



Conquest Mining Limited
ABN: 33 009 232 277

ASX Code: CQT

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**Directors and
Executive Management**

John Terpu
Managing Director

Bruno Firriolo
Director/Company Secretary

Richard Krasnoff
Chairman

Joseph Radici
Non-Executive Director

Douglas Stewart
Non-Executive Director

Paul Marks
Non-Executive Director

Jeff Innes
Chief Operating Officer

Share Registry
Link Market Services
Level 12
680 George Street
SYDNEY NSW 2000

If you wish to view your holdings online please click on the following link:
www.linkmarketservices.com.au/public/investors/login.html?issuer=CQT

Issued Capital
As at the date of this report

Issued Capital
353,151,103 shares

Unlisted Options
800,000 options

Latest News

To view the company's latest news and media articles please visit our website:
www.conquestmining.com.au

Activities Report for the Quarter ended 31 December 2009

Highlights

- ◆ \$50 million raised from placement to institutional and sophisticated shareholders.
- ◆ Maiden Ore Reserves for the Silver Hill Deposit were announced during the December quarter.
- ◆ Previous Measured and Indicated resources at Silver Hill now include Ore Reserves in the main V2 area and Area 39.
- ◆ Total Ore Reserve gold equivalent ounces at the Silver Hill Deposit now total 1.14 million ounces.
- ◆ Silver Hill Ore Reserves are stated at 7.4 million tonnes at 3.12g/t gold, 67g/t silver and 0.41% copper.
- ◆ New Reserves are in excess of the Pre-Feasibility Study estimate of 5.9 million tonnes.
- ◆ Preliminary financial results for high grade concentrate production from draft Definitive Feasibility Study to be confirmed through cost optimisation review.

Review of Operations

Definitive Feasibility Study

Conquest Mining Limited completed a Pre-feasibility Study (PFS) for its Silver Hill Project in North Queensland in April 2009. Following the robust results of the PFS, the board of Conquest commissioned a Definitive Feasibility Study (DFS) in April 2009. Arcon Mining Services (AMS) group were requested to evaluate the technical and economic feasibility of mining the currently defined Silver Hill resource and processing to produce a high-grade saleable precious metal concentrate.

In addition, the company continues to assess options for a potential secondary production process to extract values from residual low-grade pyrite-rich concentrate using biooxidation.

The two possible stages of process development under evaluation are:

Stage 1 – Production of high-grade gold and silver concentrate, commencing in Q1 2011.

Stage 2 – Processing of lower grade concentrate utilising bacterial oxidation, commencing in Q4 2012.

The draft Stage 1 DFS document was completed by AMS in December 2009. As part of a due diligence process this document is currently being reviewed by the board and its advisors. Although the economics of the Stage 1 project are positive in the draft DFS, there may be potential enhancements identified to improve the DFS outcomes, particularly in the Stage 2 process.

The company considers the potential for enhancement of economic value is sufficient to warrant a minor delay in completion of the final DFS document.

Capital Raising

On 2 December 2009 Conquest completed a 2 tranche capital raising arising from a placement to institutional & sophisticated investors of 80.6 million shares raising \$50 million.

The proceeds from the offering will be used by the Company to:

- Fund commencement of construction of the Company's Silver Hill Project;
- Strengthen the Company's balance sheet; and
- Support resource definition/expansion and exploration initiatives within the Company's regional tenements.

Project Reserves

Conquest Mining Limited recently announced the first Reserves estimate for the Silver Hill Deposit at the Mount Carlton Project in north Queensland. The Silver Hill Ore Reserves are stated at 7.4 million tonnes at 3.12g/t gold, 67g/t silver and 0.41% copper for 740,000 ounces of gold and 15.9 million ounces of silver with total gold equivalent ounces at 1.14 million ounces. These Reserves (as detailed in Table 1) are a sub-set of total Silver Hill Resources (Table 2). As reported in the Resource Estimate dated 22 October 2009 (www.conquestmining.com.au/pdf/499_.pdf) total Mt Carlton Project Resources, including Silver Hill, comprise 46 million ounces of gold, 40 million ounces of silver and 75,000 tonnes of copper.

The December 2009 Silver Hill gold-silver-copper Deposit Ore Reserves Statement was prepared for Conquest Mining Limited by Australian Mine Design and Development Pty Ltd (AMDAD). It deals with the gold-silver-copper ore resources at the V2 and Area 39 zones (*refer Figure 1*) that form the Silver Hill Deposit in north Queensland. All of the reserves are for extraction by open pit mining. Details are shown in Table 1. This Reserves Statement has been prepared in accordance with the guidelines of the 2004 Australasian Code for the Reporting of Resources and Reserves (the JORC Code).

The project resources are also shown in Tables 2 and 3 listing measured, indicated and inferred categories in addition to a breakdown between the V2 and Area 39 zones.

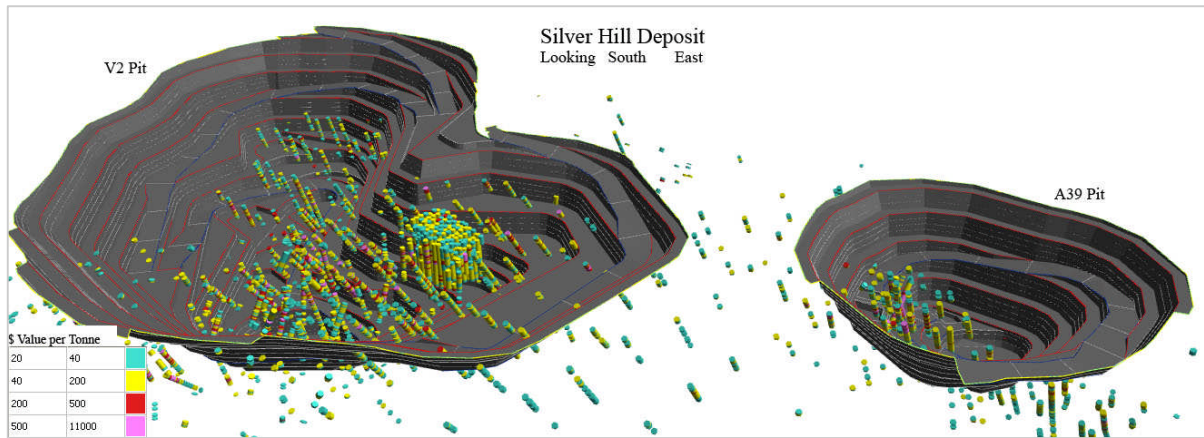


Figure 1: Silver Hill Deposit showing drill samples with value greater than A\$20/tonne within planned pit shells.

Table 1: Silver Hill Deposit Ore Reserves

| Category | Volume (bcm) | Tonnes (t) | Grade | | | Metal Units | | |
|--------------------|-----------------|---------------|----------|----------|--------|-------------|------------|--------|
| | | | (g/t Au) | (g/t Ag) | (Cu %) | Oz Au | Oz Ag | T Cu |
| Area 39 Pit | | | | | | | | |
| Proved | 148,000 | 392,000 | 0.18 | 640 | 0.76 | 2,000 | 8,066,000 | 3,000 |
| Probable | 0 | 0 | | | | 0 | 0 | 0 |
| Total A39 Ore | 148,000 | 392,000 | 0.18 | 640 | 0.76 | 2,000 | 8,066,000 | 3,000 |
| Waste | 2,290,000 | 5,714,000 | | | | | | |
| Ratio W:O | 15.47 | 14.58 | | | | | | |
| V2 Zone Pit | | | | | | | | |
| Proved | 1,511,000 | 4,004,000 | 3.44 | 42 | 0.47 | 443,000 | 5,407,000 | 18,800 |
| Probable | 1,126,000 | 2,985,000 | 3.08 | 26 | 0.29 | 295,588 | 2,495,219 | 8,700 |
| Total V2 Ore | 2,637,000 | 6,988,000 | 3.29 | 35 | 0.39 | 738,588 | 7,902,219 | 27,500 |
| Waste | 16,038,000 | 36,212,000 | | | | | | |
| Ratio W:O | 6.08 | 5.18 | | | | | | |
| Combined | | | | | | | | |
| Proved | 1,659,000 | 4,395,000 | 3.15 | 95 | 0.49 | 445,000 | 13,424,000 | 21,500 |
| Probable | 1,126,000 | 2,985,000 | 3.08 | 26 | 0.29 | 295,588 | 2,495,219 | 8,700 |
| Total Ore | 2,785,000 | 7,380,000 | 3.12 | 67 | 0.41 | 740,588 | 15,919,219 | 30,200 |
| Waste | 18,327,000 | 41,926,000 | | | | | | |
| Ratio W:O | 6.58 | 5.68 | | | | | | |

The metal represents 1.14 million gold equivalent ounces with a gold equivalent grade of 4.8g/t.*

Table 2: Total Resources Silver Hill Deposit (V2 & Area 39) – October 2009

| Oct 2009 | Tonnes (Million) | Gold g/t | Silver g/t | Copper % | Gold koz | Silver koz | Copper Tonnes |
|-------------------|------------------|-------------|------------|-------------|--------------|---------------|---------------|
| Measured | 11.1 | 1.72 | 70 | 0.32 | 610 | 24,764 | 35,600 |
| Indicated | 13.2 | 1.60 | 25 | 0.25 | 679 | 10,474 | 32,700 |
| Meas + Ind | 24.2 | 1.65 | 45 | 0.28 | 1,289 | 35,238 | 68,300 |
| Inferred | 1.5 | 1.67 | 30 | 0.20 | 79 | 1,417 | 2,900 |
| Total | 25.7 | 1.65 | 44 | 0.28 | 1,368 | 36,655 | 71,200 |

Table 3: Resource Breakdown – Silver Hill Deposit (V2 & Area39) for Measured + Indicated + Inferred Categories (*Resources reported using a cut off A\$20/T).

| Area >\$A 20/t* | Tonnes (Million) | Gold g/t | Silver g/t | Copper % | Gold koz | Silver koz | Copper Tonnes |
|-----------------|------------------|-------------|------------|-------------|--------------|---------------|---------------|
| Area39 | 1.9 | 0.2 | 273 | 0.28 | 12 | 16,541 | 5,200 |
| V2 | 23.8 | 1.77 | 26 | 0.28 | 1,355 | 20,114 | 66,000 |
| Total | 25.7 | 1.65 | 44 | 0.28 | 1,368 | 36,655 | 71,200 |

*Equivalent metal prices, exchange rate and metallurgical recoveries used to calculate the gold equivalent ounces and the value (A\$) variable used in the resource estimation were:

Gold – US\$868/ounce and 80% recovery
 Silver – US\$12/ounce and 68% recovery
 Copper – US\$5,597/tonne and 86% recovery
 Exchange Rate – US\$0.83 to A\$1.00

Metallurgy

Larger scale testing of the Geocoat bio-oxidation process is currently in progress in South Africa.

Additional metallurgical testwork is planned to further optimise the process flowsheet and to generate high grade precious metal concentrate samples for marketing purposes.

Future Work Programmes

Conquest undertook a trial grade control programme on the Area 39 portion of the Silver Hill Deposit during November and December 2009. This work was undertaken with a number of objectives and includes assessing continuity of mineralisation on a close spaced drill pattern for reserve modelling, providing data to allow calculation of grade control drill hole spacing at the commencement of production and additional samples for metallurgical test work. Results from this drilling are expected to be released in February 2010.

Due to the anticipated wet weather during the summer months, field work in the coming quarter is expected to be minimal. However, Conquest personnel are expected to work on project planning and target generation on the north Queensland tenement package.



Conquest Mining Limited

Conquest Mining Limited (ASX:CQT) is an Australian mining exploration and development company, which is focussed on the discovery and commercialisation of low-cost, high quality precious metals resources.

Conquest's main asset is the Mt Carlton Project in North Central Queensland, which has significant gold, silver and copper reserves.

The Mt Carlton resources identified to date include 1.46 million ounces of gold, 40 million ounces of silver and 75,000 tonnes of copper. The primary resource within the Mt Carlton Project is the Silver Hill deposit.

Conquest is aiming to quickly bring its Silver Hill deposit into production, and continue the exploration and development of its remaining 4,000 km of holdings in Queensland.

Conquest had \$61 million cash at the end of the quarter.

Expenditure

Expenditure by Conquest Mining Limited during the December 2009 quarter was \$7.5 million.

Attached is a copy of the Company's Mining Exploration Entity Quarterly Report (Appendix 5B) in accordance with Listing Rule 5.3.

A handwritten signature in black ink that reads "John Terpu".

John Terpu
Managing Director

This report is based on and accurately reflects information compiled by Mr Martin Male, BSc (Hons), MAIG, who is a full time employee of the Company. Mr Male has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Martin Male consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Conquest Mining Limited

ABN

33 009 232 277

Quarter ended ("current quarter")

31 December 2009

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors | 18 | 32 |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (1,495) | (2,957) |
| (b) development – feasibility/engineering studies | (5,163) | (7,820) |
| (c) production | - | - |
| (d) administration | (803) | (1,640) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 301 | 681 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes refunded / (paid) | - | - |
| 1.7 Other (provide details if material) Tenement Bonds refunded/(paid) | - | (5) |
| Net Operating Cash Flows | (7,142) | (11,709) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | (81) | (115) |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (provide details if material) | - | - |
| Net investing cash flows | (81) | (115) |
| 1.13 Total operating and investing cash flows (carried forward) | (7,223) | (11,824) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|---------|----------|
| 1.13 | Total operating and investing cash flows (brought forward) | (7,223) | (11,824) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 50,345 | 50,345 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) | - | - |
| | Share issue costs | (4,128) | (4,128) |
| | Net financing cash flows | 46,217 | 46,217 |
| | Net increase (decrease) in cash held | 38,994 | 34,393 |
| 1.20 | Cash at beginning of quarter/year to date | 22,088 | 26,689 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | Cash at end of quarter | 61,082 | 61,082 |

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

| | Current quarter \$A'000 | |
|------|--|-----|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 263 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | NIL |
| 1.25 | Explanation necessary for an understanding of the transactions | N/A |

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

| |
|-----|
| N/A |
|-----|

+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

| |
|-----|
| N/A |
|-----|

Financing facilities available

Add notes as necessary for an understanding of the position.

| | | Amount available \$A'000 | Amount used \$A'000 |
|-----|-----------------------------|-----------------------------|------------------------|
| 3.1 | Loan facilities | NIL | |
| 3.2 | Credit standby arrangements | NIL | |

Estimated cash outflows for next quarter

| | | \$A'000 |
|--------------|---|--------------|
| 4.1 | Exploration and evaluation | 2,500 |
| 4.2 | Development – feasibility/engineering studies | 750 |
| Total | | 3,250 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|--------------------------|----------------------------|-----------------------------|
| 5.1 | Cash on hand and at bank | 977 | 47 |
| 5.2 | Deposits at call | 60,105 | 22,041 |
| 5.3 | Bank overdraft | | |
| 5.4 | Other | | |
| Total: cash at end of quarter (item 1.22) | | 61,082 | 22,088 |

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|-------------------------------|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | Nil | | |
| 6.2 | Interests in mining tenements acquired or increased | Nil | | |

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter (continued)

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

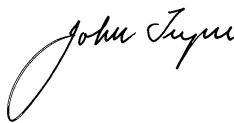
| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|---|--------------------|---------------|---|--|
| 7.1 Preference +securities <i>(description)</i> | | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 +Ordinary securities | 353,151,103 | 353,151,103 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Exercise of options (c) Decreases through return of capital, buy-backs (d) Increase pursuant to underwriting of options | 81,201,922 | 81,201,922 | \$0.62 | \$0.62 |
| 7.5 +Convertible debt securities <i>(description)</i> | | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | 400,000 400,000 | Nil Nil | <i>Exercise price</i> \$0.50 \$0.60 | <i>Expiry date</i> 22 June 2010 22 June 2011 |
| 7.8 Issued during quarter | | | | |
| 7.9 Exercised during quarter | | | | |
| 7.10 Expired during quarter | | | | |
| 7.11 Debentures <i>(totals only)</i> | | | | |

+ See chapter 19 for defined terms.

| | | | |
|------|---|--|--|
| 7.12 | Unsecured notes (<i>totals only</i>) | | |
|------|---|--|--|

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:..... Date: 21 January 2010
(Director)

Print name: John Terpu

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent, which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.