

ASX RELEASE
16 SEPTEMBER 2010

Conquest to Acquire 40% of Pajingo Mine from Heemskirk

Highlights:

- Conquest to acquire 40% of Pajingo gold mine from Heemskirk for \$37 million (\$27 million in cash and \$10 million in Conquest shares)
- Commitment from investor to subscribe for \$10 million equity in Conquest planned to support the acquisition
- Conquest now well positioned to consolidate ownership of Pajingo with takeover offer for North Queensland Metals

Conquest Mining Limited (ASX:CQT) is pleased to announce that yesterday it entered into a Share Purchase Agreement (the "**Agreement**") with Heemskirk Consolidated Limited ("**Heemskirk**", ASX: HSK) to acquire Heemskirk's 40% interest in the Pajingo gold mine.

The strategic acquisition complements Conquest's current takeover offer for North Queensland Metals (ASX: NQM), the owner of the remaining 60% of Pajingo.

The acquisition will be effected by Conquest acquiring all of the shares in HSK Gold Australia Pty. Ltd ("**HSK Gold**"), the Heemskirk subsidiary which holds the Heemskirk group's interest in Pajingo.

A summary of the key terms and conditions of the Agreement is as follows.

- The total purchase price has a value of \$37 million, comprising:
 - \$27 million in cash (of which \$2 million will be deferred until the earlier of 31 March 2011 and 6 months after completion of the purchase); and
 - \$10 million in Conquest shares, at an issue price of \$0.394 per Conquest share – the issue price represents the 20 day VWAP of Conquest shares prior to the date of signing the Agreement. This will result in Heemskirk owning 25.38 million Conquest shares or 6.7% of Conquest (based on Conquest's current issued share capital).
- The completion of the purchase under the Agreement is subject to satisfaction of the following conditions:
 - Approval by Heemskirk shareholders of the sale of HSK Gold under ASX Listing Rule 11; and
 - Approval by Conquest shareholders under ASX Listing Rule 7.1 of the issue of the \$10 million worth of Conquest shares to Heemskirk.

Conquest will shortly issue a notice of extraordinary general meeting to seek the required shareholder approval.

Acquisition Funding

Conquest currently has cash reserves of \$46.2 million.

To support the payment of the cash component of the proposed acquisition, Conquest has entered into an Underwriting and Subscription Deed with Southern Cross Equities ("**Southern Cross**") and Baker Steel Capital Managers LLP ("**Baker Steel**"), pursuant to which Baker Steel (or its permitted nominees) will subscribe for \$10 million of Conquest shares prior to completion of the proposed acquisition. Southern Cross has underwritten Baker Steel's commitment to subscribe for those Conquest shares.

The subscription price will be an amount to be determined by Conquest in consultation with Southern Cross Equities, which shall be no higher than the 10 day VWAP of Conquest shares prior to the date for issue of the Conquest shares to Baker Steel (or its permitted nominees).

In return for the obligations of Southern Cross and Baker Steel under the Underwriting and Subscription Deed:

- Conquest will, if completion of the proposed acquisition of HSK Gold occurs, pay Southern Cross a cash amount of \$50,000; and
- Conquest will, if completion of the proposed acquisition of HSK Gold occurs, issue to Baker Steel (or its permitted nominees) 5.5 million options expiring in two years' time with an exercise price of 60 cents.

North Queensland Metals Takeover

Conquest has made an offer to acquire the shares of North Queensland Metals Limited ("NQM"), whose primary asset is a 60% interest in the Pajingo Mine. The offer is unconditional and is due to expire on 1 October 2010. At the date of this announcement Conquest owns 23.51% of NQM.

Should Conquest acquire 100% of NQM, it will have the opportunity to operate the mine as a single, efficient operation. A single owner of Pajingo will be able to realise cost savings not readily available whilst the mine is under joint ownership.

Commenting on the proposed acquisition, Conquest Executive Chairman Jake Klein said:

"This is a major breakthrough in our efforts to grow Conquest to a mid-tier Australian gold company."

"Pajingo – through both the acquisition from Heemskirk and our takeover offer for NQM – represents the first step in realising consolidation opportunities in the industry," he said.

"Coupled with recent developments at Mt Carlton, we are well positioned to pursue our growth path towards mid-tier status."

Conquest will shortly issue a Supplementary Bidder's Statement to advise NQM shareholders of the proposed acquisition.



For more information:

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About Conquest

Conquest is an Australian based and listed mining company with a focus on activities in north Queensland. The company has a 100% interest in the Mt Carlton gold-silver-copper project, near Townsville, that is being advanced towards development. Optimisation studies and a review of the proposed process flowsheet are underway and a development decision is expected in the December quarter of 2010.

Conquest is a growth oriented company that has the focus and ability to deliver a growth plan to achieve mid-tier market status and to take advantage of the benefits available to a company of this status. Conquest will seek to deliver this growth through successful development of its Mt Carlton project and by acting on consolidation opportunities in the relatively fragmented and poorly funded junior market sector.