



## **MANAGEMENT DISCUSSION AND ANALYSIS**

Dated April 16, 2019

For the year ended December 31, 2018

(Form 51-102F1)

This Management's Discussion and Analysis (MD&A) reviews the activities of Conquest Resources Limited ("Conquest" or the "Company") and compares the financial results for the year ended December 31, 2018 with those of the year ended December 31, 2017.

For a more complete understanding of the Company's financial condition and results of operations, this MD&A should be read together with the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2018, a copy of which is filed on the SEDAR website.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"), and these statements are filed with the relevant regulatory authorities in Canada. Conquest is a reporting issuer in Ontario, British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol CQR.

All monetary amounts are in Canadian dollars unless otherwise stated.

## COMPANY OVERVIEW

Conquest Resources Limited is a mineral exploration company engaged in the exploration of mineral properties in Ontario, where the Company holds three advanced exploration properties with the potential for the discovery of gold deposits.

Conquest holds a 100% interest in the **Golden Rose Property** located at Emerald Lake, sixty-five (65) kilometres northeast of Sudbury, Ontario. The forty-seven (47) easily accessible map-staked claims and four (4) patent lease claims encompass 770 hectares and include the former Golden Rose Gold Mine. This property is located deep within the regionally large, unexplained Emerald Lake (Temagami) Anomaly, which has a general magnetic signature closely resembling the magnetic signature of the adjacent Sudbury Basin.

In addition, Exploration work by Conquest in 2018 identified eight high priority geophysical targets associated with magnetic and EM conductive anomalies, considered favourable for gold exploration. Six of these geophysical target areas have gold-in-soil anomalies that occur along the two prospective BIF horizons. Much of the eastern portion of the property remains largely unexplored. Geochemical soil anomalies also support the potential of previously unrecognized gold mineralization located north of the Banded Iron Formation. Based on initial geochemical anomalies, geophysical targets, and geological modelling, an initial drill campaign of 1,350 metres has been planned.

Conquest holds a 100% interest in the **Alexander Property** located in the heart of the Red Lake Gold Camp in Ontario, strategically located east of Goldcorp's Red Lake mine and is mostly surrounded by Goldcorp's land holdings. The Alexander Property is located within the important "Mine Trend" regional structure and Conquest believes that the Alexander Property is one of the most prospective land positions in the Red Lake gold camp.

Conquest holds a 100% interest in the **Smith Lake Property** which consists of six (6) patented mining leases and one hundred eighty-one (181) mining claims covering approximately 2,915 hectares of land located within the Missanabie-Goudreau Greenstone Belt in northern Ontario and includes claims lying to the north, west and south of the former Renabie gold mine. Conquest has focused its exploration in three areas adjacent to the old mine workings where clusters of structural lineaments display similar characteristic to those hosting the Renabie mine.

Conquest also holds the **King Bay Property** at Sturgeon Lake, Ontario, approximately 100 kilometers

north of Ignace in the Thunder Bay Mining Division. The property lies over King Bay, an inlet on the western shore of Sturgeon Lake and consists of one mining lease and thirteen patented claims.

At December 31, 2018, Conquest had invested a cumulative total on exploration activities of \$301,060 on the Golden Rose Property, \$6,244,976 on the Alexander Property, \$1,249,954 on Smith Lake and \$999,196 on King Bay. These values may not reflect the realizable value of the properties if they were offered for sale at this time.

At December 31, 2018, Conquest had not achieved profitable operations 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 and will need to generate additional financial resources to fund future planned exploration programs.

Conquest has planned Summer 2019 exploration programs at its Golden Rose and Smith Lake properties, including a planned drilling campaign of 1,500 metres at Golden Rose to test prioritized targets identified in 2018 deemed most prospective for the discovery of gold mineralisation. The planned programs have an indicative exploration budget of circa \$500,000 and are subject to the successful completion of additional financing.

There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There is no assurance 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.

## **MINERAL PROPERTIES OF THE COMPANY**

### ***GOLDEN ROSE PROJECT***

In December 2017, Conquest acquired a 100% interest in the Golden Rose Property, located at Emerald Lake 65 kilometres northeast of Sudbury, Ontario.

The Golden Rose property is underlain by highly prospective Abitibi greenstone geology, with two parallel (North and South) Banded Iron Formation ("BIF") zones. Between 1935 and 1941, mining operations of Consolidated Mining and Smelting Company of Canada, Limited (Cominco) produced 46,000 ounces of gold from structurally controlled, shallow to steeply dipping, high-grade quartz-pyrite veins, hosted almost exclusively in the east-west trending Banded Iron Formation (North BIF). The reported average head grade was 0.40 ounces of gold per ton with a reported recovery of 0.32 ounces per ton. In addition, approximately 8,200 ounces of silver was produced during this time. Although reported as a profitable mine at the time, operations were suspended due to World War II.

Only limited development work has taken place on the property since that time, including some extended underground development by Noramco in 1986-1987. The Golden Rose mine (currently flooded) consists of more than six kilometres of underground workings, as well as a three (3) compartment, 228-metre-deep shaft, and a modern decline ramp from surface to the 6th level of the mine. An inclined winze connects the 6th and 7th levels to the 5th level of the mine. Most gold production took place above the 300-foot Level.

Diamond drilling of the mine sequence stratigraphy in 1984 intersected numerous high-grade gold intercepts with assays up to 13.05 oz./ton over 0.71 m. This drill campaign led to reopening and mine development by Noramco between 1986-87 which included widening of the mine adit and portal down to the 600-foot level. Minor gold production (approximately 7,000 oz. Au) was reported during this

undertaking.

Further surface drilling by Gold Finder Explorations Ltd. between 2008 and 2011 identified rich gold mineralization adjacent to known underground development. These high-grade intersections include assays up to 543 g/t Au over 0.98 metres and composite gold assay intervals of 17.91 g/t over 2.3 metres and 8.66 g/t over 10.5 metres.

A portion of the Golden Rose staked claims is subject to a 1.5% NSR held by Osisko Gold Royalties Ltd., and the remaining patented claims and leases are subject to a 2% NSR held by EnerMark Inc.

### **Aboriginal Consultation**

Following consultation meetings, Conquest has entered a Memorandum of Understanding with the Temagami First Nation and Teme Augama Anishnabai regarding the Company's exploration activities at Emerald Lake which is located within the traditional lands and waterways occupied and used by the Temagami First Nation/Teme Augama Anishnabai.

Conquest has provided information to the First Nations communities regarding its ongoing plans. Company management has also attended meetings, provided presentations, and given site tours of the Golden Rose property with a Band Chief, Council, Elders and Community representatives.

### **2018 Exploration Program**

Conquest's exploration strategy at Golden Rose is to explore the eastern extension of known underground mineralization at the mine site and to target additional structurally controlled gold mineralization lying along two prospective horizons of Algoman-type Banded Iron Formation, which trend northeastward across the entire strike length of the Golden Rose property. At the Golden Rose mine itself, numerous high-grade gold intersections in drill core through the mine sequence support Conquest's geological interpretation of the potential for additional stacked and parallel ore shoots, with ore-grade mining widths along both strike and depth continuity. These high-grade intersections suggest these ore shoots are located above, below and along strike of the existing Golden Rose mine workings.

Conquest completed an extensive compilation of all historical mining and exploration records at both the Golden Rose property and surrounding area which resulted in the development of a preliminary 3D-digital transformation of historical mine maps, sections and drill logs with historical drill hole traces. This new model incorporates available information from more than six (6) kilometres of underground workings and 450 drill holes, in addition to compiled surface geological mapping, geochemistry, and historical geophysical surveys, and provides a much clearer idea of the interconnecting gold ore shoot geometry.

Conquest's program of relogging historical (2008-2011) drill core recovered from the mine site identified previously unmapped stratigraphic units within the North Volcanic Unit (mafic volcanic). These include a lower banded rhyolite breccia unit, Upper and Lower Marker Chert horizons and a flow-banded, sulphide-rich, rhyolite horizon lying stratigraphically below the Banded Iron Formation.

This relogging by Conquest identified ten (10) distinctive vein morphologies at the mine site, of which two appear to host most of the gold mineralization. In addition, four (4) distinct alteration zones form a halo around the mineralization at the mine. Structural indicators support definition of both the mines' orebody geometry and imply that other parallel zones of similar mineralization should be present. Furthermore, these structural zones of quartz-ankerite vein mineralization and associated alteration have genetic markers that are predictive of other potential ore zones on the property.

Relogging also suggested that, contrary to previous interpretations, mafic volcanics forming the overlying

South Volcanic Unit stratigraphy, which consists of fine to coarse pyroclastics and crystal tuff, post-dates the gold-bearing quartz vein emplacement at the mine site. This necessarily implies a potential hiatus in the stratigraphic sequence which could have significant implications for both stratabound and structurally controlled mineralization at the Golden Rose property.

Of further significance is the identification of massive pyrrhotite-chalcopyrite sulphide fragments of in the South Volcanic Unit which stratigraphically overlies the North Banded Iron Formation. Their inclusion as fragmental volcanic ejecta may suggest the presence of a previously unrecognized underlying massive sulphide mineralization event that could pre-date or be contemporaneous with structurally higher-level gold mineralization at the Golden Rose mine. Interpretation of this associated mineralization may imply a genetic association with the unexplained Emerald Lake (Temagami) Anomaly.

### **Airborne Geophysics**

Conquest completed a helicopter-borne Versatile Time Domain Electromagnetic (VTEM™ Plus) and Aeromagnetic Geophysical Survey carried out by Geotech Ltd., over the Golden Rose Mine project area in March 2018. A total of 179-line kilometers of VTEM data and horizontal magnetic gradiometer geophysical measurements were collected across the Golden Rose property, along approximately north-south oriented flight transverse lines spaced at 100 m apart and with approximately east-west oriented tie lines spaced at 1000 m apart, using an Aerospatiale A-Star 350 B3 helicopter, owned and operated by Geotech Aviation Ltd.

The primary objectives of the helicopter-borne geophysical survey and the following interpretation of acquired data were to derive detailed lithological and structural maps of the Golden Rose property area and to delineate favourable new areas for detailed exploration of gold and/or other mineralization and related alteration zones.

Data processing was performed by Geotech Ltd. in Aurora, Ontario with the final report delivered to Conquest in June 2018 (Geotech Ltd, 2018). Based on the interpretation of combined magnetic and electromagnetic data eight (8) priority targets favourable for gold exploration, were identified and delineated within the Golden Rose Property.

The 3D magnetic interpretation and inversion results provide a detailed structural map of the property, which includes the outlines of the magnetic structures and the main faulting systems that transect the survey area. These structures support an interpreted affinity for both BIF and mafic/ultramafic rocks (possibly komatiites) to represent the main host/control of gold mineralization, in addition to related sulphides and alteration zones at the Golden Rose mine. The results indicate the presence of numerous very highly magnetic features characterized by varying lengths (100-1000m) and stretching in a generally northeasterly direction across two parallel banded iron formation zones.

These inversion results support the presence of a broad northeasterly trending magnetic zone measuring 1.5 x 5 kilometres in size and dominating the survey area. This magnetic zone also appears coincident to a deep-seated magnetite/hematite-rich alteration zone that surrounds the larger highly magnetic features.

Initial prioritization of eight (8) geophysical anomalous areas was completed in consultation with Geotech. These targets all occur within favourable structural settings associated both within the Banded Iron Formation and its adjacent stratigraphy (i.e., mafic volcanics, and quartz-feldspar porphyry intrusions). Assuming these two prospective Algoman-type Banded Iron Formation horizons (North and South BIF Zones respectively) are structurally repeated equivalents of each other by virtue of lying on either limb of a major structural syncline, then so should mineralization be recognized on both limbs of the Banded Iron

Formation. Know gold and massive sulphide mineralization at the eastern part of the property provides further evidence for the potential of Golden Rose-like mineralization on both limbs of the Banded Iron Formation in this area.

Geophysical modelling results of the selected target areas have provided parameters including thickness, which ranges between 10-20 meters, strike length, and depth to target, with seven (7) of eight (8) targets lying within fifty (50) meters of the surface.

### **Summer 2018 Field Programs**

Exploration of priority targets at Golden Rose during the 2018 summer field season included data integration, soil geochemistry, MMI, prospecting, and preliminary geological mapping. Anomalous gold-in-soil results were received from the recce soil and MMI geochemical surveys taken across eight of the identified geophysical/geological targets at Golden Rose.

The intent of the two surveys, conventional soil survey and the Mobile Metal Ions (“MMI”) survey, was to confirm the potential for defining anomalous gold at each of the eight high priority targets associated with the identified magnetic and EM conductive anomalies, in addition to defining underlying lithology based on MMI geochemistry to enhance geological understanding of the wider Golden Rose property.

The soil and MMI surveys verify that six of the priority target areas have anomalous gold-in-soil geochemistry. These geochemical data support the potential for the discovery of gold mineralization in these areas that include, the eastern end of the Mine Area, the North BIF Zone and the South BIF Zone, as well as one previously unrecognized area located approximately 200 metres north of the North BIF in the central part of the property.

Preliminary 2018 exploration of these priority target areas also revealed the presence of two distinct BIF horizons on the Island Zone and located a previously undocumented, thirty-five-centimetre-wide quartz vein extending along strike for more than twenty metres. The significance of this vein discovery suggests that the entire South BIF stratigraphy at the eastern portion of the property is structurally susceptible to the formation of gold-bearing quartz veins.

Mapping also revealed that a feldspar porphyry intrusion on the property may be more extensive than previously known, and that it hosts flat-lying quartz veins similar to the Discovery Vein at the Golden Rose mine. In addition, geophysical interpretation and the presence of sulphide mineralization in the basal flow-banded rhyolite breccia unit underlying the North Volcanic Unit suggests potential for this unit to host previously unrecognized gold mineralization.

### **Planned Summer 2019 Drilling Program**

Six targets having coincident geophysical and gold-in-soil anomalies have been prioritized for drilling at Golden Rose during the 2019 summer season, subject to completion of financing. The proposed exploration plan is to first undertake surface trenching at each of the six target areas, from which the top three targets deemed most prospective for the discovery of gold mineralisation will be selected for systematic drilling, with one to three holes to be drilled on each of the three targets, for a planned drilling program of 1,500 metres. The planned program has an indicative exploration budget of \$360,000.

## ALEXANDER GOLD PROJECT

Conquest's Alexander Property is strategically located east of the Red Lake and Campbell mines owned and operated by Goldcorp Inc. in the heart of the Red Lake Gold Camp. The Alexander Property comprises of twenty-seven (27) patented claims covering 448 hectares (1,107 acres). Conquest's 100% owned Alexander Property is mostly surrounded by Goldcorp's land holdings. A 2% net smelter royalty was reserved at the time of acquisition from the previous owner, a holding company, which is controlled by the Chairman of Conquest.

The Alexander Property is located within the important "Mine Trend" regional structure. Conquest believes that the Company holds one of the most prospective land positions in the Red Lake gold camp, outside Goldcorp. Goldcorp's Red Lake operations are situated in the eastern part of the Red Lake Greenstone Belt. The western boundary of Conquest's Alexander Property is located adjacent to Goldcorp's Red Lake gold mine and approximately 500 meters east of Goldcorp's Balmer Complex headframe.

Ongoing exploration success by Goldcorp at Red Lake continues to demonstrate prospectivity of the Red Lake camp, which Conquest believes enhances potential at the Alexander Property.

On October 25, 2017, Goldcorp announced in its Exploration Update that it had commenced a complete review study of the Red Lake belt that includes the collation, scanning, digitization and layering of more than 60 years of historical data. Goldcorp has reported that its exploration goals for Red Lake are for near-mine reserve replacement, revisioning the entire Red Lake Mine deposit to understand its upside potential and collating all historical data for the Red Lake Belt to develop a portfolio of high-grade gold targets.

Conquest believes that a full understanding of Goldcorp's adjacent exploration activities is important to a broader understanding of the highly prospective target area that lies adjacent to Conquest's Alexander property boundary and extends into the Alexander property. Conquest believes that any revisioning of this Red Lake Belt would, by inference, include Conquest's Alexander Property.

On July 25, 2018, Goldcorp released an update on its 2018 exploration program in which it reported that exploration activity continued at the Red Lake camp and had recently been extended to encompass generative exploration programs over the highly prospective 385 km<sup>2</sup> Red Lake land package. "Step-out exploration commenced during the second quarter of 2018 on several new targets. Drilling focus continues to shift eastwards towards portions of the mine containing favorable geology and structure, but which remain underexplored. The Aviation Complex was identified during this generative phase and drilling had recently commenced. The Aviation zone comprises folded Balmer Assemblage basalt, a significant host to gold mineralization throughout the [Red Lake] mine".

The Balmer Assemblage is host to the high-grade gold ores at the Red Lake mine and the Balmer Assemblage stratigraphy that characterize the well-established Mine Trend at Red Lake is present in drill holes on Conquest's Alexander Property and strikes northwest to southeast through Conquest's patented claim group.

The Alexander claim holdings are patented and do not require any annual minimum expenditures, other than nominal property taxes. Conquest intends to continue to monitor activities by Goldcorp on its adjacent property and to carry out a desktop examination of all historical data for the Alexander property to remap the Balmer Assemblage within the property.

**SMITH LAKE GOLD PROJECT**

Conquest's Smith Lake Property consists of six (6) patented mining claims and 181 mining claims covering approximately 2,915 hectares of land located within the Missanabie-Goudreau Greenstone Belt in Leeson, Stover, and Rennie Townships in northern Ontario.

The Smith Lake property is 100% Conquest owned and is contiguous with the former International Corona Resources (now Barrick Gold Corporation) Renabie Gold Mine which produced more than 1,000,000 ounces of gold from 1941 through 1991. Reported reserves from the mine were approximately six (6) million tonnes at an average grade of 6.6 grams per tonne gold and 2 grams per tonne silver. The Renabie Mine closed in 1991, reportedly due to a slumping gold price, high cost of production and a decrease in the recalculation of ore resource by 961,050 tons in the proven and probable categories.

Conquest has completed a structural lineament study from aerial and satellite imagery of the area and identified en echelon lineaments north and west of the Renabie Mine having similar characteristics to those identified at the mine. Further exploration in 2016 identified high-grade mineralization from the eleven (11) metre-wide Campbell Vein in trench grab samples up to 20 g/t Au. This quartz vein is approximately 150 metres long and trends northwestward toward the Renabie mine trend. A series of massive, 1.5-metre-wide quartz boulders discovered during routine claims maintenance (Z-22 Vein) north of the mine occur along one such lineament. The angular nature of these boulders indicates a nearby bedrock source.

Conquest plans to explore several areas of lineament clusters with the focus on finding new, structurally controlled gold mineralization like the Renabie Mine. Prospecting, shallow geophysics, soil geochemistry and potential follow-up trenching will also be carried out at the Z-22 Vein area.

**QUALIFIED PERSON AND TECHNICAL REPORT**

Paul K. Smith is the Company's Qualified Person for the purposes of National Instrument 43-101 and has approved the technical disclosures within this MD&A.



## RESULTS OF OPERATIONS

Conquest recorded no revenue for the years ended December 31, 2018 or December 31, 2017. In accordance with the Company's accounting policies exploration and evaluation expenditures are expensed as incurred through profit and loss and included in the statement of operations.

For the year ended December 31, 2018, the Company recorded a loss of \$440,080 (\$0.004 per share). The loss included exploration expenditures of \$276,394.

For the three-month period ended December 31, 2018, the Company recorded a loss of \$74,471 (\$0.001 per share). The loss included exploration expenditures of \$34,843.

For the year ended December 31, 2017, the Company recorded a loss of \$170,195 (\$0.002 per share). The loss included exploration expenditures of \$56,410.

For the three-month period ended December 31, 2017, the Company recorded a loss of \$108,846 (\$0.001 per share). The loss included exploration expenditures of \$45,092.

## SELECTED ANNUAL INFORMATION

The following selected annual information has been derived from the financial statements of the Company, which have been prepared in accordance with International Financial Reporting Standards.

	2018 \$	2017 \$	2016 \$
Loss before other items	(473,503)	(170,195)	(144,761)
Net loss	(440,080)	(170,195)	(144,761)
Net loss per common share - diluted	(0.004)	(0.002)	(0.002)
Net loss per common share - basic	(0.004)	(0.002)	(0.002)
Total assets	674,168	868,911	67,014
Cash and cash equivalents	11,292	215,635	58,768
Shareholders equity	600,449	638,529	14,730

## SUMMARY OF QUARTERLY RESULTS

	Q4 2018 (\$000's)	Q3 2018 (\$000's)	Q2 2018 (\$000's)	Q1 2018 (\$000's)	Q4 2017 (\$000's)	Q3 2017 (\$000's)	Q2 2017 (\$000's)	Q1 2017 (\$000's)
Net (loss)	(75)	(76)	(110)	(179)	(109)	(18)	(19)	(24)
Net (loss) per share - Basic and diluted	(0.001)	(0.001)	(0.001)	(0.002)	(0.000)	(0.000)	(0.000)	(0.000)
Total assets	674	740	798	922	869	16	23	30
Working capital/(deficiency)	(27)	29	105	215	11	(47)	(28)	(9)

- The fourth quarter of 2017 includes \$45,092 exploration expenditures, of which \$34,676 related to the Golden Rose property.
- The first quarter of 2018 includes \$123,581 exploration expenditures, of which \$119,062 was spent on Golden Rose.
- The second quarter of 2018 includes \$79,242 exploration expenditures spent on Golden Rose.
- The third quarter of 2018 includes \$38,728 exploration expenditures spent on Golden Rose.
- The fourth quarter of 2018 includes \$34,843 exploration expenditures, of which \$29,352 was spent on Golden Rose.

## LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2018, the Company had cash of \$11,292 compared to \$215,635 at December 31, 2017.

Current assets at December 31, 2018 were \$46,267 compared to \$241,010 at December 31, 2017. Accounts payable and accrued liabilities decreased to \$73,719 at December 31, 2018 from \$214,362 at December 31, 2017.

On January 29, 2018, Conquest completed a non-brokered, private placement of 1,066,540 units and 900,000 flow-through units for gross proceeds of \$295,000. Included in this amount was \$90,000 of flow-through funds which were spent by December 31, 2018.

At December 31, 2018, Conquest had not achieved profitable operations, 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 continue as a going concern and to fund any 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 be able to obtain additional financial resources. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations.

## OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

## TRANSACTIONS BETWEEN RELATED PARTIES

No fees were paid by the Company to directors and officers for their services as directors and officers of the Company in the years ended December 31, 2018 or December 31, 2017.

For the year ended December 31, 2018, the Company made payments or accrued \$68,882 (2017 - \$27,720) to related parties, including: \$32,500 for management fees to Robert Kinloch, President; \$27,100 for exploration expenditures to Batson Consulting Services, a company controlled by Benjamin Batson, a former director of the Company and \$9,282 for legal fees to Steenberglaw Professional Corporation, a company controlled by a director of the Company;

Included in accounts payable at December 31, 2018 is \$16,764 (2017 - \$97,720) due to related parties. Such amounts are due on demand, unsecured and non-interest bearing.

On January 29, 2018, \$70,000 of outstanding liabilities was settled through the issue of 1,400,000 shares of the Company.

## CRITICAL ACCOUNTING ESTIMATES

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities, if any. The Company's management makes assumptions that are believed to be reasonable under the circumstances and that are based upon historical experience, current conditions and expert advice. These estimates are reviewed on an ongoing basis for updated information and facts. The use of different assumptions would result in different estimates, and actual results may differ from results based on these estimates.

## ADOPTION OF NEW ACCOUNTING STANDARDS

The standards and interpretations within IFRS are subject to change. For further details, please refer to Note 3 of the December 31, 2018 audited consolidated financial statements.

## RISK FACTORS

In conducting its business, Conquest faces a number of risks common to the mining and exploration industry. These are summarized below. There are also certain specific risks (including those listed below), associated with an investment in the Company and prospective investors should carefully consider these specific risk factors associated with an investment in the Company.

### *ADDITIONAL FINANCING/GOING CONCERN*

The Company's ability to continue exploration and development 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.

At December 31, 2018, 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. 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 and continue as a going concern. 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 further curtail operations.

The Company's capital management objectives, policies and processes remained unchanged for the year ended December 31, 2018. 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. As of December 31, 2018, the Company was not compliant with Policy 2.5.

### *EXPLORATION, DEVELOPMENT AND OPERATING RISK*

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Conquest may be affected by numerous factors that are beyond the control of Conquest and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in Conquest not receiving an adequate return of investment capital. Many of the properties in which Conquest holds an interest are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained and a positive feasibility study is completed.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that Conquest's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Conquest's operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis and at an acceptable cost.

In addition to the above, there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of interests in mineral properties and Conquest's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of Conquest to raise additional financing, if necessary, or alternatively upon Conquest's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

#### *NO ASSURANCE OF PRODUCTION*

Conquest has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that Conquest will have available to it the necessary expertise when and if Conquest places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

#### *FACTORS BEYOND CONQUEST'S CONTROL*

The exploration and development of mineral properties and the marketability of any minerals contained in such properties will be affected by numerous factors beyond the control of Conquest. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

#### *FAILURE TO OBTAIN ADDITIONAL FINANCING*

While Conquest has sufficient financial resources necessary to undertake its currently planned activities, there can be no assurance that Conquest will be successful in obtaining any additional required funding necessary to conduct additional exploration or evaluation, if warranted, on Conquest's current exploration properties or any properties that may be acquired or to develop mineral resources on such properties, if commercially mineable quantities of such resources are located thereon. Failure to obtain additional financing on a timely basis could cause Conquest to forfeit its interest in such properties. If additional financing is raised through the issuance of equity or convertible debt securities of Conquest, the interests of shareholders in the net assets of Conquest may be diluted.

### *ENVIRONMENTAL RISKS AND HAZARDS*

Conquest's operations may be subject to environmental regulations in the various jurisdictions in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. Conquest intends to comply fully with all applicable environmental regulations.

### *COMPETITION*

The mining industry is intensely competitive in all its phases, and Conquest competes with other mining companies in connection with the acquisition of properties producing or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical facilities than Conquest. Competition could adversely affect Conquest's ability to acquire suitable properties or prospects in the future. Consequently, Conquest's operations and financial condition could be materially adversely affected.

### *MANAGEMENT*

The success of Conquest is currently largely dependent on the performance of its directors and officers. There is no assurance Conquest can maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on Conquest and its prospects. Some of the directors and officers also serve as directors and/or officers of other companies which are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other companies, and situations may arise where these directors and officers will be in direct competition with Conquest. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate and securities laws.

Recruiting and retaining qualified personnel is critical to Conquest's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As business activity grows, additional key financial, administrative and mining personnel as well as additional operations staff will be required. Although Conquest believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If Conquest is not successful in attracting, training and retaining qualified personnel, the efficiency of operations could be affected.

### *LAWS AND REGULATIONS*

The Company's mining and exploration activities may be affected by the extent of the country's political and economic stability and the nature of government regulation relating to the mining industry and foreign investors therein. Changes in regulation or shifts in political conditions are beyond the control of the Company and may adversely affect its business and its holdings. In addition, mining operations may be affected by government regulations with respect to production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

### *ABORIGINAL LAND CLAIMS AND TREATY RIGHTS*

The Company conducts its operations in Northern Ontario, in areas which are subject to Aboriginal land claims.

The Golden Rose Property is located within the traditional lands and waterways occupied and used by the Temagami First Nation/Teme Augama Anishnabai, an Aboriginal people within the meaning of Section 35 of the Constitution Act, 1982.

The Canadian courts have confirmed that the Crown has a duty to consult with Aboriginal people, and to accommodate if necessary, when its decisions or actions may adversely affect Aboriginal rights and interests or treaty rights. Crown consultation has the potential to delay regulatory approval processes. In certain cases, respecting Aboriginal rights may mean regulatory approval may be denied or the conditions in the approval make the project economically challenging or not feasible. In addition to the potential impacts of such claims, development and construction may be inhibited, delayed or stopped which could result in, among other things, a significant increase in costs and/or cost overruns, delays, reduced support of the federal or provincial governments or challenges to, or the revocation of, regulatory approvals or permits and/or the need for additional regulatory processes, any of which could materially impact the overall feasibility or economic benefits of a mineral development project which, in turn, could have a material adverse effect on the Company and its business.

### *INSURANCE*

The Company may become subject to liability for cave-ins, environmental impacts or other hazards of mineral exploration and production against which it cannot insure, or against which it may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the Company's financial position. The directors of the Company know of no such liability pending or otherwise at this time.

### *GOLD OR OTHER METAL PRICES*

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain commodities and specifically gold, as well as the capitalization of the Company and the general receptiveness of the markets to junior equities.

The price of gold, as well as other precious and base metals, has experienced volatility over short periods of time and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (including the U.S. dollar relative to the Canadian dollar and other currencies), interest rates, global or regional consumption patterns, speculative activities and increases in production due to improved mining and production methods. The supply of and demand for gold and other precious and base metals are affected by various factors including political events, economic conditions and production costs in major mineral producing regions.

### *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.

## 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.

### *LIQUIDITY RISK*

At December 31, 2018, the Company had cash of \$11,292 to settle current liabilities of \$73,719. The Company's accounts payable 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 or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is not exposed to market risk with respect to its marketable securities as no marketable securities were held at December 31, 2018.

### *CAPITAL RISK*

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

### *SENSITIVITY ANALYSIS*

Cash is invested in investment-grade short-term deposit certificates. Given 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 December 31, 2018, would affect the net loss by plus or minus \$Nil during a one-year period.

As at December 31, 2018, the Company did not hold any material balances in foreign currencies that would give rise to exposure to foreign exchange risk.

## 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 December 31, 2017, 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. At December 31, 2018, the Company had no financial instruments to classify with in the fair value hierarchy.

## OUTSTANDING SHARE CAPITAL

The Company has unlimited authorized share capital of a single class of common shares of which, at December 31, 2018 and April 16, 2019, 118,923,348 common shares were issued. Each common share entitles the holder to one vote. The common shares rank equally for dividends and for all distributions upon dissolution or wind up.

At December 31, 2018, the Company had 983,270 share purchase warrants outstanding, which expired unexercised on January 29, 2019. At December 31, 2018 and April 16, 2019, there were 5,600,000 share options outstanding, issued pursuant to the Company's Stock Option Plan.

## ADDITIONAL INFORMATION

Additional information about the Company is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.conquestresources.com](http://www.conquestresources.com).

The Company reports its financial information in Canadian dollars.

## FORWARD-LOOKING STATEMENTS

*This management's discussion and analysis contains certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects changes in exchange rates, fluctuations in commodity prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.*

April 16, 2019