

CONQUEST RESOURCES LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – prepared by management

First quarter

For the three month period ended March 31, 2013

(Expressed in Canadian \$000's)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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Unaudited – prepared by management

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For the three month period ended March 31, 2013

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CONQUEST RESOURCES LIMITED
Condensed Interim Statement of Financial Position
Unaudited - prepared by management
As at March 31,

(Expressed in thousands of Canadian dollars)	Notes	March 31, 2013 \$	December 31, 2012 \$
ASSETS			
Current			
Cash and cash equivalents		12	2
Marketable securities	5	741	1,056
Amounts receivable	6	12	6
Prepaid expense	6	5	7
		<u>770</u>	<u>1,071</u>
Non-current assets			
Intangible assets	7	7,640	7,581
		<u>8,410</u>	<u>8,652</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	90	46
DEFERRED INCOME TAX LIABILITY			
		<u>914</u>	<u>914</u>
		<u>1,004</u>	<u>960</u>
SHAREHOLDERS' EQUITY			
Capital stock	9	14,414	14,414
Warrants	10	110	110
Share-based payment reserve	11/12	239	239
		<u>14,763</u>	<u>14,763</u>
Deficit		<u>(7,357)</u>	<u>(7,071)</u>
		<u>7,406</u>	<u>7,692</u>
		<u>8,410</u>	<u>8,652</u>

Commitments and contingencies (Notes 1, 8 and 11)

| The financial statements were approved by the Board of Directors on May ~~22~~¹, 2013 and signed on its behalf by:

Signed "John F. Kearney" , Director

Signed "Robert Kinloch" , Director

See accompanying notes to the condensed interim financial statements

CONQUEST RESOURCES LIMITED**Condensed Interim Statement of Operations and Comprehensive Income (Loss)***Unaudited - prepared by management***For the three month period ended March 31,**

(Expressed in thousands of Canadian dollars)	Notes	2013 \$	2012 \$
Expenses			
Corporate expenses		10	37
Professional fees		32	45
Office and general		24	24
Travel		<u>0</u>	<u>6</u>
Loss from operations		66	112
Other items			
Change in fair value of investments	5	<u>220</u>	<u>(1)</u>
Income (loss) before income taxes		286	111
Deferred income taxes		<u>-</u>	<u>-</u>
Net (loss) income and comprehensive (loss) income for the period		<u><u>286</u></u>	<u><u>111</u></u>
Net earnings (loss) per common share			
- Basic and diluted		0.003	0.001
Weighted average common share outstanding			
- Basic and diluted		95,477,728	95,477,728

See accompanying notes to the condensed interim financial statements

CONQUEST RESOURCES LIMITED
Condensed Interim Statement of Changes in Equity
Unaudited - prepared by management
As at March 31, 2013

(Expressed in thousands of Canadian dollars)	Share Capital \$	Warrants \$	Share-based payment reserve \$	Deficit \$	Total \$
Balance at January 1, 2012	14,414	127	262	(6,835)	7,968
Share-based payments expired	-	-	(23)	23	-
Warrants expired	-	(17)	-	17	-
Loss for the year	-	-	-	(276)	(276)
Balance, December 31, 2012	14,414	110	239	(7,071)	7,692
Loss for the period	-	-	-	(286)	(286)
Balance March 31, 2013	14,414	110	239	(7,357)	7,406

See accompanying notes to the condensed interim financial statement

CONQUEST RESOURCES LIMITED
Condensed Interim Statement of Cash Flow
Unaudited - prepared by management
For the three month period ended March 31,

	2013	2012
(Expressed in thousands of Canadian dollars)	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net (loss) income for the period	(286)	(111)
Adjustments for:		
Depreciation	-	1
Change in fair value of marketable securities	220	(1)
	<u>(66)</u>	<u>(111)</u>
Movements in working capital		
Decrease in amounts receivable and prepaid expense	(4)	(13)
Increase/(decrease) in accounts payable and accrued liabilities	44	27
Net cash generated by/used in operating activities	<u>(26)</u>	<u>(97)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Disposal of marketable securities	95	508
Investment in exploration assets	(59)	(554)
	<u>36</u>	<u>(46)</u>
(Decrease) increase in cash and cash equivalents	10	(143)
Cash and cash equivalents, beginning of period	<u>2</u>	<u>147</u>
Cash and cash equivalents, end of period	<u><u>12</u></u>	<u><u>4</u></u>
Cash and cash equivalents are composed of the following:		
Cash	12	4
Cash equivalents	-	-
	<u><u>12</u></u>	<u><u>4</u></u>

See accompanying notes to the condensed interim financial statements

CONQUEST RESOURCES LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
Unaudited – prepared by management
(Expressed in thousands of Canadian Dollars)
For the three month period ended March 31, 2013

1. NATURE OF OPERATIONS AND GOING CONCERN

Conquest Resources Limited (the “Company”) has interests in exploration and evaluation properties located in northern Ontario. Substantially all of the Company’s efforts are devoted to financing and developing these properties.

The Company’s head office is located at 220 Bay Street, Suite 700, Toronto, Ontario, M5J 2W4.

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

These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions discussed below create a material uncertainty about the Company’s ability to continue as a going concern.

At March 31, 2013, the Company had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the development of its business. Management recognizes that the Company will need to generate additional financial resources in order to meet its planned business objectives. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company’s assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These condensed interim financial statements of the Company were prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting (“IAS 34”)* using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2012 prepared in accordance with IFRS.

These condensed interim financial statements have been prepared on a historical cost basis except for marketable securities which are measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except cash flow information. These condensed interim financial statements are expressed in Canadian Dollars.

The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies for the annual report that are relevant to these condensed interim financial statements will be finalized only when the annual IFRS financial statements are prepared for the year ending December 31, 2013.

CONQUEST RESOURCES LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
Unaudited – prepared by management
(Expressed in thousands of Canadian Dollars)
For the three month period ended March 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Accounting Changes

The Company did not adopt any new International Financial Reporting Standards (IFRSs) or Interpretations during the period that had a material impact on the Company's financial statements.

IFRS Standards issued but not yet effective:

IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 1	Presentation of Financial Statements
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures

The Company has not yet determined the impact of these amendments on its financial statements.

3. RELATED PARTY TRANSACTIONS

	March 31 2013	March 31 2012
Office and general	\$ 4	\$ 4
Key Management Personnel		
Professional fees	33	88
Equipment rental	-	9
	33	97
Capitalized as exploration assets	-	46

The above expenditures were incurred with directors and officers of the Company, corporations with directors and/or officers in common with the Company, and corporations controlled by directors and/or officers of the Company.

No fees were paid by the Company to directors for their services as directors of the Company in the three month period ended March 31, 2013 or March 31, 2012. Directors' remuneration comprises administration, geological, investor relations and legal services provided by persons or corporations controlled by persons who are directors.

| Included in accounts payable and accrued liabilities at March 31, 2013 is \$27 (March 31, 2012 - \$~~3022~~) due to the above noted related parties. Such amounts are due on demand, unsecured and non-interest bearing.

4. SEGMENTAL ANALYSIS

The Company conducts its business as a single operating segment being the mining business in Ontario. All mineral properties and equipment are substantially situated in Ontario, Canada.

CONQUEST RESOURCES LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
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5. MARKETABLE SECURITIES

Fair value through profit and loss investments:

	March 31 2013 \$	Change in fair value \$	Additions/ (Disposals) \$	December 31 2012 \$	Change in fair value \$	Additions/ (Disposals) \$	January 1 2012 \$
Detour Gold Corporation	741	(220)	(95)	1,056	(3)	(899)	1,958
	<u>741</u>	<u>(220)</u>	<u>(95)</u>	<u>1,056</u>	<u>(3)</u>	<u>(899)</u>	<u>1,958</u>

During the period, the Company disposed of 4,500 Detour Gold Corporation shares for gross proceeds of \$956. At March 31, 2013, the Company owned 37,940 shares of Detour Gold (December 31, 2012 – 42,440).

6. AMOUNTS RECEIVABLE AND PREPAID EXPENSE

	March 31 2013 \$	December 31 2012 \$
Trade receivable	-	-
Receivable sales taxes	12	6
Prepaid expenses	5	7
	<u>17</u>	<u>13</u>

7. EXPLORATION ASSETS

The following table shows the exploration and evaluation assets:

	March 31 2013 \$	Additions \$	December 31, 2012 \$	Additions \$	January 1 2012 \$
Alexander	6,211	2	6,209	66	6,143
Sunday Lake	343	1	342	7	335
Smith Lake	1,086	56	1,030	631	399
Total	<u>7,640</u>	<u>59</u>	<u>7,581</u>	<u>704</u>	<u>6,877</u>

Alexander Property, Red Lake, Ontario

The Company has earned a 100% interest in the Alexander Property, a group of patented mining claims situated in Central Balmer Township, Red Lake Mining District, Ontario, subject to a 2% net smelter return (“NSR”) in favour of Energold Minerals Inc. (“Energold”). Energold is controlled by a director of the Company.

Sunday Lake Property, Detour Lake, Ontario

The properties comprise a group of mining leases and mining claims situated at Detour Lake, Ontario.

The Sunday Lake property is subject to an option granted to Detour Gold in September 2010, which was amended by agreement in June 2012, to acquire a 50% joint venture interest in the Sunday Lake Property by incurring \$1,000 in exploration expenditures on the Sunday Lake Property prior to September 30, 2013, with a minimum of \$500 to be expended prior to March 31, 2012. Detour met their commitment for 2012. As per letter agreement dated August 28, 2012, Conquest will not be expected to contribute financially to the Joint Venture during the program expected to commence in early 2013. The Sunday Lake property remains subject to a 7.5% net profits interest.

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7. EXPLORATION ASSETS (continued)

Smith Lake Property, Missinabie, Ontario

The Company holds six patented claims and 24 mining claims in the Missinabie area of Northern Ontario, in Leeson and Rennie Townships, Sault Ste. Marie Mining Division, located approximately 100 kilometres northeast of Wawa.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31 2013 \$	December 31 2012 \$
Trade payables	13	9
Payable to related parties (Note 3)	27	2
Accrued liabilities	50	35
Accounts payable and accrued liabilities	<u>90</u>	<u>46</u>

9. CAPITAL STOCK

Common shares

	Common shares (000's)	Amount \$
Authorized		
Unlimited common shares		
Issued and fully paid		
Balance at December 31, 2012 and March 31, 2013	<u>95,478</u>	<u>14,414</u>

10. SHARE PURCHASE WARRANTS

Summary of warrants outstanding at March 31, 2013:

Number of warrants (000's)	Grant Date Fair Value \$	Exercise Price \$	Expiry Date
<u>10,000</u>	<u>110</u>	<u>0.10</u>	<u>December 30, 2013</u>

The weighted average exercise price for share purchase warrants that are outstanding at March 31, 2013 amounted to \$0.10 per warrant.

The weighted average grant date fair value of warrants granted during the period was \$nil (December 31, 2010 - \$0.06).

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11. STOCK OPTIONS

The board of directors has approved a stock option plan for directors, officers, management, employees and other persons who perform ongoing services for the Company or any of its subsidiaries. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through stock options, to acquire a proprietary interest in the Company and to benefit from its growth.

The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed ten percent of the total number of common shares outstanding immediately prior to such an issuance. The maximum number of common shares reserved for issuance to any one participant upon the exercise of options is not to exceed five percent of the total number of common shares outstanding immediately prior to such an issuance. The options are non-assignable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the board of directors at the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

On March 18, 2012, 300,000 stock options expired unexercised.

The following table summarizes the stock options outstanding and exercisable as at March 31, 2013:

Number of Common shares (000's)	Exercise Price \$	Expiry Date
3,100	0.10	March 13, 2014
1,200	0.11	June 1, 2016
<u>4,300</u>	<u>0.10</u>	

The weighted average remaining contractual life of options outstanding at March 31, 2013 is 1.6 years.

The weighted average exercise price for options that are exercisable at March 31, 2013 amounted to \$0.10 per option.

Share-based payment reserve transactions relate to the Company's stock options. Share-based payment transactions for the period ended March 31, 2013 were as follows:

	Number of Options (000's)	Weighted Average Exercise Price \$
Balance, December 31, 2011	4,600	0.10
Expired	(300)	0.13
Balance, December 31, 2012 and March 31, 2013	<u>4,300</u>	<u>0.10</u>

12. SHARE BASED PAYMENT RESERVE

Share-based payment reserve transactions relate to the Company's stock options. Share-based payment transactions for the period ended March 31, 2013 were as follows:

Balance, December 31, 2011	262
Expired	<u>(23)</u>
Balance, December 31, 2012 and March 31, 2013	<u>239</u>

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13. COMMITMENTS AND CONTINGENCIES

The Company's mining and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

On December 14, 2009, the Company and its directors were served with a Statement of Claim on behalf of the estate and family of the contractor involved in an accident at the King Bay project. The estate is claiming damages of \$1,000 for alleged negligence and breach of contract and each of the four plaintiff family members are claiming \$1,500 for alleged loss of care and companionship pursuant to the Family Law Act of Ontario. The Company denies any negligence or breach of contract on its part and has referred the Claim to its insurers who have engaged counsel to defend the action. The Company's joint venture partner, KBG Minerals Corporation, and the supervisor of the project are also defendants in the action. The claim against the Company's directors and officers was dismissed by order of the Court on June 14, 2010. The Company is unable at the current time to determine the likelihood, or quantum, of any potential damages against the Company and no provision has been made in these consolidated financial statements.

14. FINANCIAL INSTRUMENTS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

Fair value

The carrying amounts for cash, marketable securities, amounts receivable and accounts payable and accrued liabilities on the consolidated statements of financial position approximate fair value because of the limited term of these instruments. The marketable securities are stated at the quoted market value.

Interest rate risk

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

Credit risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's risk is low as it is primarily attributable to funds held in Canadian banks.

Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals, particularly gold.

Fair Value Hierarchy and Liquidity Risk Disclosure

The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). At March 31, 2013 and December 31, 2012, the Company's financial instruments that are carried at fair value, consisting of marketable securities, have been classified as Level 1 within the fair value hierarchy.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At March 31, 2013, the Company had cash of \$12 and marketable securities of \$741 to settle accounts payable and accrued liabilities of \$90. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk with respect to its marketable securities and unfavourable market conditions could result in dispositions of marketable securities at less than favorable prices.

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14. FINANCIAL INSTRUMENTS (continued)

Price Volatility of Publicly Traded Securities

Securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations as reflected in quarterly earnings reports.

Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its exploration assets. The capital structure of the Company consists of shareholders' equity.

Sensitivity Analysis

The Company has designated its marketable securities as fair value through profit or loss, which are measured at fair value. Cash, restricted cash and amounts receivable are classified as loans and receivables, which are measured at amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at March 31, 2013 and December 31, 2012, the carrying value of the Company's financial instruments approximate their fair value.

Cash is invested in investment-grade short-term deposit certificates. Based on management's knowledge and experience in the financial markets, sensitivity to a plus or minus 1% change in rates, based on the current balance of cash at March 31, 2013, would affect the net income by plus or minus \$nil during a one-year period.

Based on management's knowledge and experience in the financial markets, sensitivity to a plus or minus 10% change in the share price of marketable securities, based on the quoted market price at March 31, 2013 and the number of shares owned, would affect net income by plus or minus \$74.

As at March 31, 2013, the Company did not hold any material balances in foreign currencies that would give rise to exposure to foreign exchange risk.

15. CAPITAL MANAGEMENT

The capital of the Company consists primarily of its shareholders' equity.

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes to the Company's approach to capital management during the period ended March 31, 2013. The Company is not subject to externally imposed capital requirements.