

**CONQUEST RESOURCES LIMITED**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

*Unaudited – prepared by management*

**First quarter**

**For the three period ended March 31, 2015**

(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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(Expressed in Canadian \$000's)

<b><i>INDEX</i></b>	<b><i>PAGE</i></b>
Consolidated Statements of Financial Position	1
Consolidated Statements of Operations and Comprehensive Loss	2
Consolidated Statements of Changes in Equity	3
Consolidated Statements of Cash Flows	4
Notes to the Consolidated Financial Statements	5 – 11

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

(Expressed in thousands of Canadian dollars)	Notes	March 31, 2015 \$	December 31, 2014 (Audited) \$
<b>ASSETS</b>			
Current			
Cash and cash equivalents		25	4
Marketable securities	4	355	351
Amounts receivable		4	9
Prepaid expense		8	5
		<u>392</u>	<u>369</u>
Non-current assets			
Exploration assets	5	<u>7,349</u>	<u>7,347</u>
Total assets		<u><u>7,741</u></u>	<u><u>7,716</u></u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	6	83	71
<b>DEFERRED INCOME TAX LIABILITY</b>		<u>790</u>	<u>790</u>
		<u>873</u>	<u>861</u>
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock	7	14,414	14,414
Share-based payment reserve	8/9	118	118
		<u>14,532</u>	<u>14,532</u>
Deficit		<u>(7,664)</u>	<u>(7,677)</u>
Total shareholders' equity		<u>6,868</u>	<u>6,855</u>
Total liabilities and shareholders' equity		<u><u>7,741</u></u>	<u><u>7,716</u></u>
Commitments and contingencies (Notes 1, 5 and 10)			

The financial statements were approved by the Board of Directors on May 26, 2015 and signed on its behalf by:

Signed "John F. Kearney" , Director

Signed "Robert Kinloch" , Director

See accompanying notes to the consolidated 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	2015 \$	2014 \$
<b>Expenses</b>			
Corporate expenses		6	6
Professional fees		27	29
Office and general		4	10
Travel		<u>-</u>	<u>1</u>
Loss from operations		37	46
<b>Other items</b>			
Change in fair value of investments	4	<u>(50)</u>	<u>(107)</u>
<b>Net income (loss) and comprehensive income (loss) for the period</b>		<u>13</u>	<u>61</u>
<b>Net earnings (loss) per common share</b>			
- Basic and diluted		0.000	0.001
<b>Weighted average common share outstanding</b>			
- Basic and diluted		95,477,728	95,477,728

See accompanying notes to the consolidated financial statements

**CONQUEST RESOURCES LIMITED**  
**Condensed Interim Statement of Changes in Equity**  
*Unaudited - prepared by management*  
**As at March 31, 2015**

(Expressed in thousands of Canadian dollars)	Capital Stock \$	Share-based payment reserve \$	Deficit \$	Total \$
Balance, December 31, 2013	14,414	239	(7,827)	6,826
Share-based payments expired	-	(155)	155	-
Recognition of share-based payments	-	34	-	34
Loss for the year	-	-	(5)	(5)
Balance, December 31, 2014	14,414	118	(7,677)	6,855
Profit for the period	-	-	13	13
Balance March 31, 2015	14,414	118	(7,664)	6,868

See accompanying notes to the consolidated financial statements

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

	2015	2014
(Expressed in thousands of Canadian dollars)	\$	\$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Net income (loss) for the period	13	61
Adjustments for:		
Share-based payments	-	-
Change in fair value of marketable securities	<u>(50)</u>	<u>(107)</u>
	(37)	(46)
Movements in working capital		
Decrease in amounts receivable and prepaid expense	3	(2)
Increase/(decrease) in accounts payable and accrued liabilities	<u>12</u>	<u>(3)</u>
Net cash generated by/used in operating activities	<u>(22)</u>	<u>(51)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Disposal of marketable securities	46	49
Investment in exploration assets	<u>(3)</u>	<u>(4)</u>
	<u>43</u>	<u>45</u>
(Decrease) increase in cash and cash equivalents	21	(6)
Cash and cash equivalents, beginning of period	<u>4</u>	<u>9</u>
Cash and cash equivalents, end of period	<u><u>25</u></u>	<u><u>3</u></u>

See accompanying notes to the consolidated financial statements

**CONQUEST RESOURCES LIMITED**  
**Notes to the Consolidated Financial Statements**  
(Expressed in thousands of Canadian Dollars)  
**For the three month periods ended March 31, 2015 and 2014**

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**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 1200, 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 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 exploration assets 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 exploration 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 condensed interim 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, 2015, the Company had limited working capital, had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the development of its business. The Company has relied on equity financing to fund its working capital requirements. The Company will need to generate additional financial resources in order to fund its planned exploration programs. There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Statement of Compliance**

These condensed interim consolidated financial statements of the Company and its subsidiaries are prepared in accordance 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, 2014 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.

**CONQUEST RESOURCES LIMITED**  
**Notes to the Consolidated Financial Statements**  
(Expressed in thousands of Canadian Dollars)  
**For the three month periods ended March 31, 2015 and 2014**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(a) Statement of Compliance (continued)**

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, 2015.

**(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 8	Operating segments
IFRS 9	Financial Instruments
IFRS 10 & IAS 28	Consolidated Financial Statements
IFRS 13	Fair value measurement
IAS 1	Presentation of Financial Statements
IAS 19	Employee Benefits
IAS 24	Related Party Disclosures
IAS 27	Separate Financial Statements
IAS 38 & IAS 16	Intangible Assets

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

**3. RELATED PARTY TRANSACTIONS**

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Transactions with related parties that are not subsidiaries were as follows:

	March 31 2015	March 31 2014
<b>Office and general</b>	\$ -	\$ 4
<b>Key Management Personnel</b>		
Professional fees	3	17

The above expenditures were incurred with directors and officers of the Company, or corporations with directors and/or officers in common with the Company, or 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 quarters ended March 31, 2015 or March 31, 2014. Professional fees comprise 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, 2015 is \$31 due to related parties. Such amounts are due on demand, unsecured and non-interest bearing.



**CONQUEST RESOURCES LIMITED**  
**Notes to the Consolidated Financial Statements**  
(Expressed in thousands of Canadian Dollars)  
**For the three month periods ended March 31, 2015 and 2014**

**4. MARKETABLE SECURITIES**

Fair value through profit and loss investments:

	March 31 2015	Change in fair value	(Disposals)	December 31, 2014	Additions	Change in fair value	(Disposals)	January 1, 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Detour Gold Corporation	354	50	(46)	351	310	141	(179)	79
	354	50	(46)	351	310	141	(179)	79

During the three month period ended March 31, 2015, the Company sold 4,040 Detour Gold Corporation (“Detour Gold”) shares for gross proceeds of \$46. At March 31, 2015, the Company owned 33,000 shares of Detour Gold. On April 17, 2015, the Company sold 33,000 shares of Detour Gold for gross proceeds of \$378.

**5. EXPLORATION ASSETS**

The following table shows the Company’s exploration and evaluation assets:

	March 31 2015	Additions	December 31, 2014	Disposal	Additions	December 31, 2013
	\$	\$	\$	\$	\$	\$
Alexander	6,229	2	6,227	-	3	6,224
Smith Lake	1,121	1	1,120	-	17	1,103
Sunday Lake	-	-	-	(343)	-	343
Total	7,350	3	7,347	(343)	20	7,670

**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.

**Smith Lake Property, Missinabie, Ontario**

The Company holds six (6) patented claims and twenty eight (28) unpatented mining claims in the Missinabie area of Northern Ontario, in Leeson, Stover and Rennie Townships, Sault Ste. Marie Mining Division, located approximately 100 kilometres northeast of Wawa.

**Sunday Lake Property, Detour Lake, Ontario**

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

The Sunday Lake Property was subject to an option granted to Detour Gold Corporation in September 2010 to acquire a 50% joint venture interest in the Sunday Lake Property by incurring \$1,000 in exploration expenditures prior to September 30, 2013. Having made the required exploration expenditures of \$1,000, Detour Gold earned its 50% undivided interest in the Sunday Lake Property.

On December 2, 2014, the Company sold its remaining 50% joint venture interest in the Sunday Lake property to Detour Gold for a one-time payment of 33,000 common shares of Detour Gold valued at \$310.

**CONQUEST RESOURCES LIMITED**  
**Notes to the Consolidated Financial Statements**  
(Expressed in thousands of Canadian Dollars)  
**For the three month periods ended March 31, 2015 and 2014**

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31 2015 \$	December 31, 2014 \$
Trade payables	33	5
Payable to related parties (Note 3)	31	15
Accrued liabilities	18	34
Accounts payable and accrued liabilities	<u>83</u>	<u>54</u>

**7. CAPITAL STOCK**

**Common shares**

**Authorized**

Unlimited common shares, with no par value

**Issued and fully paid**

Balance at December 31, 2014 and March 31, 2015

Common shares (000's)	Amount \$
<u>95,478</u>	<u>14,414</u>

**8. 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 May 21, 2014, the Company granted 5,800,000 stock options at an exercisable price of \$0.05 per share, with a five year term expiring May 20, 2019, all vesting over a period of two years, to directors, officers and service providers. Directors and officers were awarded 5,400,000 options. The grant date fair value of these options was estimated at \$67, and an expense of \$34 was recorded to share-based payment expense and share-based payment reserve in the quarter and year ended June 30 and December 31, 2014 respectively.

The following table summarizes the stock options outstanding and exercisable as at March 31, 2015:

Number of stock options not exercisable (000's)	Number of stock options exercisable (000's)	Weighted Average exercise price \$	Expiry Date
-	1,200	0.11	June 1, 2016
2,700	3,100	0.05	May 20, 2019
<u>2,700</u>	<u>4,300</u>	<u>0.06</u>	

The weighted average remaining contractual life of options outstanding at March 31, 2015 is 3.6 years.

**CONQUEST RESOURCES LIMITED**  
**Notes to the Consolidated Financial Statements**  
(Expressed in thousands of Canadian Dollars)  
**For the three month periods ended March 31, 2015 and 2014**

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**9. SHARE-BASED PAYMENT RESERVE**

Share-based payment reserve transactions relate to the Company's stock options. Share-based payment reserve transactions for the period ended March 31, 2015 were as follows:

	\$
Balance, December 31, 2014 and March 31, 2015	<u>118</u>

**10. 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.

**11. 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.

**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, 2015 and December 31, 2014, 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.

**CONQUEST RESOURCES LIMITED**  
**Notes to the Consolidated Financial Statements**  
(Expressed in thousands of Canadian Dollars)  
**For the three month periods ended March 31, 2015 and 2014**

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**11. FINANCIAL INSTRUMENTS (continued)**

**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, 2015, the Company had cash and cash equivalents of \$24 (December 31, 2014 - \$4) and marketable securities of \$354 (December 31, 2014 - \$351) to settle accounts payable and accrued liabilities of \$95 (December 31, 2013 - \$71). 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.

**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 and cash equivalents, 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, 2015, 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, 2015, would affect the net income by plus or minus \$nil during a one-year period.

As at March 31, 2015, the Company did not hold any material balances in foreign currencies that would give rise to exposure to foreign exchange risk.

**12. 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.

**CONQUEST RESOURCES LIMITED**  
**Notes to the Consolidated Financial Statements**  
(Expressed in thousands of Canadian Dollars)  
**For the three month periods ended March 31, 2015 and 2014**

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**12. CAPITAL MANAGEMENT (continued)**

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 nine month period ended March 31, 2015. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

**13. SUBSEQUENT EVENTS**

On April 17, 2015, the Company sold its remaining 33,000 Detour Gold shares for gross proceeds of \$378.