

21 January 2010

The Company Announcements Office  
Australian Stock Exchange Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sirs,

Please find attached an amended "Second Quarter Activities and Cash Flow Report".

Due to a formatting error in the Activities Report in the first paragraph under the heading **Project Reserves** (page 2) it incorrectly stated 46 million ounces of gold. The correct figure should have been 1.46 million ounces of gold.



Bruno Firriolo  
Company Secretary



Conquest Mining Limited  
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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](http://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](http://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. Arccon 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:

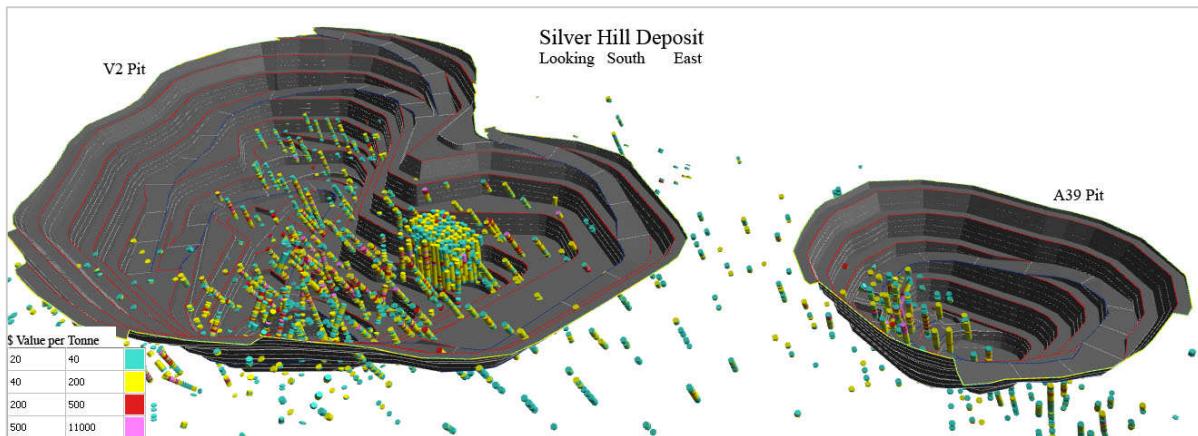
- Fund commencement of construction of the Company's Silver Hill Project;
- Strengthen the Company's balance sheet; and
- Support resource definition/expansion and exploration initiatives within the Company's regional tenements.

## **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](http://www.conquestmining.com.au/pdf/499_.pdf)) total Mt Carlton Project Resources, including Silver Hill, comprise 1.46 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 <th>Oz Au</th> <th>Oz Ag</th> <th>T Cu</th>	Oz Au	Oz Ag	T Cu
<b>Area 39 Pit</b>								
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						
<b>V2 Zone Pit</b>								
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						
<b>Combined</b>								
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
<b>Meas + Ind</b>	<b>24.2</b>	<b>1.65</b>	<b>45</b>	<b>0.28</b>	<b>1,289</b>	<b>35,238</b>	<b>68,300</b>
Inferred	1.5	1.67	30	0.20	79	1,417	2,900
<b>Total</b>	<b>25.7</b>	<b>1.65</b>	<b>44</b>	<b>0.28</b>	<b>1,368</b>	<b>36,655</b>	<b>71,200</b>

**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
<b>Total</b>	<b>25.7</b>	<b>1.65</b>	<b>44</b>	<b>0.28</b>	<b>1,368</b>	<b>36,655</b>	<b>71,200</b>

\*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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Quarterly Report to 31 December 2009

Rule 5.3

# **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**

<b>Cash flows related to operating activities</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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)
<b>Net Operating Cash Flows</b>		<b>(7,142)</b>	<b>(11,709)</b>
<b>Cash flows related to investing activities</b>			
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)	-	-
<b>Net investing cash flows</b>		<b>(81)</b>	<b>(115)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(7,223)</b>	<b>(11,824)</b>

+ 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)
1.14	<b>Cash flows related to financing activities</b>		
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)
	<b>Net financing cash flows</b>	46,217	46,217
	<b>Net increase (decrease) in cash held</b>	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	<b>Cash at end of quarter</b>	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
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+ 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
<b>Total</b>	<b>3,250</b>

### **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		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>61,082</b>	<b>22,088</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**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			

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+ 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 <b>Preference +securities (description)</b>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	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 <b>+Convertible debt securities (description)</b>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options (description and conversion factor)</b>	400,000 400,000	Nil Nil	Exercise price \$0.50 \$0.60	Expiry date 22 June 2010 22 June 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures (totals only)</b>				

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

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7.12 <b>Unsecured notes</b> (totals only)		
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## 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 ~~/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.