CONQUEST RESOURCES LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited – prepared by management

First quarter

For the three month period ended March 31, 2017

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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INDEX	***PAGE***

CONQUEST RESOURCES LIMITED
Condensed Interim Consolidated Statement of Financial Position
Unaudited - prepared by management
As at March 31, 2017

	Notes	March 31, 2017 $	December 31, 2016 (Audited) $
ASSETS			
Current			
Cash		26,572	58,768
Amounts receivable	4	3,154	4,538
Prepaid expense	4	-	3,707
		29,726	67,013
Long-term assets			
Mineral properties	5	1	1
Total assets		29,727	67,014
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6	38,687	52,284
Total liabilities		38,687	52,284
SHAREHOLDERS' EQUITY			
Capital stock	7	14,189,057	14,189,057
Share-based payment reserve	9	67,000	67,000
		14,256,057	14,256,057
Deficit		(14,265,017)	(14,241,327)
		(8,960)	14,730
		29,727	67,014

Commitments and contingencies (Notes 1, 7, 9 and 10)

The financial statements were approved by the Board of Directors on May 25, 2017 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 Consolidated Statement of Operations and Comprehensive Income (Loss)

Unaudited - prepared by management

For the three month period ended March 31

	Notes	2017 $	2016 $
Expenses			
Corporate expenses		8,946	11,303
Professional fees		5,260	11,655
Office and general		6,148	5,529
Exploration and evaluation expenses	5	3,336	8,138
Loss from operations for the period		23,690	36,625
Net loss per common share			
- Basic and diluted		0.000	0.000
Weighted average common share outstanding			
- Basic and diluted		95,477,728	95,477,728

See accompanying notes to the consolidated financial statements

CONQUEST RESOURCES LIMITED

Condensed Interim Consolidated Statement of Changes in Equity

Unaudited - prepared by management

As at March 31, 2017

	Capital Stock $	Share-based payment reserve $	Deficit $	Total $
Balance, December 31, 2015	14,189,057	151,000	(14,180,566)	159,491
Loss for the period	-	-	(36,625)	(36,625)
Balance March 31, 2016	14,189,057	151,000	(14,217,191)	122,866
Share-based payments expired	-	(84,000)	84,000	-
Loss for the period	-	-	(108,136)	(108,136)
Balance, December 31, 2016	14,189,057	67,000	(14,241,327)	14,730
Loss for the period	-	-	(23,690)	(23,690)
Balance March 31, 2017	14,189,057	67,000	(14,265,017)	(8,960)

See accompanying notes to the consolidated financial statements

CONQUEST RESOURCES LIMITED
Condensed Interim Consolidated Statement of Cash Flow
Unaudited - prepared by management
As at March 31,

	2017	2016
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the year	(23,690)	(36,625)
Movements in working capital		
Increase/(decrease) in amounts receivable and prepaid expense	5,091	(2,967)
Increase/(decrease) in accounts payable and accrued liabilities	(13,597)	(32,198)
Net cash used in operating activities	(32,196)	(71,790)
Decrease in cash	(32,196)	(71,790)
Cash, beginning of year	58,768	225,508
Cash, end of year	26,572	153,718

See accompanying notes to the consolidated financial statements

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 55 University Ave., Suite 1805, Toronto, Ontario, M5J 2H7.

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 Company's continued existence 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. 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, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory requirements. The Company's properties 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 and significant doubt about the Company's ability to continue as a going concern.

At March 31, 2017, the Company had a negative 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 may be required to conduct a sales process to liquidate its assets in a formal process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These condensed interim consolidated 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"). The accounting policies set out below have been applied consistently to all periods presented unless otherwise noted below.

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, 2016 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2017.

(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 2	Share-based payments
IFRS 9	Financial Instruments
IFRS 10	Consolidated financial statements
IFRS 12	Disclosure of interests in other entities
IFRS 16	Leases
IAS 7	Statement of cash flows
IAS 12	Income taxes
IAS 40	Transfers of investment property
IFRIC 22	Foreign currency translations and advance consideration

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.

No fees were paid by the Company to directors for their services as directors of the Company in the quarters ended March 31, 2017 or March 31, 2016.

For the three month period ended March 31, 2017, the Company accrued or made payments in the amount of $210 (2016 - Nil) to related parties.

Included in accounts payable and accrued liabilities at March 31, 2017 is $24,700 due to related parties. See Note 6. Such amounts are due on demand, unsecured and non-interest bearing.

4. ACCOUNTS RECEIVABLE

	March 31, 2017 $	December 31, 2016 $
Receivable sales taxes	3,154	4,538
Prepaid expenses	-	3,707
	3,154	8,245

5. MINERAL PROPERTIES EXPLORATION AND EVALUATION EXPENDITURES

In accordance with the Company's accounting policy, all costs associated with the exploration and evaluation of properties are expensed until it has been established that a mineral property is commercially viable and a mine development decision has been made by the Company on its mineral properties.

The following table shows the Company's cumulative exploration and evaluation expenditures:

	March 31, 2017	Additions	December 31, 2016	Additions	December 31, 2015
	$	$	$	$	$
Alexander	6,243,184	1,792	6,241,392	5,542	6,235,850
Smith Lake	1,229,173	456	1,228,717	41,089	1,187,628
King Bay	993,360	1,088	992,272	3,669	988,603
Total	8,465,717	3,336	8,462,381	50,300	8,412,081

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 (20) 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.

King Bay Property, Sturgeon Falls, Ontario
The King Bay property comprises a combination of Mining Leases and Mineral Patents.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2017	December 31, 2016
	$	$
Trade payables	2,287	9,584
Payable to related parties (Note 3)	24,700	24,700
Accrued liabilities	11,700	18,000
Accounts payable and accrued liabilities	38,687	52,284

7. CAPITAL STOCK

Common shares

	Common shares	Amount $
Authorized		
Unlimited common shares, with no par value		
Issued and fully paid		
Balance at December 31, 2016 and March 31, 2017	95,477,728	14,189,057

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.

The following table summarizes the stock options outstanding and exercisable as at March 31, 2017:

Number of stock options exercisable	Weighted Average exercise price $	Expiry Date
5,400,000	0.05	May 20, 2019

The weighted average remaining contractual life of options outstanding at March 31, 2017 is 2.1 years.

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, 2017 were as follows:

	$
Balance, December 31, 2015	151,000
Expired	(84,000)
Balance, December 31, 2016 and March 31, 2017	67,000

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, 2017, the Company had no financial instruments carried at fair value.

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, 2017, the Company had cash of $26,572 (December 31, 2016 - $58,768) to settle accounts payable and accrued liabilities of $13,987 (excluding amounts due to related parties) (December 31, 2016 - $27,584). 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.

11. FINANCIAL INSTRUMENTS (CONTINUED)

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 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.

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, 2017, would affect the net income by plus or minus $nil during a one-year period.

As at March 31, 2017, 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.

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 three month period ended March 31, 2017. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) CDN$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.