



ASX RELEASE

22 October 2009

Update on Mt Carlton Joint Venture dispute with Gold Fields Australasia

Conquest Mining Limited (ASX : CQT) wishes to advise shareholders on the status of its dispute with Gold Fields Australasia (GFA) regarding the Mt Carlton Regional Joint Venture Agreement (JVA).

Through the dispute resolution process contemplated by the JVA, CQT is seeking to protect value for all shareholders.

The dispute centres on whether GFA has complied with its obligations in relation to the Regional Tenement Area (which excludes Silver Hill) and the steps that CQT can take in order to protect the interests of all shareholders.

Background

As advised on 12 August 2009, Conquest activated the dispute resolution process following efforts by the Company to clarify GFA's commitment to progress exploration of the Regional Tenement Area in a timely manner.

Conquest has disputed GFA's claims that GFA can complete an agreed drilling program under the agreed aims of the JVA to facilitate the discovery and estimation of JORC compliant resources.

Under the JVA, GFA can earn-in to 51% of the Regional Tenement Area if it meets the drilling requirements of 150,000m by 24 November 2010. GFA has completed just 12,000m of RC drilling over the last 23 months and has 13 months to complete 138,000m of drilling.

Conquest's activation of the dispute resolution process followed a decision by Conquest's Board to reject a proposal by GFA to amend the terms of the JVA to modify the manner in which GFA may acquire interests in both the Regional Tenements and the Silver Hill Project.

Key elements of the dispute

The key issues the subject of the dispute resolution process or otherwise currently being discussed with GFA are:

- GFA's capacity to complete the drilling requirement within the Regional Tenement Area, given their slow progress to date;
- GFA's conduct under the JVA, including in relation to quarterly reporting;
- Conquest's intentions to enter the Regional Tenement Area to reactivate a meaningful exploration program (not RAB drilling as proposed by GFA); and
- Conquest's right to conduct sterilisation drilling in the Regional Tenement Area to locate possible infrastructure areas for the development of the Silver Hill project, and whether those areas should be included within CQT's Mining Lease over Silver Hill.

Progress update

Conquest has identified and nominated an independent expert to investigate Conquest's claims of poor performance by GFA which is a key component of the dispute resolution process. GFA has asked for further details of CQT's claims and CQT expects this to be dealt with as part of the dispute resolution process.

Conquest has appointed legal advisers and employed senior counsel to assist in the rapid resolution of the process.

Conquest will continue to advise shareholders in relation to the dispute.

In the meantime, the Company will continue to seek the rapid development of the Silver Hill Project and progress the Mt Carlton Definitive Feasibility Study (DFS).

To support the development of Silver Hill, Conquest recently announced a \$65m capital raising via a placement and share purchase plan. Following the completion of the DFS, the Company will identify an appropriate funding option from a number of alternatives to complement the raising and facilitate CQT's aim of production from Silver Hill within 18 months.

Should that option include an element of secured project financing, GFA's consent will be sought for the grant of any encumbrance, to the extent required.

However, it is important to note that the JVA states that, "GFA will not do or cause anything that may jeopardise CQT's enjoyment of the Silver Hill excluded area".

About Conquest Mining Limited

Conquest Mining Limited is a Perth based exploration company focused on discovering low cost gold and silver resources. Exploration at Mount Carlton has delivered resources at a cost of \$10 per ounce of gold compared with an Australian average of \$60 to \$70 per ounce for grass-roots exploration.

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