

The Weekend Financial Review

January 5-6, 2008

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Smart Money

“20 Stocks to Watch in 2008”

Stories: Nina Wan, Michael Vaughan and Paul Garvey

No 8 Conquest Mining

Sometimes the best way to judge a company is by the company it keeps. In the case of Conquest Mining, its joint venture partner in the Mt Carlton project in Queensland is South Africa's Gold Fields, one of the world's biggest and most respected gold producers.

Gold Fields' recently struck JV with Conquest will see it drill some 150,000 metres of drill hole throughout the portion of the Mt Carlton project that Conquest hasn't explored to date.

Once it's fulfilled its substantial drilling commitments, it will have earned a 51 per cent interest in the wider project.

The reason for Gold Fields' original interest – the Silver Hill deposit – will remain wholly owned by Conquest, although Gold Fields will have a right to buy a 50 per cent interest in that deposit once it does its drilling.

Silver Hill is already home to gold and silver resources equivalent to 2 million ounces of gold, making it one of the more noteworthy greenfields gold discoveries in Australia.

Conquest is currently trading at a value of \$80 to \$90 per gold ounce equivalent identified to date – a price that analyst with Hogan & Partners Tony Lofthouse says does not do justice to the potential upside set to be evaluated by Gold Fields.

“I cannot work out why Conquest is trading down where it is. The exploration upside is just enormous,” Lofthouse says.

The company suffered from a volatile share price last year, its shares peaking at just shy of \$1 before ending the year around 60c.