. Drilling intersected sericitic felsic tuff with extensive quartz-carbonate veining as well as arsenopyrite and green mica and returned some low gold values.

### Central Break

The Central Break is defined by a thick diamictite unit or paraconglomerate characterized by mafic volcanic rock clasts in a fine grained mafic matrix. The unit is bounded by mafic volcanic flow rocks. Turbiditic wackes and iron-rich chemical sedimentary rocks containing magnetite, pyrite, pyrrhotite and Fe-chlorite and amphibole are interlayered with the volcanic and sedimentary rocks. Placer Dome encountered interesting results in some holes, including: 1.0m at 6.6g/t Au and 1.0m at 4.3g/t Au.

### Southern Break

Placer Dome drilling in 1996 and 1997 intersected several gold-rich intersections in three separate areas over a strike length of 1.85 kilometres. Amongst these were intercepts of 46.2 grams of gold per tonne over 3 metres, 21.6 grams of gold per tonne over 2.6 metres and 10.0 grams of gold per tonne over 2.0 metres. Gold mineralization has been intersected in six of the seven drill holes, which have tested the area to date, including: 1.5m at 4.9g/t Au, 2.6m at 21.6g/t Au, 2.0m at 10.0g/t Au, 0.9m at 10.3g/t Au, 3.0m at 46.2g/t Au. These results have never been followed up by any confirmation drilling to determine whether mineralization is continuous both along strike and down dip.

### Reserves and Resources

There are no known mineral reserves or resources on the Company's Aurora property.

### Exploration & Development

During 2002, the Company conducted data compilation and target evaluation prior to initiating a first phase of diamond drilling subsequent to year-end in the vicinity of the high grade gold intersections associated with the Southern Break previously identified in earlier exploration programmes. Conquest initiated a first phase of drilling in late January 2003 in the southern part of the Aurora Main Property, about 5km south of the Detour gold mine. An initial 5,000ft (1,532m) drill programme comprising 8 holes was completed to test two areas of anomalous gold mineralization previously identified by Placer Dome and to test a new structural target. The main target tested was the Golden Borealis Zone (GB Zone), while the Sagimeo Lake Shear Zone (SLS Zone) was also tested. The estimated budget for this work was \$200,000. The drill programme was carried out

under the supervision of Kevin Filo, P.Geol., while Terence N. McKillen, P.Geol., President and CEO of the Company, supervised the field programmes and is the Qualified Person on the property.

**GB Zone** Conquest completed a total of six holes on the GB Zone to further explore an area where previous high grade gold mineralization was intersected in the late 1990's in drilling by Placer Dome. Some of the best intersections by Placer Dome on the GB Zone included 58.53g/t gold over 3 metres in hole 519-059, 21.6g/t gold over 2.6 metres in hole 519-058 and 10.3g/t gold over 0.9 metres in hole 519-075. Intersections by Placer Dome were reported to contain significant visible gold. The GB Zone has a projected strike length of approximately 1.8 km. The zone is thought to be open along strike to the west and to depth.

The best intersection encountered on the GB Zone in drilling by Conquest was 5.45g/t gold over 0.6 metres in hole CQ-03-05, located on Line 18+800mE, close to the intersection with the SLS Zone. This intersection included a higher grade section assaying 11.17g/t gold over 0.25 metres which contained visible gold. Two other zones of gold mineralization were encountered deeper in this hole and included 1.08g/t gold over 0.5 metres and 2.75g/t gold over 0.55 metres between 146.5 and 149.3 metres depth. An intersection of 3.84g/t gold over 1.0 metre was encountered in hole CQ-03-08, located on Line 16+975mE (1,825 metres to the west of hole CQ-03-05) and 1.20g/t gold over 1.0 metre in hole CQ-03-09 located on Line 17+025mE.

Gold mineralization in the GB Zone is associated with a brown, potassic altered, tuff horizon, porphyritic intrusives proximal to the tuff horizon and quartz veins that are proximal to the tuff but distinctly within the hanging-wall of the tuff. The mineralized zones associated with the GB Zone generally contain sulphide mineralization, and on occasion, visible gold. Localized anomalous gold values (<1.0g/t gold) were detected in all holes that intersected the GB Zone with the exception of hole CQ-03-03 where potassic alteration was noted to be less well developed.

Conquest's drilling has confirmed that the GB Zone is a substantial gold bearing system with high grade gold potential. The target zone has a minimum strike length of approximately 1.8km, and the zone is open to the west and to depth. This zone has had very limited drilling along its strike length or to depth. Considerable drilling will be required in the future to fully evaluate the potential of this large system and to obtain a knowledge of the geometry and controls on the high grade shoots within the GB Zone.

**SLS Zone** Two holes were drilled on the Sagimeo Lake Shear Zone (SLS Zone) in order to test this system for gold mineralization. The SLS Zone is a crosscutting, northerly trending, regional shear that is oriented almost perpendicular to the majority of known gold bearing systems in the Detour Lake Area. To the north, the SLS Zone terminates immediately to the east of the former Detour Mine open pit. The first drill hole (CQ-03-01) encountered a new gold bearing zone associated with zinc sulphide rich quartz veins. The best intercept obtained from this hole was 3.15g/t gold over 0.9 metres including a higher grade section of 6.42g/t gold over 0.25 metres. The same hole recorded two deeper but lower grade intersections of 1 metre with an average grade of 1.38 g/t and 1.35g/t gold respectively. The second hole, CQ-03-06, encountered localized anomalous gold intercepts (<1.0g/t gold) throughout the hole which was extensively intruded by quartz-feldspar porphyry dykes. An earlier hole by Placer Dome (519-053) partially tested the eastern margin of the SLS Zone and terminated with an intersection of 4.9g/t gold over 1.5 metres.

The SLS Zone is a significant new gold bearing system. The Sagimeo Lake shear appears to have marked the eastern limit of significant gold mineralization at the Detour mine. A reinterpretation of an earlier reverse circulation overburden sampling programme carried out by Westmin Resources suggests that extensive and highly anomalous gold values obtained in heavy mineral concentrates from the Lower Detour Lake area may have a relationship to the SLS Zone, suggesting additional target areas some 400 to 800 metres to the north of Conquest's recent drill area, towards the Detour mine site.

The recently completed first phase drill program by Conquest on the GB Zone did not obtain comparable grades or widths of gold mineralization to that previously obtained by Placer Dome during the original drilling. All of the high grade intercepts reported by Placer Dome had associated visible gold. Conquest's drilling did

intersect the GB target lithology and associated alteration features as previously described by Placer Dome and did obtain some higher grade gold values, also with associated visible gold.

Work by Placer Dome and Conquest has now confirmed that the GB Zone is a substantial gold bearing system with high grade gold potential. The target zone has a minimum strike length of approximately 1.8km, and the zone is open to the west and to depth. This zone has had very limited drilling along its strike length or to depth. Considerable drilling will be required in the future to fully evaluate the potential of this large system and to obtain a knowledge of the geometry and controls on the high grade shoots within the GB Zone.

Conquest plans to re-evaluate all of the exploration data for the GB Zone, the SLS Zone and other potential targets on the Aurora Gold Project with a view to carrying out follow up exploration programmes, including additional diamond drilling later in 2003.

### **3. Misanabie Project, Ontario**

#### Land Tenure

Conquest owns the mineral rights to six patented claims located in Leeson Township, in the Misanabie area of Northern Ontario (S 34426-30, S 35977). During 2002, Conquest sold the surface and mineral rights associated with four patented claims located at Dog Lake in Riggs Township, Ontario (SSM 12589, SSM 12594-56).

#### Location, Access and Infrastructure

The Leeson Township claims are located in the Sudbury Mining District approximately 100km northeast of Wawa. The claim blocks lie within the Misanabie Goudreau greenstone belt which hosts the former Magino, Kremzar and Renabie gold mines. The Leeson Township claims lie immediately north of the former Renabie gold mine.

#### Overview

The Leeson Township claims are situated adjacent to the Renabie mine where according to public records the former production amounted to approximately 4.5 million tons at an average grade of 0.2 oz Au/t (900,000 ounces gold). The Kremzar and Magino mines, also in the same general vicinity, were operated for short periods of time in the late 1980s and had reported reserves of 2.4 million tons at 0.23 oz/Au ton and 1.9 million tons at 0.25 oz Au/ton respectively.

Gold mineralisation in the Renabie area occurs within two distinct shear trends associated with altered felsic volcanic and intrusive rocks. The Renabie 'C' and Nudulama zones have an easterly strike while the Braminco 'C', 'B', '7' and '21' zones have a northerly strike. Within the principal trends, the zones occur as massive fine grained quartz and/or laminated quartz-sericite zones.

Previous expenditures on the property, including drilling, by Conquest exceed \$1 million. Drilling at the Renabie site in the late 1980s intersected encouraging gold values associated with a 600m long northtrending shear zone. Gold intersections included 0.12 oz Au/t over 7.1 ft, 0.06 oz Au/t over 16.8 ft, 0.24 oz Au/t over 13.3 ft, 0.17 oz Au/t over 3.5 ft and 0.10 oz Au/t over 18.6 ft. The shear zone appears to be the northerly continuation of the Braminco shear zone which is believed to be the host to mineralisation at the Renabie and Canrios (Braminco) gold deposits located immediately to the south. The shear occurs close to the metavolcanic-granite/tonalite contact. East-trending shear zones, parallel to the structure hosting the main Renabie deposit, are also found on the property.

#### Reserves and Resources

There are no known mineral reserves or resources on the Company's Misanabie property.

During 2002, the Company sold a portion of the surface rights related to part of the Misanabie property, excluding all mineral rights and access thereto, for cash consideration of \$10,000 and a royalty equal to \$3 per cubic metre of coniferous trees in excess of the first 5,000 cubic metres harvested, for a period of up to ten years. During 2002, the Company also sold four patented claims located at Dog Lake in Riggs Township, some 7 kilometres to the northwest of the town of Misanabie for cash consideration of \$80,000, less expenses related to the sale.

## **KYRGYZ REPUBLIC**

### **1. Jerooy Project**

#### **Land Tenure**

Pursuant to an option and joint venture agreement dated May 1, 2002, as amended, between Conquest and Oxus Mining plc, Conquest may earn in stages up to an initial 10% effective interest in the Jerooy gold project located in the Kyrgyz Republic in Central Asia, together with the option to acquire in stages, subject to regulatory approval, up to a 66.67% effective interest in the project. Conquest has the right to initially invest up to US\$1,000,000, in stages of US\$200,000 on signing the agreement, US\$200,000 by July 31, 2002, US\$200,000 by the later of December 31, 2002 or the date that the payments are requested by Oxus, and US\$400,000 on the "Final Payment Date", which is the date that is six months after the date of issue of a new Licence by the Kyrgyz Republic.

Conquest has currently earned a 7% interest in Norox and can earn up to a 15% interest by funding up to \$1M (cumulative) to complete the bankable feasibility study on Jerooy. In addition, Oxus has granted Conquest an option, dependent on the results of the feasibility study and exercisable at any time up to six months after the reinstatement or new issue of a mining licence, to acquire the remaining 85% of Norox for \$7M, payable \$3.5M in Conquest shares and \$3.5M in cash.

The interest or right to earn an interest in the Jerooy project is held through Norox Mining Company Limited ("Norox"), a company incorporated in the Cayman Islands. Norox owns 66.67% of the issued share capital of Talas Gold Mining Company ("Talas"), a Kyrgyz Republic registered company, which owns the exclusive right to explore and extract gold and other metals from the Jerooy project pursuant to a Licence Agreement dated September 9, 1998 with the State Agency on Geology and Mineral Resources. Kyrgyzaltyn owns the remaining 33.33% interest in Talas.

The government of the Kyrgyz Republic granted Talas Gold the exclusive rights to develop the Jerooy gold deposit pursuant to a Joint Venture Agreement between Norox and Kyrgyzaltyn dated September 9, 1998 and as amended May 15, 1999 and December 16, 1999.

A mining licence was issued to Talas Gold by the Kyrgyz Agency for Geology and Mineral Resources on March 6, 2000 following the completion of an earlier feasibility report and assuming certain tax privileges for the Jerooy project. These tax privileges have not been forthcoming and the development of the project therefore did not commence, due to the historically low gold price.

Conquest has been advised by Oxus, that the Kyrgyz Agency for Geology and Mineral Resources has annulled the mining licence previously issued in respect of the Jerooy gold deposit, apparently because the development of the property had not commenced within two years of the issuance of the licence.

Announcement of the licence annulment was published by the Interfax News Service on July 5, 2002. Norox regards the annulment as invalid on the basis that the licence agreement provided for the completion of a feasibility study based on certain tax privileges for the Jerooy Project which were not forthcoming. The Joint Venture Agreement with Kyrgyzaltyn remains in full force and effect and is unaffected by the termination of the mining licence.

Conquest was advised by Oxus that on August 5, 2002 the Kyrgyz Government adopted a Resolution on Measures for the Acceleration of the Development of the Jerooy Gold Deposit and ordered the State Agency on State Property and Direct Investment to search for an investor capable of quick development of the Jerooy deposit and to make proposals for the development of the Jerooy deposit for consideration by the Government.

Under the circumstances, Norox suspended further work on the Jerooy project until these issues are resolved and informed the Kyrgyz authorities that the Feasibility Study due for completion in September 2002 would not be delivered. Completion of the Feasibility Study is an important part of the evaluation by Conquest of the Jerooy Project.

As part of its evaluation of the Jerooy project, Conquest had planned to negotiate with the Kyrgyz government a foreign investment agreement which would involve either an amendment to the terms of the mining licence or the issue of a new licence, following completion of the revised feasibility study. Norox commenced negotiations with the Kyrgyz Government in October 2002 with a view to obtaining a new licence agreement based on the current agreed work programme and the new feasibility study for Jerooy. At year end, these negotiations were ongoing. Conquest understands that if a mutually acceptable agreement is not reached then Norox will seek a resolution under International Arbitration as provided in the Joint Venture Agreement. Norox has currently suspended work on the definitive feasibility study pending a successful resolution of all of the outstanding issues with the Kyrgyz authorities.

Subsequent to year-end, on May 12, 2003, Conquest was advised by Oxus that the Licence to develop the Jerooy Gold Deposit had been reinstated. The new Licence Agreement was signed in Bishkek on May 7, 2003. As a result of the reinstatement of the Licence, Norox has recommenced work on the Feasibility Study which is now due for completion by September 2003.

The exercise by Conquest of its option to acquire Norox will be dependent on, amongst other things, the outcome of the negotiation between Norox and Kyrgyzaltyn, the negotiation of a satisfactory foreign investment agreement with the Kyrgyz authorities; and regulatory approval. The term of the option will extend for a period of six months following the reissue of the mining licence.

Conquest's activities in the Kyrgyz Republic may be affected by the nature of the Government's regulations relating to the mining industry and foreign investors therein and by the extent of the country's political and economic stability. Changes in regulation or shifts in political conditions are beyond the control of the Company and may adversely affect its business and its holdings. There is no assurance that Norox will be successful in the negotiation of a satisfactory foreign investment agreement or resolving the issues relating to the Jerooy licence.

Following completion of its initial evaluation, Conquest will have the option, subject to regulatory approval, to acquire the remaining 85% interest in Norox at any time up to six months after the successful conclusion of negotiations for a mining licence and other issues relating to investment and taxation for the project, for a total consideration of US\$7,000,000, payable in two parts, 42.5% for Conquest shares of a value equal to US\$3,500,000 calculated on the basis of the average closing market price for each of the sixty trading days preceding the exercise date (subject to regulatory and shareholder approval) and 42.5% for cash of US\$3,500,000 payable six month after the exercise date.

If having exercised the Option and purchased the first half of the remaining 85% interest in Norox (i.e. 42.5%), Conquest does not complete the purchase of the second 42.5% interest in Norox, Oxus has the right to buy back from Conquest for cash the 57.5% interest in Norox already purchased at a discount of 10% of the purchase price, or alternatively to sell the remaining 42.5% interest in Norox to Conquest for shares of Conquest (subject to regulatory approval).

### Location, Access and Infrastructure

The Jerooy project is located in northwestern Kyrgyz Republic some 190km west of the capital Bishkek. There is a paved road from Bishkek to the regional capital of Talas from which the property is accessible by a 20km gravel road to the south. The Jerooy deposit outcrops at an elevation of 3,700 metres within the Ala Tau Ridge. An exploration camp is located at the site. A 220v transmission line is within 20km of the Jerooy site.

The Kyrgyz Republic has rail and road links to Western Europe and shipping access via Russian ports situated on the Baltic and Black Seas. Bishkek is serviced by international flights from London and Frankfurt. There is also a scheduled air service from Bishkek to Talas.

### Overview

The Jerooy gold occurrence was discovered in 1968 during the Soviet era. Following independence from the Soviet Union in 1991, several western mining companies were invited to conduct investigations of the Jerooy deposit. Initial investigations were undertaken by MK Gold Company from 1993 to 1995 and Cameco Gold from 1996 to 1997. In 1998, the project was acquired by Norox, a joint venture between Oxus (25%) and Normandy Mining (75%). Normandy subsequently exchanged its interest in the project for shares of Oxus in October 1999.

Extensive work has been carried out on the project in addition to the Soviets including resource estimates by Pincock Allen and Holt, Snowden Associates, Watts Griffiths McOuat, Roscoe Postle, and CMSA Consulting and feasibility study work by Kilborn, SNC Lavalin, Golder Associates, Lakefield Research and Kvaerner. Norox completed a pre-feasibility study in March 1998 and further feasibility studies were completed in April and July 1999.

### Geological Setting

The Jerooy deposit is located in the Talas – Ala Tau Ridge and forms part of the Northern Tian-Shian structural domain. The oldest rocks in the area are presumed to be Archean to Proterozoic in age. These rocks are represented by granite gneisses, mica schists – phyllites, marbles with lenses of garnet amphibolite and eclogite. These older formations occur mainly to the north of the Talas valley and are not represented in the area of Jerooy. The Talas - Ala Tau Ridge is predominantly underlain by Upper Riphean and Lower Proterozoic sediments predominantly represented by sandstones, shales, phyllites, aleurolites and limestones, 500m to 2,000m in thickness with hypabyssal intrusives and effusives of liparite, dacite and porphyries. Contact with younger formations is always tectonic. Early Palaeozoic rocks are widespread throughout the Northern Tian-Shian Range. Along the Talas – Ala Tau ridge they are represented by thinly bedded limestone and dolomite with lenses of black flint and assumed to be Late Cambrian to Ordovician in age. These sediments lie discordantly on older Proterozoic sediments. Upper formations of Ordovician to Devonian age become progressively more terrigenous and volcanogenic and are sharply discordant with older sequences. The lower formations are represented by andesites, dacites, andesite basalts, tuffs, clayey to micaceous shales and liparitic tuffs, dacites felsites and their tuffaceous equivalents. Upper Devonian to Lower Permian formations are even more terrigenous with red polymictic and arkosic sandstones interbedded with conglomerates and shales, with occasional limestones and tuffs.

### Reserves and Resources

An Audited Mining and Development Report was prepared by Wardell Armstrong & Associates plc in June 2002. The report was prepared by P.S. Newall and N. Walls, Senior Geologist and Senior Mining engineer respectively. The Wardell Armstrong resource estimate considered a potential open pit area above 3,400m elevation and an underground resource beneath this down to 3,080m elevation. However, the current study is the first to attempt to divide the main core zone both from a geological and statistical standpoint. The Wardell Armstrong classification is based upon the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code, 1999) and complies with Canadian National Policy 43-101.

Wardell Armstrong's study indicates an unclassified open pit resource for the Northwest zone at Jerooy, above a 2.7g/t cut-off of 6.0Mt @ 6.71g/t Au, containing 40,593kg of gold (1.31Moz). From this, a classified resource within the 2.7g/t wireframe (and applying a 2.7g/t cut-off) of 4.3Mt @ 7.98g/t (1.10Moz) has been defined of which 93% is at the *Measured* and *Indicated* level. A further 1.7Mt @ 3.61g/t (0.2Moz) within the 1.0g/t halo wireframe, above a 2.7g/t cut-off has also been estimated of which 73% is at the *Measured* and *Indicated* level.

In the underground domain, down to 3,080m elevation, an unclassified resource estimate for the Northwest zone, above a 5.0g/t cut-off of 3.35Mt @ 11.17g/t Au, containing 37,446kg of gold (1.2Moz) has been defined. From this, a classified resource estimate, excluding outlying veins, within the main 5g/t wireframe of 1.94Mt @ 12.73g/t (0.79Moz) has also been estimated, although only 24% of the tonnage is at the *Measured* and *Indicated* level.

The Wardell Armstrong report indicates the importance of recognising that the application of cut-off grades at the resource level is for illustrative purposes only, as the reserve optimisation process will consider the entire block model and calculate a true cut-off based on relevant economic and mining parameters. Thus, more applicable is an estimation of a global classified resource:

	<b>Tonnage</b>	<b>Au, g/t</b>	<b>Au, kg</b>	<b>Au, Moz</b>
Measured	3,478,465	6.40	22,260	0.72
Indicated	13,786,000	2.67	36,790	1.18
Inferred	7,952,021	5.17	41,140	1.32
<b>Total</b>	<b>25,216,485</b>	<b>3.97</b>	<b>100,190</b>	<b>3.22</b>

*Wardell Armstrong, June 2002 - Global Classified Resource Jerooy Northwest Deposit*

An analysis of the distribution of the classified resources shows that the vast majority of tonnage suitable for transfer to reserves is located in the open pit area, whilst the bulk of the underground resource is at the *Inferred* level.

Additional resource potential exists in the Southeast, Central, Southern Stockwork, Apophysis, Western and Northern zones but these require further exploration and investigation.

The new resource model was used to determine an optimal economic pit shell based on refined economic and technical parameters. The effect of an underground operation on the economic shell was also determined based on an estimated underground mining cost.

This study used the complete resource down to 3,040m, with no cut-off applied, so as to determine the true economic depth of the open pit. Only *Measured* and *Indicated* resources were considered as potential ore in the optimization process.

Open pit reserves for the deposit have been estimated at 7.731Mt @ 5.22g/t, containing 40,359kg of gold (1.30Moz). Of this some 5.332Mt @ 6.61g/t, containing 35,248.8kg (1.13Moz) of gold, is contained within the high and medium grade material.

The uncertainty of the underground resource has led to its exclusion from the reserve inventory. However, grade and tonnage estimates down from the 3,380m level, and using a 5.0g/t Au cut-off and 2.7g/t cut-off for internal waste, indicates a provisional economic base to the underground resource at 3,060m. The underground resource thus defined is 1.744Mt at an *in situ* grade of 12.52g/t Au in the *Measured*, *Indicated* and *Inferred* categories, but excluding peripheral veins (below 2m in width).

This suggests a "mineable" underground resource, allowing for losses and dilution, of 1.807Mt at 11.62g/t Au, containing 20,997kg of gold (0.68Moz). The "mineable" resource cannot be classified as a reserve owing to the inclusion of *Inferred* material and uncertainty in the geological continuity between the currently explored

and sampled 80m adits. Further underground exploration prior to detailed mine planning is required to raise the level of certainty of this material to full reserve status and this is scheduled to be implemented in years 1 and 2 of the project.

In addition to the Northwest Orebody, there are a number of partially explored mineralised zones and geochemical anomalies around the Northwest Orebody. Some have been explored by core drilling and trenching whereas those close to the Northwest Orebody have underground development. The **Southeast Zone** is the most significant known zone of gold mineralization after the Northwest deposit, situated 300m to 400m to the south. Previous exploration has included trenching, core drilling and two levels of underground development. Additional levels have been driven from workings in the Northwest Orebody. The style of mineralisation is similar to that of the Northwest deposit but is more erratic and discontinuous with a northeast strike. Grades can be relatively high, greater than 10g/t Au, but more discontinuous. Mineralised zones reach a maximum width of 5m to 10m with a few lenses of 15m to 20m. Lenses are rarely more than 40m to 50m in length. The close proximity of this zone to the proposed open pit implies that this mineralised zone could be considered as an additional resource for the proposed open pit.

### Exploration & Development

During 2002, Conquest conducted an optimization study of the Jerooy Northwest deposit mineral resources and reserves and commenced on a final feasibility study to optimize and evaluate alternative options for mine development, including both open pit and underground components. In addition to completing an Audited Report on the Jerooy Project, Wardell Armstrong worked with staff and consultants of Oxus Mining plc, Norox Mining Company Limited, Conquest and local Kyrgyz specialists, regarding:

1. finalising open pit and underground mine design
2. optimising the production rate and mine production schedules
3. mine capital and operating cost estimations
4. infrastructure design and cost estimates
5. finalising process and plant design
6. paste test work and plant design
7. assessing tailings disposal options and finalising design
8. completing the overall plant and tailings disposal capital and operating cost estimations

The Wardell Armstrong study has adopted the “compact model”, first proposed in 1998, with mine, plant, tailings management facility (TMF) and most other services in close proximity to each other, either adjacent to the ore outcrop on the mountain ridge, a site referred to as the “Plateau”, or in the valley immediately below.

At this preliminary stage, it has been assumed that the mine will initially be developed as an open pit and consequently the pit optimization has been geared to open pit production exclusive of the underground resource. However, after further investigation, the deeper resources will be recovered in a trackless, ramp accessed underground mine that will likely commence operation during the fourth year of production. Once open pit mining has been completed, low grade ore, stockpiled during the earlier years, could be used to supplement underground high grade ore.

For the purpose of the Wardell Armstrong study, the pit is planned to produce high grade ore (>5.00g/t Au) at a rate of 650,000tpy from the outcrop, at 3,800m elevation, down to pit bottom at an elevation of 3,380m. The underground mine could recover ore at a rate of up to 350,000tpy from the base of the open pit (excluding a crown pillar) down to the 3,060m level. Ore will be processed initially at 650,000tpy. An 850,000tpy option is also being considered.

Tailings from the process plant will be dewatered in the paste plant that will produce paste for storage in the TMF or returned underground to fill completed stopes.

Norox has currently suspended work on the definitive feasibility study pending a successful resolution of all of the outstanding issues with the Kyrgyz authorities.

## **REPUBLIC OF ZIMBABWE**

### General

Commencing in 1999 the Company's strategy on investment in Zimbabwe was to acquire, or to negotiate agreements or options, on mineral or mining properties that were believed to be well located, to have known gold showings or to have had a history of commercial production or production on a small scale or which were located adjacent to mines with historical production.

The defeat in a national Referendum in early 2000 of a government proposal to amend the Constitution to provide for re-election of a President for a third term and the victory of the Opposition Movement appeared to indicate that the country was moving towards more progressive economic development. However, the victory of the Government Party and the defeat of the Opposition in a general parliamentary election in the spring of 2001, following a bitterly contested election campaign, followed by the subsequent seizure of commercially owned farms and the acrimonious election contest for the election of President in the spring of 2002, allied with the deteriorating economic conditions in the country, hyper inflation, government mandated wage increases, artificially fixed exchange rates, the general collapse in law and order and breakdown of the rule of law, all led to a severe deterioration in the operating conditions in Zimbabwe. Throughout the period the official exchange rate was maintained artificially high at Zim\$55 to US\$1, whilst the unofficial gray market exchange rate varied between 5 and 10 times this rate. By February 2003, however, the exchange rate was allowed to float, reaching a rate of approximately Zim\$800 to US\$1.

Although the Company acquired the producing Golden Kopje mine in June of 2001, it became apparent that the Company was unable to exercise normal management and control over the operations primarily due to lack of communication ability, harassment and intimidation of work force, suspected gold theft, fuel shortages, general unavailability of spare parts, hyper inflationary costs and the virtual non-enforceability of normal commercial legal rights and remedies.

In May 2002, in a restructuring of its Zimbabwe assets, the Company sold its interest in the Golden Kopje mine in Zimbabwe for \$1 but retained an option to reacquire up to a 50% joint venture interest in the mine. The Company has taken a write-down of \$620,000 in its accounts for the year ended December 31, 2001 against a full carrying value of the Golden Kopje mine and against two small exploration properties also in Zimbabwe.

In September 2002, in a further restructuring of its Zimbabwe assets the Company exchanged its interest in the Blue Rock and Glen Cairn properties in Zimbabwe to its joint venture partners in exchange for the outstanding 10% joint venture interest in the Babs/Beehive properties and the outstanding 30% interest in the Shamrock/Gretna Green properties and related liabilities. The effect of the restructuring is that the Company increased its interest in the Babs/Beehive and Shamrock/Gretna Green properties to 100% and disposed of its 70% interest in the Blue Rock and Glencairn properties and the related joint ventures were terminated. The Company retained an option to reacquire an interest in the Blue Rock property at a future date. As part of the transactions, Conquest eliminated \$342,445 in accounts payable.

Conquest intends to confine its efforts in Zimbabwe on securing and maintaining its remaining assets pending clarification of the future direction and prospects for that country. These other assets are largely non-producing exploration and development projects.

The Company's ongoing strategy with regard to its remaining properties in Zimbabwe is to seek to secure and maintain the assets pending stabilization and normality of the operating environment and clarification of the future direction and prospects for that country. Considerable new investment, however, continues to be made in the mining sector in Zimbabwe. Metallon Corp of South Africa acquired Lonmin plc's six operating gold

mines for a consideration of US\$15.5M in November 2002. Rio Tinto plc is considering a substantial investment to develop the Murowa diamond deposit and continues to operate its two gold mines and its nickel smelter. Zimbabwe Platinum Mines Limited (Zimplats) continues to operate its Hartley mine complex on a profitable basis.

Mines Minister, Mr. Edward Chindori-Chininga, recently dispelled as falsehoods, rumours that the Government intended to seize all mining rights by reiterating that rights acquired under the Mines and Minerals Act are secure and protected by the laws of Zimbabwe.

The following information on the Company's properties in Zimbabwe has been compiled from sources that are believed to be accurate, including government reports and reports provided by the owners or previous owners of the properties. Conquest has not had the opportunity to independently verify the accuracy of the information. The information is provided as a general background only to illustrate the potential of the various properties for the discovery, delineation definition and potential development, under normal operating circumstances, of the properties. With the exception of the Babs and Beehive properties there are no known mineral reserves or resources as defined in National Instrument 43-101 on any of the Company's Zimbabwe properties.

### **1. Piper Moss Property**

#### Land Tenure

The company owns 6 mineral claims (Piper Moss, Piper Moss 2-6) through a wholly owned subsidiary which can be maintained in good standing by paying a modest annual fee to the Ministry of Mines.

#### Location, Access and Infrastructure

The Piper Moss property lies approximately 3 kilometres north of the town of Kwe Kwe in the Midlands area of Zimbabwe. The area has a rich gold mining tradition with over 30 past producing mines located within a 10km radius. A major highway, linking Harare to Bulawayo, passes along the side of the property, providing excellent access. The Harare-Bulawayo railway lies parallel to the highway and electrical power is available to the site.

#### Overview

The Piper Moss mine is a former gold production property (6th largest in the Midlands Goldfield) situated just 3km north of and in a similar geological setting to the Globe & Phoenix Mine, the second largest gold producer in Zimbabwe's history (over 2.3 million ounces gold). The Piper Moss mine was formerly accessed on 14 levels by two shafts and by over 10,670 metres of lateral development.

The Moss vein from which most of the past production of 163,200 ounces (520,000 tonnes at 10.8gm/t gold) was derived can be traced for over 1,200 metres and is up to 2m wide in places. Several of the ore shoots contain very rich grades which have been estimated (in government reports) to be in excess of 1.0 ounces per ton (34.28gm/t). Other production came from the Sinola and Spur veins. Several other mineralized structures occur parallel to the Moss vein and contain ore grade values.

#### Geological Setting

The Kwe Kwe area lies within the Midlands Greenstone Belt, the largest and most prolific of the greenstone belts in terms of gold production for Zimbabwe. Within the belt, the Bulawayan and Shamvian Groups represent the two dominant stratigraphic units. The Bulawayan Group is the older and defines the lateral extent of the greenstone belt. It consists primarily of mafic to felsic volcanics which have been subdivided into a lower Mafic Formation, a middle sequence consisting of intermediate volcanics known as the Maliyami Formation,

and an upper Felsic Formation. The Shamvian Group unconformably overlies the Bulawayan volcanics and consists primarily of a series of immature volcanic derived sediments which are generally represented by greywackes, grits, phyllites and conglomerates. The structural evolution of the Midlands Greenstone Belt initially involved extension, which led to the emplacement of the volcanics of the Bulawayan Group. Later the Sesombi, Whitewaters and Biri tonalites were intruded. This led to compressional deformation which formed a regional cleavage and foliation, folding and shearing, together with low grade metamorphism.

The Moss vein can be traced for over 1,200 metres and is up to 2m wide in places. Several of the ore shoots contain very rich grades which have been estimated (in government reports) to be in excess of 1.0 ounces per ton (34.28gm/t). Other production came from the Sinola and Spur veins. Several other mineralized structures occur parallel to the Moss vein and contain ore grade values. The New Reef is up to 1.5m thick and contains ore grade gold values (average 19.9gm/t). Potential exists for further gold reserves to be delineated within the Moss vein system as well as in parallel and cross-cutting veins.

### Reserves and Resources

There are no known reserves and resources as defined in National Instrument 43.101 on the Piper Moss property.

## 2. Babs and Beehive Mines

### Land Tenure

The Company indirectly owns all of the issued and outstanding shares of Plontberg Manufacturing (Private) Limited ("*Plontberg*"), a company incorporated under the laws of the Republic of Zimbabwe. Plontberg owns a 100% interest in the Babs and Beehive mine properties situated near Kwe Kwe in central Zimbabwe.

### Location, Access and Infrastructure

The Beehive mine is located approximately 10km north of Kwekwe, adjacent to the Indarama and Sherwood Star gold mines and 6km north of the Piper Moss mine. The Babs mine is located 30km west of Kwe Kwe. The Beehive mine is readily accessible from the main Harare-Bulawayo highway and the Kwe Kwe-Gokwe paved highway passes alongside the Babs property. There is 33kva electrical power supply from the national power grid available at both sites.

### Overview

The Babs and Beehive mines were re-developed between 1997 and 1998 at a cost of approximately \$4.5 million and operated for 9 months before being placed on care and maintenance in early 1999 as a result of falling gold prices and increasing interest costs in Zimbabwe currency.

The Beehive mine was previously operated intermittently between 1933 and 1984 when published records indicate 464kg gold were produced at an average grade of 6.8g/t. The mine is accessed by an inclined shaft which was rehabilitated and deepened in 1997. A second, vertical shaft from earlier operations, reaches the fifth level. Three types of gold-bearing formations are recognised at the mine: (1) banded iron formation; (2) felsic quartz porphyry and (3) fault-hosted quartz reefs. Ore shoots are developed along two parallel structures, respectively in the hanging wall and foot wall.

The Babs mine is accessed by an inclined shaft to below the third level and by two, shallow, vertical shafts to the second level which are remnants from earlier operations. Previous development during the period 1906 to 1947 was largely confined to the western section and above the third level where the mine is characterised by a strong and dominant Main Reef and a well mineralised Flat Reef. Previous reported production amounted

to 623kg gold at an average grade of 9.6g/t. Only about one-third of the potential strike has been developed to a shallow depth.

### Geological Setting

The mine properties lie within the Midlands Greenstone Belt, the largest and most prolific of the greenstone belts in terms of gold production for Zimbabwe. Within the belt, the Bulawayan and Shamvian Groups represent the two dominant stratigraphic units. The Bulawayan Group is the older and defines the lateral extent of the greenstone belt. It consists primarily of mafic to felsic volcanics which have been subdivided into a lower Mafic Formation, a middle sequence consisting of intermediate volcanics known as the Maliyami Formation, and an upper Felsic Formation. The Shamvian Group unconformably overlies the Bulawayan volcanics and consists primarily of a series of immature volcanic derived sediments which are generally represented by greywackes, grits, phyllites and conglomerates. The structural evolution of the Midlands Greenstone Belt initially involved extension, which led to the emplacement of the volcanics of the Bulawayan Group. Later the Sesombi, Whitewaters and Biri tonalites were intruded. This led to compressional deformation which formed a regional cleavage and foliation, folding and shearing, together with low grade metamorphism.

The Beehive mine is located along the regional Taba Mali deformation zone and is hosted in mafic greenstones and pillow lavas of the Mafic Formation of the Bulawayan Group. Three cross cutting banded ironstone bodies occur within the immediate mine complex which host gold mineralization. A felsic quartz porphyry containing low grade gold mineralization occurs to the south.

The Babs mine is located in sheared propylitized andesitic lavas assigned to the Maliyama Formation of the upper Bulawayan Group. The Sesombi tonalitic intrusive occurs to the north and east of the mine.

### Reserves and Resources

There are no reserves on the properties that can be defined under National Instrument 43-101. An inferred mineral resource for both mines, as presented by L. S. Blake of Blake Geological Consultants Limited in a report dated October 20, 2000, is 360,000 tonnes at a grade of 5.7g/t gold (Beehive: 145,000 tonnes at 8.8g/t Au; Babs: 214,000 tonnes at 5.0g/t Au). Blake indicates that a further inferred mineral resource of 400,000 tonnes of low grade mineralisation may be amenable to open pit mining and to heap leach gold extraction. The properties are considered to have potential for mineral resources and reserves to be delineated following completion of drilling and underground development programmes.

### Processing Plant

A 300 tonne per day processing plant is located on the Beehive mine site which was constructed in 1998. The crushing circuit consists of a primary and two secondary crushers which provide feed to a 350 tonne capacity fine ore bin. Ore is fed to two parallel ball mills, rated at 100 tpd and 200 tpd capacity respectively. Slimes are fed to C.I.P. tanks for leaching and subsequent carbon recovery. An on-site elution plant is used to recover gold from the carbon for subsequent smelting. A gravity circuit is also included. The plant is not currently operating.

## **3. Shamrock Property**

### Land Tenure

Conquest indirectly holds 8 mineral claims comprising the Shamrock gold mine through an assignment of a Tribute Agreement between Falcon Gold Zimbabwe (Private) Limited and Rysadust (Private) Ltd. Under the terms of the agreement Conquest has the right to operate the Shamrock mine until February 2006.

<b>Name</b>	<b>District</b>	<b>Registered Number</b>
Shamrock	Gweru	4471 BM
Shamrock 2	Gweru	4472 BM
Shamrock 3	Gweru	7797 BM
Shamrock 4	Gweru	7798 BM
Shamrock 5	Gweru	7799 BM
Shamrock 6	Gweru	7800 BM
Shamrock 7	Gweru	7801 BM
Shamrock 8	Gweru	7802 BM

### Location, Access and Infrastructure

The Shamrock property covers an area of 230 hectares in south-central Zimbabwe. Vehicle access is along paved and dirt roads leading from the town of Gweru, 35 km to the southeast. There is electrical power available to the site.

### Overview

The present Shamrock property includes several ancient workings on gold bearing veins that were first worked in modern times in 1901. Mining continued intermittently through 1938, with a declared production of 627.29 kilograms of gold (20,170 ounces) at an average recovered grade of 5.4 g/t Au. The present claims were staked in 1974 by Falcon who carried out limited additional development work, including deepening of the Merrifield shaft to 95 m, and blocked out reserves of 1,026 tonnes averaging 14.7 g/t Au. Falcon milled about 1,000 tonnes of development muck, producing 19.54 kilograms of gold (628 ounces). Operations ceased in 1975 and the mine laid dormant until acquisition of the tribute by Rysadust in 1997. Rysadust has installed a small mill to treat quartz rubble from surface and vein/wallrock material from underground, plus a static-leach cyanide plant to treat new tailings and old dumps.

Although the historic production from the Shamrock Mine area has been relatively small, it was derived from parts of the upper levels of vein systems that are known to be more extensive both along strike and to depth. While there is very little information deeper than 100 metres from surface, it is reasonable to expect that this style of mineralization will extend to a depth at least equivalent to that of the strike of the veins. All of the gold-bearing reefs are open along strike and to depth.

Due to recent shortages of diesel fuel and lack of sufficient electrical power at the site, underground operations were curtailed in the second half of 2000.

Since August 1998 the plant has operated on an intermittent basis at about 15 tonnes per day, more recently operating on a toll mill basis treating ore delivered to the site by independent miners from surrounding small holdings.

### Geological Setting

The Shamrock properties area lies within the southern part of the Midlands Greenstone Belt, the largest and most prolific of the greenstone belts in terms of gold production for Zimbabwe. Within the belt, the Bulawayan and Shamvian Groups represent the two dominant stratigraphic units. The Bulawayan Group is the older and defines the lateral extent of the greenstone belt. It consists primarily of mafic to felsic volcanics which have been subdivided into a lower Mafic Formation, a middle sequence consisting of intermediate volcanics known as the Maliyami Formation, and an upper Felsic Formation. The Shamvian Group unconformably overlies the Bulawayan volcanics and consists primarily of a series of immature volcanic derived sediments which are generally represented by greywackes, grits, phyllites and conglomerates. The structural evolution of the Midlands Greenstone Belt initially involved extension, which led to the emplacement of the volcanics of the Bulawayan Group. Later the Sesombi, Whitewaters and Biri tonalites were intruded. This led to compressional deformation which formed a regional cleavage and foliation, folding and shearing, together with low grade metamorphism.

The property is underlain by Archæan felsic to intermediate volcanic and volcanoclastic rocks of the Ranche Felsic Formation, the second-oldest unit of the Zimbabwean Craton. A number of serpentinites have been intruded into the volcanics. In total, 14 gold-bearing reefs have been identified on the property, essentially quartz-vein zones striking east and dipping south. Pyrite and pyrrhotite accompany the gold in the veins but are generally sparse.

The principal reefs are the Incline, Rose of Sharon, Shamrock and Merrifield, and these are the areas where most of the historic work was carried out. The individual "ore" zones within the reefs are generally less than 1 metre thick, across a horizontal width within the vein up to at least 50 metres in the Merrifield Reef. Known strike lengths of the reefs include 450 metres on the Incline Reef, 290 metres on the Rose of Sharon, 300 metres on the Shamrock and 300 metres on the Merrifield. Most of the less-developed reefs have similar strike length on surface. In historical underground sampling, the Incline Reef showed 68.4 g/t Au over 25 centimetres in the No.2 shaft; 42.8 g/t Au over 46 centimetres in the Rose of Sharon No.2 shaft; and 24.7 g/t Au over 71.5 centimetres in the Merrifield Reef, across 50 metres width.

#### Reserves and Resources

There are no known mineral reserves or resources as defined under National Instrument 43-101 on the Company's Shamrock property.

#### Exploration & Development

The Company plans to continue custom milling operations at Shamrock, and further evaluating the property. [more activity]

### **4. Gretna Green Property**

#### Land Tenure

Conquest indirectly holds the 5 mining claim Gretna Green property (594.6 hectares) through an assignment of a Tribute Agreement dated January 1, 2000, between Falcon Gold Zimbabwe (Private) Limited and Rysadust (Private) Ltd. Under the terms of the agreement Conquest has the right to extract mineral product from the property until January 2006 and has the option to purchase the property for the Zimbabwe Dollar equivalent of 1,200 ounces of gold. The terms of the tribute require Rysadust to pay Falcon a royalty of 7% of the total gross value of gold and/or other products won by the mining operations, on a monthly basis.

<b>Name</b>	<b>District</b>	<b>Registered Number</b>
Gretna Green	Gweru	7927 BM
Gretna Green 2	Gweru	7928 BM
Gretna Green 3	Gweru	7951 BM
Gretna Green 4	Gweru	8491 BM
Gretna Green 5	Gweru	19558 BM

#### Location, Access and Infrastructure

The Gretna Green Property is located 35km northwest of Gweru and is located north of and contiguous with the Shamrock mine. The property comprises 595 hectares and includes 6 small former producing mines. Vehicle access is along paved and dirt roads leading from the town of Gweru, 35 km to the southeast. There is electrical power available at the adjacent Shamrock mine site.

#### Overview

The present Gretna Green property includes ancient workings on gold bearing veins that were first worked in modern times in 1908. The past-producing Gretna Green, Bedad, Eileen, Alannah, Solomon's Fortune and

Vilgoten mines lie within the claims and had a combined declared production up to 1948 of 197.24 kg of gold (6,341 ounces) at an average grade of 8.2 g/t Au.

Although the historic production from the Gretna green group of mines has been relatively small, it was derived from parts of the upper levels of vein systems that are known to be more extensive both along strike and to depth. All of the gold-bearing reefs are open along strike and to depth. No work has been carried out by the Company.

Geological Setting

The Gretna Green property lies within the southern part of the Midlands Greenstone Belt immediately to the north of and adjacent to the Sharrock property (refer Geological Setting of Shamrock Property above).

Reserves and Resources

There are no known mineral reserves or resources as defined under National Instrument 43-101 on the Company's Gretna Green property.

**5. Eiffel Flats**

Land Tenure

Conquest indirectly holds the 37 mining claims comprising the Eiffel, Ibrox and Thistle properties (361 hectares) through an assignment of a Tribute Agreement dated January 5, 2000, between Ibrox Mining Company (Private) Limited, Thistle Gold Mining Company (Private) Limited, Sigmar (Private) Limited and Claude Edwards & Sons (Private) Limited and Rysadust (Private) Ltd. Under the terms of the agreement Conquest has the right to examine, test, prospect and explore the claims until August 31, 2003 and has the option to purchase the Eiffel property for US\$600,000 and US\$400,000 each in the case of the Ibrox and Thistle properties. The owners of the properties have signified their interest in extending the terms of the underlying option agreements with Rysadust beyond the August 31, 2003 deadline. However, no assurances can be given that this will be achieved.

Eiffel Property, owned by Sigmar (Pvt) Limited & C. Edwards & Sons (Pvt) Limited:

<b>Claim Block</b>	<b>District</b>	<b>Registration No.</b>	<b>No. of Claims</b>
Eiffel Blue	Kadoma	619	10
Eiffel Blue	Kadoma	620	9
Eiffel Blue	Kadoma	2895	10
Eiffel Gold	Kadoma	15728	10
Eiffel Flats	Kadoma	G735	10
Duck Egg	Kadoma	G3346	12
Skookum	Kadoma	14400	10
Eiffel Blue	Kadoma	G3254	10
Orcus 17	Kadoma	G6556	10
Owlen	Kadoma	16024	10
Arizona 1	Kadoma	G3418	12
Snap	Kadoma	14405	8
Teal	Kadoma	3494	8
Armadillo	Kadoma	15936	10
Dying Flutter	Kadoma	15937	10
Orcus 1	Kadoma	15938	10
Orcus A	Kadoma	15939	9
Orcus B	Kadoma	15940	8
Drake	Kadoma	3589	10
Special Grant	Kadoma	2501	27
Special Grant	Kadoma	2502	4

Ibrox Property, owned by Ibrox Mining Co. (Pvt) Limited

<u>Claim Block</u>	<u>District</u>	<u>Registration No.</u>	<u>No. of Claims</u>
Ibrox	Kadoma	17292	10
Eiffel 3	Kadoma	18973	10
Eiffel 4	Kadoma	18974	10

Thistle Property, owned by Thistle Gold Mining Co. (Pvt) Limited

<u>Claim Block</u>	<u>District</u>	<u>Registration No.</u>	<u>No. of Claims</u>
Thistle	Kadoma	15932	10
Thistle 2	Kadoma	16085	5
Thistle 3	Kadoma	16089	5
Tsessebe 2	Kadoma	16376	10
Tsessebe	Kadoma	15933	10
Tsessebe 3	Kadoma	16615	10
Etna 2	Kadoma	16313	9
Dagon 2	Kadoma	16181	10
Dagon 3	Kadoma	16182	10
Dagonet	Kadoma	16179	10
Dagonet 2	Kadoma	16180	10
Etna	Kadoma	16178	10
Site	Kadoma	418	6

### Location, Access and Infrastructure

The Eiffel Flats properties comprise three separate but contiguous claim blocks covering an area of about 0.4 km<sup>2</sup> in central Zimbabwe, approximately 11km east of Kadoma in the northern part of the Midlands Goldfield. Vehicle access is good, along paved and gravel roads leading east from the town of Kadoma. The Eiffel Flats area is centred on latitude 18<sup>0</sup> 17' S and longitude 30<sup>0</sup> 01' E.

### Overview

The first claims in the area were staked on ancient workings that formed part of the outcrop area of what became the Cam and Motor Mine, immediately after the disbanding of the 1890 Pioneer Column. The Eiffel Flats properties contain a number of small past producing gold mines (including the Petrol, Orcus, Blue Duck, Eiffel Blue, Ibrox, Gnu and Thistle Etna mines) which lie immediately to the east of the Cam and Motor mine. The mines are situated on the main Eiffel Reef structure adjacent to and along strike from the Cam and Motor mine. The Cam and Motor mine, owned by the Rio Tinto Group, was the largest gold producer in Zimbabwe with more than 4.7 million ounces of historic gold production.

The Eiffel and Ibrox properties were historically in production on an intermittent basis up until the early 1950s. The Eiffel Blue was developed at various times as part of the Cam and Motor mine operation. Since that mid 1950s the mines have been held privately by commercial farming interests and have not been available for exploration or development for many years. The proximity and similar geological setting of these gold deposits to the prolific Cam and Motor mine provides excellent potential for the Eiffel Flats area.

The Eiffel group, comprising the Eiffel Blue, Blue Duck and Orcus properties, extends approximately 3km to the northeast of the Cam and Motor mine. The mines were first worked in the early part of the last century, mainly in the periods 1906-1925 and again during 1938-1941 when the mines historically produced over 94,000 ounces gold at an average grade of 14.5 g/t. The Eiffel Blue mine has workings to 7 levels (180m). The Blue Duck mine has been developed via a vertical shaft to 10 level (260m) and an inclined shaft to 3 level. The conjugated shear zone is reported to have had similar characteristics to one of the gold reefs which provided significant production within the Cam and Motor mine complex. At the Orcus mine, two ore bodies were developed which converged at the lowest developed level (100m).

The mines occur on the northwest limb of the Eiffel Flats anticline, in a similar structural position as the Cam and Motor mine. Mineralised parallel and cross structures are known on the properties, many of which have not previously been developed. Mining at the Cam and Motor mine continued to a depth of 1,900 metres below surface, whereas depth of historic development on the Eiffel and Ibrox properties has only been in the order of 100-200 metres. All of the old mines are currently closed and the underground workings are flooded.

The Ibrox mine is situated approximately 4km northeast of the Cam and Motor mine. The Ibrox mine was first worked in 1909-1910, and again in 1939 and between 1946 and 1952. A total of 472 ounces of gold were recovered at an average recovered grade of 4.28 g/t gold. Closure of the Ibrox mine was not due to exhaustion of ore reserves but due to high pumping costs and excessive flooding. The Ibrox mine is developed down to the 86.9 m level (4 Level) which is accessed by a vertical shaft. An inclined shaft is situated 300 m to the northeast which provides access to the 27.4m level (2 Level). The mine comprises a complex system of northeast trending, sub-parallel shear zones developed in massive and competent mafic volcanic rocks. The deformation zone is 10 to 20 metres wide in which several anastomosing quartz shears occur. Individual quartz shears are reported up to 3 metres in thickness. As with the Cam and Motor mine, there is evidence at the Ibrox for north to northwest trending mineralised cross structures.

These mines are part of the regional Eiffel Flats group of mines that includes the Cam and Motor Mine, the largest underground gold mine in Zimbabwe with production through 1984 of 147,169.92 kg Au (4,731,620 oz). The properties are situated immediately east of the Cam and Motor mine boundary and extend along the regional reef structure for 3,000 metres.

#### Geological Setting

The Eiffel Flats area east of Kadoma, within which the Glencairn group of mines is located, is entirely underlain by Archaean rocks of the Basement Complex. The east-trending Hartley greenstone belt is about 16 km wide in this area, and is comprised of the Upper Greenstone Series of the Bulawayan Group and overlying sediments of the Shamvaian Group. The greenstones were intruded by quartz-porphyry and felsite dykes. The northern margin of the belt, between Kadoma and Hartley, is marked by the intrusion of the tonalitic Biri granite, part of the Sesombi Suite. The southern margin of the belt is a faulted (and possibly intrusive) contact with migmatitic granites of the Rhodesdale Batholith. The faulting is marked by quartzsericite schists and has obscured the relationship between the greenstone belt and the Rhodesdale Terrane, though the granites are probably older than the greenstones. The north-south Great Dyke lies about 35 km east of the Glencairn Mine.

The greenstones of the Hartley belt are dominantly of the Bimodal Unit, part of the Western Succession of the Upper Greenstones, and largely a bimodal volcanic suite of pillowed and massive tholeiitic basaltic flows, with some komatiites, alternating with dacite flows and clasts. The sequence includes mafic and ultramafic sills, grits and conglomerates locally derived from pyroclastic rocks, and banded iron-formation. Quartz veins cut all formations of the area and vary considerably in age from post-Sebakwian to post-Shamvaian. Many cut the granitic areas, but a significant number occur within the greenstone belt. Gold occurs primarily as vein, impregnation and shear-zone deposits in the shear zones within the greenstone belt and along the Rhodesdale Terrane/greenstone belt contact. Insignificant amounts have been found in the Shamvaian sediments and the central gneisses of the Rhodesdale Terrane.

The Rhodesdale Terrane is characterized by complex plastic folding and upper amphibolite facies regional metamorphism. In contrast, though structures within the greenstone belt are complex and some fold limbs are overturned, deformation is slight and regional metamorphism is lower greenschist facies.

The Eiffel Flats group of mines are situated in basaltic greenstones, along a series of east-northeast trending fractures that parallel the local strike of the Hartley greenstone belt. Narrow bands of clastic sediments occur intercalated with the basaltic greenstones, and several narrow dolerite sills occur in the vicinity. The general geology is very similar to that of the Cam and Motor Mine to the west.

The Cam and Motor ore bodies are located along the eastern margin of a sedimentary horizon and in the adjoining greenstones to the east. Although there is a close relationship between the axis of the fold and the pitch of the Motor and Centre shoots, the folding has been interpreted to predate the ore channel formation and mineralization. A major shear zone along the sediment/greenstone contact was the primary controlling structure, and strong compressional stresses in the greenstones resulted in the formation of conjugate joints and minor faults. The ore bodies can be classified as two broad types - wide lenticular bodies (e.g Motor-Centre, Wood Duck) often enclosing lenses of unshered and unmineralized country rock; and narrow, consistent width reefs occupying conjugate fractures in greenstone.

Two parallel, discontinuous bands of sediments interbedded with the greenstones in the vicinity of the Cam and Motor Mine are probably separate outcrops of the same horizon, duplicated by an anticlinal fold running east-northeast through the Eiffel Flats area. Most of the gold mineralization along this anticline has a significant association with arsenic and antimony sulphides, suggesting that the Cam and Motor and Eiffel Flats mineralization is derived from the same source. Much of the Cam and Motor gold mineralization is directly controlled by the contact between one of the bands of metasediments and the adjacent basalts. Local folding and faulting in the vicinity of this contact appears unconnected with, and older than, the movements which produced the ore channels in the Cam and Motor Mine. There is, however, a close relationship between the axis of the folding and the pitch of the ore shoots. The most important structure controlling the formation of the orebodies is a major shear zone along the sediment/basalt contact. The relative movement of the wall rocks set up strong compressional stresses in the basalts, resulting in the formation of a conjugated system of joints and minor faults.

#### Reserves and Resources

There is insufficient information for the estimation of reserves on the Eiffel Flats properties. The adjacent Cam and Motor mine was Zimbabwe's largest gold producer with over 4.7 million ounces of historic gold production at an average grade of 12.7gm/t gold between 1907 and 1984.

## **REPUBLIC OF TANZANIA**

### **1. Suguti Property**

#### Land Tenure

The Suguti property is held by Conquest's wholly-owned subsidiary, Sampo Resources (Tanzania) Ltd. ("Sampo"). The Prospecting Licence 337/95 held in Sampo's name and currently subject to an option/JV agreement with Pangea Gold Mines Ltd. (now Barrick Gold) has recently been replaced by a new licence issued in Barrick's name and held in trust for Sampo. Under the terms of the agreement, Barrick can acquire a 100% interest in the Property subject to a 2% NSR royalty in favour of Sampo by completing a bankable feasibility study and making a small annual payment. Barrick has the right to purchase the royalty for a payment of US\$1 million.

#### Location, Access and Infrastructure

The Suguti property is located within the Lake Victoria Goldfield. The property is situated about 26km east of Suguti Bay on the east side of Lake Victoria. The regional centre of Musoma lies about 60km to the north and may be reached by following 7km of unimproved track from the village of Mwibaggi to the paved road connecting Mwanza, to the south, with Musoma. Musoma is serviced by regular scheduled air service, has good hotels, banks and postal-telecommunications services. Bus, rail and boat service are also available at or near to Mwanza.

## Overview

The Suguti property is well located within the Lake Victoria Goldfield with respect to former gold mines and prospects in the middle of the Musoma greenstone belt. Gold was first discovered in the Musoma greenstone belt in 1913. Production began at Buhemba in 1922. Total production from the area is reported to be 23,378kg (751,500 ounces) gold. The closest former producer of any size, the former Kiabakari mine, lies 11km to the north of the property and produced 8,900kg gold (274,000 ounces) from an underground operation. There are no records of small-scale local gold mining on the property.

Approximately US\$250,000 has been spent in historic exploration on the property comprising geological, geochemical and geophysical surveys. In October 1995 Sampo entered into a joint venture with Pangea Gold Mines Ltd. (now Barrick Gold).

## Geological Setting

The Suguti licence lies in the central portion of the Musoma-Mara Greenstone Belt which forms part of the Archean granite-greenstone terrain of the Tanzanian Craton. The greenstones represent the Nyanzian System that has been described as pendants to the granitic basement, called the Dodoman. The Nyanzian greenstones host most of Tanzania's gold deposits. The Nyanzian System comprises a lower series of basalt flows and mafic tuffs overlain by a series of felsic volcanic breccia and chemical sediments, which include exhalites dominated by banded iron formation. The mafic and felsic members of the Nyanzian sequence have been intruded by syn- and late-orogenic granites.

## Reserves and Resources

There are no known mineral reserves or resources as defined under National Instrument 43-101 on the Suguti properties.

## **2. Ikungu Property**

### Land Tenure

The Ikungu property is located in the Lake Victoria Gold Field, Tanzania. The property originally consisted of prospecting licence number 25/92, originally granted to Sampo in May, 1992.

Under a 1994 agreement as amended in 1995, Sampo granted Patrician Gold Mines Limited and JCI (Tanzania) Ltd. the right to earn an 85% interest in the property for an expenditure of U.S.\$2 million. In 1997, JCI earned an 85% interest in the property and acquired an additional 2% interest as Sampo did not participate pro rata to its interest in the joint venture. In 2000, Sampo acquired JCI's 87% interest in the property for a net smelter royalty of 1.5% on the first 185,000 ounces of gold production and 1% on any additional gold production.

The Ikungu prospecting licence (25/92) had been extended three times which was the limit under the old Mines Act. The Company consulted with the Mining Commissioner regarding the steps to be taken to have the licence re-issued under the new Mining Act (1998). A formal application to have the licence extended was made in November 1999. Despite ongoing communication with the Mining Commissioner and other Ministry officials the licence has not yet been reissued. Given the delay on the part of the Tanzanian Ministry of Mines in respect to this issue, the status of this licence must be considered uncertain.

### Location, Access and Infrastructure

The Ikungu property is located within the Lake Victoria Goldfield. The property comprises 18.5 sq.km. and is situated about 16km west of the regional centre of Musoma. Musoma is serviced by regular scheduled air

service, has good hotels, banks and postal-telecommunications services. The main road between Mwanza and Nairobi runs through Musoma. Bus, rail and boat service are also available at or near to Mwanza. Access to the property is by a rough track running south from Musoma. JCI constructed a camp and core shed on the property.

### Overview

Former work between 1933 and 1942 consisted of milling about 40,000 tons from which 22,000 ounces are reported to have been recovered (average recovered grade of 17.1gm/t). The total amount spent on exploration of the present licence area by Sampo and joint venture partners amounts to US\$2,496,610. Diamond drilling on the present property consists of 20 holes amounting to 3,689.41 metres. Reverse circulation holes number 18 and amount to 1,313.0 metres of drilling. The work was completed in two separate programmes. During the first diamond drilling programme two holes intersected gold content and widths of possible commercial interest. Several zones of lower grade mineralisation were encountered in the reverse circulation drilling. A total of 1,425 geochemical samples were collected for analysis and 625 line kilometres were flown during an airborne geophysical survey.

An exhalite horizon was trenched by former operators over a strike length of about two kilometres between former mine workings. Scattered samples from these trenches, taken in 1964, show encouraging values of gold in the range 1.5 to 2.0gm/t with erratic high values to 103gm/t. Two types of gold deposit are recognised on the property for which a two-staged work programme is recommended. The first type of deposit is the low grade, oxidized material near surface which further work might show justifies a heapleach/open pit operation. The second type of deposit is the high grade material cut at depth below the former Forest Mine. Several encouraging intersections were recorded in drilling carried out in 1994, including 24.8gm/t over 4.78m and 12.0gm/t over 6.0m. A third type of gold deposit present within the exhalite horizon consists of gash veins containing coarse gold. Although this type of deposit was mined formerly, it represents a difficult exploration target.

### Geological Setting

The Ikungu licence lies in the Musoma-Mara Greenstone Belt which forms part of the Archean granite-greenstone terrain of the Tanzanian Craton. The greenstones represent the Nyanzian System that has been described as pendants to the granitic basement, called the Dodoman. The Nyanzian greenstones host most of Tanzania's gold deposits. The Nyanzian System comprises a lower series of basalt flows and mafic tuffs overlain by a series of felsic volcanic breccia and chemical sediments, which include exhalites dominated by banded iron formation. The mafic and felsic members of the Nyanzian sequence have been intruded by syn- and late-orogenic granites. On the property three main lithologies are recognised - basaltic flows, basaltic tuffs and exhalite-banded iron formation. Metamorphism is of high grade greenschist facies.

### Reserves and Resources

There are no known reserves or resources as defined under National Instrument 43-101 on the Ikungu property. However, in 1996, JCI Limited, a former joint venture partner, estimated an inferred mineral resource for the Forest mine of approximately 2,500,000 tonnes at 2.25g/t Au, including 313,500 tonnes at 8.1g/t gold. Low grade material around the Road Shaft was not taken into consideration and neither was the potential for near-surface, low grade mineralisation.

### **COMPETITIVE CONDITIONS**

The Mineral industry is intensely competitive in all its phases. There is aggressive competition for the discovery and acquisition of properties considered to have commercial potential. The Company competes with many companies possessing far greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment

and retention of qualified employees.

## **HUMAN RESOURCES**

Conquest's corporate and registered office is located in Toronto, Canada with a representative office in Vancouver, B.C.

As at May 15, 2002 the Company had no permanent employees. The functions of management, finance, accounting, operations and investor relations are provided by the Directors and senior management on a contract, consultancy or part time basis.

The Company will depend upon recruiting and maintaining 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.

## **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 senior management. 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.

## **Conflicts of Interest**

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies or have significant shareholding in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the Company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed, its financial position at that time and potential reward for such participation.

## **RISK FACTORS:**

### **Exploration and Development Risks**

The business of exploring for minerals and mining involves a high degree of risk. There is no assurance the Company's mineral exploration activities will be successful. Few properties that are explored are ultimately developed into producing mines. In exploring and developing its mineral deposits the Company will be subjected to an array of complex economic factors and technical considerations. Delays in obtaining governmental approvals, inability to obtain financings or other factors could cause delays in exploring and developing properties. Such delays could materially adversely affect the financial performance of the Company.

Unusual or unexpected formations, formation pressures, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, environmental hazards, the discharge of toxic chemicals and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration and development programs.

### **Stage of Development**

All of the Company's properties are in the exploration or pre-production stage. As a result 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 some substantial risk. There is no certainty that the expenditures to be made by the Company will result in discoveries of commercial quantities of ore.

### **Title Matters**

The mining claims in which the Company has an interest may not have been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Some claims are subject to regular compliance with assessment work requirements.

While the Company has investigated title to all mining claims and, to the best of its knowledge, title to all properties is in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer or native land claims and title may be affected by undetected defects. Other parties may dispute the Company's title to its mining properties.

### **Marketability**

The marketability 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 natural resource markets and 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.

### **Mineral Prices**

The market price of precious metals and other minerals is volatile and cannot be controlled. If the price of precious metals and other minerals should drop significantly, the economic prospects of the projects that the Company has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if commercial quantities of ore are discovered, a profitable market may exist for the sale of products from that ore. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Mineral prices have fluctuated widely, particularly in recent years.

The price of gold, has experienced volatile and significant movements 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 is affected by various factors including political events, economic conditions and production costs in major mineral producing regions.

### **Currency Conversion and Exchange Rates**

Exchange rate fluctuations can have a significant impact on the Company's operations. In particular Zimbabwe has experienced high regulated fixed official exchange rates which adversely affect mining operations in that Country.

### **Environmental and other Regulatory Requirements**

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extend of which cannot be predicted. Before production can commence on any properties the Company must obtain regulatory approval and there is no assurance that such approvals will be obtained. Although the Company believes its mineral and exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

The Company is not aware of any environmental protection measures required or any unusual contingent environmental liabilities applicable to its properties which are not generally common to mineral exploration, development and production industry participants in all of the jurisdictions in which the Company holds property interests. The Company has not received notice from any applicable governmental authorities of non-compliance with such regulations relating to safety and environmental protection.

### **Uninsured Risks**

The Company may become subject to liability for cave-ins, pollution or other hazards or have a material adverse effect on the Company's financial position against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The payment of such liabilities would reduce the funds available for exploration activities of mineral exploration and mining. In particular, the Company is not insured for environmental liability or earthquake damage.

### **Laws and Regulations - Political Stability**

The Company's properties may be affected by the extent of the political stability in each country in which the properties are located and the nature of government regulation relating to the resource 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.

Certain of the Company's properties are located in the African countries of Zimbabwe and Tanzania and in the Kyrgyz Republic. The Company's mining and exploration activities in these countries may be affected by the extent of the country's political and economic stability and the nature of their 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, exchange controls, income taxes, expropriation of property, environmental legislation and mine safety.

In June 2002 the Government of the Kyrgyz Republic published an annulment of the mining licence for the Jerooy Project issued to Talas Gold in March 2000, apparently because of delays in the completion of the feasibility study and because development of the project had not commenced. Conquest has been advised that Norox considers the purported annulment of the licence invalid since the completion of the feasibility study was dependent upon the introduction of various tax arrangements, which have not yet been forthcoming.

Conquest was advised by Oxus that on August 5, 2002 the Kyrgyz Government adopted a Resolution on Measures for the Acceleration of the Development of the Jerooy Gold Deposit and ordered the State Agency on State Property and Direct Investment to search for an investor capable of quick development of the Jerooy deposit and to make proposals for the development of the Jerooy deposit for consideration by the Government.

The Joint Venture Agreement with Kyrgyzaltyn continues in full force and effect and is unaffected by the annulment of the mining licence. Under the circumstances, Norox suspended further work on the Jerooy project until these issues are resolved and informed the Kyrgyz authorities that the Feasibility Study due for completion in September 2002 would not be delivered. Completion of the Feasibility Study is an important part of the evaluation by Conquest of the Jerooy Project.

Conquest has been advised that Norox continues to seek an amicable resolution to this matter by way of good faith negotiations in accordance with the terms of the Joint Venture Agreement. Oxus and Norox are currently in discussion with Kyrgyzaltyn, the State Agency for Geology and Mineral Resources and other Kyrgyz governmental agencies regarding the reinstatement of the Jerooy licence and such discussions were ongoing at the end of the quarter in a constructive manner. Conquest understands that if a mutually acceptable agreement is not reached then Norox will seek a resolution under International Arbitration as provided in the Joint Venture Agreement.

Until the issues surrounding the mining licence at Jerooy have been resolved Conquest will not undertake any further work on the Feasibility Study. The exercise by Conquest of its option to acquire Norox will be dependent on, amongst other things, the outcome of the negotiation between Norox and Kyrgyzaltyn, the negotiation of a satisfactory foreign investment agreement, including terms of a new licence agreement, with the Kyrgyz authorities; and regulatory approval. The term of the option will extend for a period of six months following the reissue of the mining licence.

Conquest's activities in the Kyrgyz Republic may be affected by the nature of the Government's regulations relating to the mining industry and foreign investors therein and by the extent of the country's political and economic stability. Changes in regulation or shifts in political conditions are beyond the control of the Company and may adversely affect its business and its holdings. There is no assurance that Norox will be successful in the negotiation of a satisfactory foreign investment agreement or resolving the issues relating to the Jerooy licence.

#### **Additional Financing**

The Company's ability to continue exploration, development and commencement 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.

The development of the Company's properties will depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There is no assurance that the Company will be successful in obtaining the required financing.

#### **Limitations on Enforceability**

All or a substantial portion of the assets of the Company are located outside Canada. As a result the ability of investors to enforce judgements obtained in Canadian courts predicated upon civil liability provisions of applicable securities laws in Canada may be adversely affected.

**Item 4: - Selected Consolidated Financial Information**

The following tables set forth selected financial information with respect to Conquest for the three years ended December 31, 2000, 2001 and 2002. The information appearing below has been derived from and should be read in conjunction with the financial statements of the Company and notes thereto:

	2002 (\$)	2001 (\$)	2000 (\$)
Revenue	0.00	0.00	16,669
Administrative Expenses	350,266	258,922	180,673
Net Loss	(29,686)	(97,342)	(89,164)
Net Loss per Common Share	(0.02)	(0.05)	(0.01)
Total Assets	5,448,811	4,741,531	2,367,590
Total Long Term Debt	0	0	0
Shareholders' Equity	5,192,030	4,160,851	2,172,923

**Quarterly Information:**

	Revenue (\$)	Net Income (Loss) (\$)	Net Income (Loss) per Common Share (\$)
<b>2002</b>			
Fourth Quarter	0.00	88,642	0.01
Third Quarter	0.00	(151,274)	(0.01)
Second Quarter	0.00	(204,706)	(0.01)
First Quarter	0.00	(162,348)	(0.01)
<b>2001</b>			
Fourth Quarter	0.00	(678,295)	(0.04)
Third Quarter	0.00	(258,089)	(0.02)
Second Quarter	0.00	(124,633)	(0.01)
First Quarter	0.00	(36,325)	(0.01)

The quarterly information above is unaudited and has been re-stated to credit revenue from sale of gold produced from development stage properties to deferred exploration expenditure and to deconsolidate the operations of Elverton in the third quarter of 2001.

**Item 5: - Management's Discussion and Analysis of Financial Condition and Results of Operations Year Ended 31 December 2002**

**A. General**

Conquest is a Toronto-based junior mining exploration and development company incorporated in 1945. Conquest's shares are listed for trading on the TSX Venture Exchange under the symbol "CQR". Conquest holds interests in two advanced gold exploration properties in Ontario, at the Red Lake and Detour Lake gold camps, which are being actively explored. It is conducting a feasibility study and evaluation on the optioned 2 million ounce Jerooy gold project in Kyrgyz Republic. In addition, Conquest holds interests in several exploration and development projects located in Zimbabwe and Tanzania.

**B. Quarterly Information**

Refer to Item 4 - Selected Financial Information

**C. Liquidity and Capital Resources**

At December 31, 2002, Conquest had cash of \$ 771,498 (2001 - \$8,843) and had agreed to incur qualified flow through expenditure of \$693,000 on exploration. The Company had working capital of \$524,597 (2001 - working capital deficiency of \$571,226). Included in accounts payable and accrued liabilities of \$256,781 (2001 - \$580,680) at December 31, 2002 is \$218,961 (2001 - \$182,805) due to related parties.

At December 31, 2002 the Company held mining properties with a total book value of \$2,928,130 (2001 - \$3,273,944). Of this total, \$596,893 (2001 - \$591,359) represents properties in Canada whilst the balance represents mineral properties in Africa. The investment of \$628,435 (2001 - nil) in Norox Mining Company is treated as a long-term investment in Jerooy. Plant and mining equipment, located in Zimbabwe, is carried at \$1,110,868 (2001 - \$1,458,133). The balance sheet values may not represent that which could be obtained were the properties to be offered for sale at this time.

At December 31, 2002 the Company had 37,986,788 (2001 - 20,971,139) common shares issued and outstanding. In addition the Company had an aggregate of \$2,200,000 (2001 - \$3,160,000) convertible debentures outstanding. These debentures are classified as equity. The debentures are convertible to common shares until 2006 at escalating prices between \$0.20 and \$0.35 per share. Interest at 8% per annum is payable, at the option of the Company in shares and at maturity the Company is entitled to pay the principal amount in shares at the market price at that time.

**D. Results of Operations**

During 2002, Conquest's operating activities were mainly concentrated in Canada and Kyrgyz Republic. Conquest incurred a loss for 2002 of \$350,266 (2001 - \$258,922), before amortization. Amortization of plant and equipment was \$ 347,265 (2001 - \$253,026). The net loss for 2002 was \$ 697,531 (2001 - \$1,097,342 after property write downs of \$585,394, ) or 1¢ per share (2001 - 5¢ per share).

Debenture expenses comprising an interest and amortization component in the aggregate amount \$271,713 (2001 \$169,394) were charged directly to deficit.

The Company recorded no revenue in 2002. Administration expense during 2002 amounted to \$350,266 (2001 - \$258,922). The major items were office and general expense of \$203,821 (2001 - \$177,454) and corporate expenses of \$ 72,828 (2001 - \$48,738). The increase in expenses during 2002 was as a result of increased corporate and financing activity and new properties acquired.

During 2002, Conquest raised a total of \$1,781,400 through new equity financings as well as the conversion of \$960,000 of convertible debentures.

In March 2002, Conquest raised \$300,000 through the private placement of 3,000,000 units at \$0.10 per unit. Each unit comprised one Common Share and one Common Share Purchase Warrant. Of these, 1,940,000 Common Share Purchase Warrants were exercised prior to the expiry date of September 30, 2002, to raise a further \$388,000.

In May 2002, Conquest raised \$400,000 through the private placement of 2,000,000 units at \$0.20 per unit. Each unit comprised one Common Share and one Common Share Purchase Warrant. Each Common Share Purchase Warrant entitles the holder to purchase an additional Common Share at an exercise price of \$0.25 until June 30, 2003.

In December 2002, Conquest raised in aggregate \$693,400 of flow-through financing by way of combined brokered and non-brokered private placements in aggregate total of 3,853,000 Common Shares at \$0.18 per share.

In June, 2002, holders of convertible debentures in the aggregate amount of \$960,000 (\$600,000 of the April 30, 2006 debentures and \$360,000 of the August 31, 2006 debentures) converted such debentures into shares of the Company which resulted in the issuance of an additional 4,800,000 common shares at a conversion price of \$0.20 per share. The remaining outstanding principal amounts to \$2,200,000. During 2002, 1,382,649 common shares of the Company were issued to holders of the debentures in satisfaction of accrued interest payable totalling \$260,643.

Also in May 2002, the Company sold its interest in four mining claims situated in Riggs Township, District of Algoma, Ontario for a consideration of \$80,000.

During 2002, the Company made a number of property acquisitions including:

Pursuant to a Letter Agreement dated March 7, 2002, the Company has the right to acquire a 60% interest in Prism Resources Inc. ("Prism") right to earn a 100% interest in the Aurora Property, a group of 11 mining leases and 18 mining claims situated adjacent to the former Detour gold mine in northeastern Ontario. In the first phase, the Company may acquire an initial interest in the Aurora Property by expending a total of \$350,000 on exploration and development programs prior to June 31, 2004 with a commitment of \$150,000 expenditure prior to June 30, 2003.

Pursuant to a Letter Agreement dated April 15, 2002, the Company may earn an interest in a group of 27 patented mining claims situated in central Balmer Township, Red Lake, Ontario. Under the terms of the agreement with Energold Minerals Inc., the Company has the right to earn up to a 100% interest in the Property, subject to a 2% NSR, by spending \$500,000 on exploration/development before December 31, 2006.

Pursuant to an Share Purchase, Option and Joint Venture Agreement dated May 1, 2002, as amended, the Company holds an option, subject to regulatory approval, to evaluate and acquire a 66.66% indirect interest in the Jerooy gold project in the Kyrgyz Republic through the purchase from Oxus Mining plc (London AIM: "OXS.L") of a 100% interest in the project holding company Norox Mining Company Limited for \$7M, payable \$3.5M in Conquest shares and \$3.5M in cash. The Kyrgyz state mining company J.S.C. Kyrgyzaltyn holds the remaining 33% interest in the project.

Conquest has agreed, subject to certain conditions, to fund in stages up to \$1 million to complete, amongst other things, a bankable feasibility study and thereby acquire up to a 15% interest in Norox. To December 31, 2002, Conquest had funded US\$400,000 in carrying out an audit and optimization on the ore reserves at Jerooy and in substantially completing a feasibility study and had earned a 7% interest in Norox.

However, in June 2002 the Government of the Kyrgyz Republic published an annulment of the mining licence for the Jerooy Project issued to Talas Gold in March 2000, apparently because of delays in the completion of the feasibility study and because development of the project had not commenced. Talas Gold, which is 67%

owned by Norox and 33% by Kyrgyzaltyn, was granted the exclusive right to develop the Jerooy Gold Deposit pursuant to a Joint Venture Agreement dated September 9, 1998. Conquest has been advised that Norox considers the purported annulment of the licence invalid since the completion of the feasibility study was dependent upon the introduction of various tax arrangements, which have not yet been forthcoming. On August 5, 2002 the Kyrgyz Government adopted a Resolution on Measures for the Acceleration of the Development of the Jerooy Gold Deposit and ordered the State Agency on State Property and Direct Investment to search for an investor capable of quick development of the Jerooy deposit and to make proposals for the development of the Jerooy deposit for consideration by the Government.

At the same time, the Joint Venture Agreement with Kyrgyzaltyn continues in full force and effect and is unaffected by the annulment of the mining licence. Conquest has been advised that Norox continues to seek an amicable resolution to this matter by way of good faith negotiations in accordance with the terms of the Joint Venture Agreement.

The exercise by Conquest of its option to acquire Norox will be dependent on, amongst other things, the outcome of the negotiation between Norox and Kyrgyzaltyn, the negotiation of a satisfactory foreign investment agreement, including terms of a new licence agreement, with the Kyrgyz authorities; and regulatory approval. Subsequent to year-end, on May 12, 2003, Conquest was advised by Oxus that the Licence to develop the Jerooy Gold Deposit had been reinstated. The new Licence Agreement was signed in Bishkek on May 7, 2003. As a result of the reinstatement of the Licence, Norox has recommenced work on the Feasibility Study which is now due for completion by September 2003.

Conquest's activities in the Kyrgyz Republic may be affected by the nature of the Government's regulations relating to the mining industry and foreign investors therein and by the extent of the country's political and economic stability. Changes in regulation or shifts in political conditions are beyond the control of the Company and may adversely affect its business and its holdings. There is no assurance that Norox will be successful in the negotiation of a satisfactory foreign investment agreement or resolving the issues relating to the Jerooy licence.

Conquest continued the restructuring and consolidation of its mineral properties in Zimbabwe during the year by exchanging its interests in two properties and acquiring the outstanding minority joint venture interests in two other properties. As part of the transactions, Conquest eliminated \$342,445 in accounts payable.

#### **E. Subsequent Events**

Subsequent to year-end, on May 12, 2003, Conquest was advised by Oxus that the Licence to develop the Jerooy Gold Deposit had been reinstated. The new Licence Agreement was signed in Bishkek on May 7, 2003. As a result of the reinstatement of the Licence, Norox has recommenced work on the Feasibility Study which is now due for completion by September 2003.

#### **F. Outlook**

The Company is currently in a development phase with no history of revenue and does not expect to generate any cash flow during 2003. With the exception of the Jerooy property in Kyrgyz Republic, insufficient exploration and development work has been carried out on the Company's properties to permit the estimation of mineral reserves and mineral resources as defined under National Instrument 43-101. There is no certainty that expenditures will result in commercial quantities of ore being found on these other properties.

In order for Conquest to fund ongoing exploration and development programmes and to expand its operations, additional funds will have to be raised. The Company's present cash resources will need to be augmented if the planned programmes are to be successfully completed. Discussions with investment dealers and financial advisors are continuing but no commitments have been made, nor is it possible to give any assurances that such funds will be obtained.

### **Item 6: - Market for Securities**

The Company's common shares trade on the TSX Venture Exchange under the symbol " CQR".

### **Item 7: - Directors and Officers**

The following table sets out the names of the directors and officers, all offices of the Company each now holds, each person's principal occupation, business or employment for the past five years and the period of time during which each has been director or officer of the Issuer:

<b>Name, Municipality of Residence and Office of Directors, Officers</b>	<b>Principal Occupation, Business or Employment for the past five years</b>	<b>Date First Elected or Appointed</b>
<b>Gerald J. Gauthier</b> Director & Vice-President , Mining Toronto, Ontario	Vice President Mining, Conquest Resources Limited & Vice President, Operations Glencairn Gold Corporation. Prior to 2001 President & Director United Keno Hill Mines Limited; prior to March 1999 President, COO & Director Santa Cruz Gold Inc.; Formerly Senior Vice President Lac Minerals Limited	May 2002
<b>Brian W. Hester*</b> Director Vineland, Ontario	Independent Consulting Geologist; former Associate at Derry Michener Booth & Wahl	Jan. 2000
<b>John F. Kearney*</b> Director & Chairman Toronto, Ontario	Chairman, Conquest Resources Limited and Chairman, Anglesey Mining plc; Director Minco plc; Director Canadian Zinc Corporation; Formerly Chairman, President & CEO, Northgate Exploration Limited and Campbell Resources Inc.	Apr. 2001
<b>Terence N. McKillen</b> Director, President & CEO Mississauga, Ontario	President & CEO, Conquest Resources Limited; President, McKillen Tyler & Associates Limited; Director Minco plc; Prior to 1999 President & CEO, Rift Resources Ltd.	Jan. 2000
<b>Neil J. F. Steenberg</b> Director & Secretary Toronto, Ontario	Partner, Gowling Lafleur Henderson LLP	Jan. 2000
<b>D. Brett Whitelaw</b> Director & Vice President Vancouver, BC	President, Whitelaw Enterprises Ltd.	Jan. 2000

\* Members of the Audit Committee

Each director elected holds office until the next annual general meeting of the Company, unless the director's office is earlier vacated in accordance with the Articles/By-Laws of the Company.

As at 11 April, 2003, the Directors and senior officers of the Company as a group beneficially own, directly or indirectly, approximately 13% of the outstanding common shares of the Issuer.

### **Item 8: - Additional Information**

Additional information, including Directors' and Officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, are contained in the Company's Information Circular dated May 12, 2003 for its Annual and

Special Meeting of Shareholders to be held June 25, 2003.

Additional financial information is contained in the Company's audited financial statements for the years ended December 31, 2002 and 2001 which are incorporated by reference in this Annual Information Form.

The Company shall provide, upon request to the Company and upon payment of a reasonable charge where permitted, a copy of the 2002 Annual Information Form, the December 31, 2002 audited financial statements and the accompanying auditor's report thereon, any subsequent interim financial statements and the Information Circular.



# **CONQUEST RESOURCES LIMITED**

**TORONTO, ONTARIO, CANADA**

**Website:** [www.conquestresources.net](http://www.conquestresources.net)

TSX Venture Exchange "**CQR**"