



ASX RELEASE
15 December 2009

Market Update on Silver Hill DFS

- **Preliminary results on high grade concentrate (Stage 1) from draft DFS to be confirmed through cost optimisation review.**
 - **Project outlook remains positive, with reserves in excess of PFS estimates.**
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Conquest Mining (ASX: CQT) is pleased to provide an update on the progress of the Definitive Feasibility Study (DFS) for its Silver Hill gold-silver-copper project in northern Queensland.

As stated in the Company's ASX announcement of 8 October 2009¹, the scope of the DFS was restricted to evaluation of the technical plus economic feasibility of mining the currently defined Silver Hill resource, and processing to produce a high-grade precious metals concentrate.

In parallel to the current focus on high-grade precious metals concentrate production, the Company continues to assess options for a potential secondary production process of lower-grade tailings using bioleaching.

In summary (and having regard to separate criteria for environmental impact assessments), the Company is examining two possible stages for the Silver Hill production process:

- Stage 1 – Production of high-grade gold and silver concentrate, expected to commence in Q1 2011
- Stage 2 – Secondary processing through bacteria leaching, expected to commence in Q1 2012

In April 2009, Conquest released the findings of a Pre-feasibility Study (PFS) which considered the economics of developing the Silver Hill project under both Stages 1 and 2. The estimates arising from the PFS provided the Conquest Board with sufficient comfort to confirm those findings in a DFS.

The draft DFS has been provided to the Company by the appointed consultants, Arccon Mining Services and, in accordance with a proper due diligence process, is under review by the Board and its advisers (peer review). Although the economics of the project under a Stage 1 process only are positive in the DFS, there are enhancements which are being evaluated. These will give rise to changes in the DFS outcomes.

The Company considers that the peer review should be allowed to take its course and all findings of the enhancement study be incorporated into the final DFS. Depending on delays arising from the holiday period, this process may take until February 2010 to complete. The Company considers the economic value enhancement potential sufficient to warrant the deferral of the final DFS.

The Company remains confident in the Silver Hill project, which has reserves² of 7.4Mt at 3.12g/t gold and 67g/t silver and significant exploration, well above the Pre-Feasibility Study (PFS) estimates (as shown in the table below). The PFS had estimated some 5.9Mt would be processed³.

Table: Comparative resources & reserves

	PFS*	DFS*	Increase*
Resources	22.8Mt @ 2.86g/t 2.10m oz	25.7Mt @ 2.80g/t 2.31m oz	210k oz
Production	5.9Mt	7.4Mt @ 4.79g/t 1.14m oz	1.14m oz

**All grades and contained metal figures refer to gold equivalent.*

Equivalent gold calculations based on spot commodity prices as at 11/12/09 of US\$1,133/oz gold, US\$/17.38/oz silver & US\$3.10/lb of copper, and recoveries of 80% for gold, 68% for silver and 86% for copper.

Conquest will continue to keep shareholders fully informed of all developments associated with Silver Hill and the broader Mt Carlton project area.

John Terpu
Managing Director

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1. ASX announcement dated 8 October 2009 (http://www.conquestmining.com.au/pdf/495_.pdf)
2. ASX announcement dated 7 December 2009 (<http://conquestmining.com.au/images/conquest---aical.pdf>)
3. For PFS, the tonnes are a reference to production estimate. For DFS, the tonnes are derived from the reserves calculation.

Statement of Competence

The Ore Reserve estimate for the Mt Carlton Project is based on information compiled by Mr John Wyche, a Member of the Australasian Institute of Mining and Metallurgy. He is an employee of Australian Mine Design and Development Pty Ltd. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). John Wyche has consented in writing to the inclusion in this report of the matters based on his information in the form and context in which it appears.