



## **ASX RELEASE**

**12 August 2009**

### **Conquest rejects Gold Fields' offer to increase investment at Mt Carlton; Activates dispute resolution process to expedite regional exploration**

- **Conquest Mining Limited rejects offer from Gold Fields Australasia Pty Ltd which sought to increase GFA's interest in the Regional Tenement Area and Silver Hill**
- **Conquest activates dispute resolution process with GFA to expedite development of the Regional Tenement Area in North Queensland**
- **Development of Conquest's 100% owned Silver Hill project unaffected and value protected for all shareholders**
- **Conquest seeks to protect shareholders' interests in regional tenements and facilitate timely development of one of Australia's lowest cost gold projects**

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The Board of Conquest Mining Limited (ASX: CQT, Conquest) advises that it has initiated a dispute resolution process with regard to its Mt Carlton Farm-in and Joint Venture Exploration Agreement (JVA) with Gold Fields Australasia Pty Ltd (GFA).

The JVA relates to regional exploration of the Mt Carlton gold-silver-copper project in North Queensland and excludes Conquest's 100% owned Silver Hill deposit.

The dispute process, which is provided for under the terms of the JVA, has been commenced following efforts by Conquest to clarify GFA's commitment to progress exploration of the regional tenements in a timely manner.

It also follows a decision by Conquest's Board to reject a proposal by GFA to amend the terms of the JVA to increase GFA's interests in both the regional tenements and Silver Hill.

Managing Director John Terpu said Conquest can see GFA's business reasons for seeking to increase its involvement in the JVA and Silver Hill given the outstanding recent Silver Hill drilling results and the better than expected outcome of the pre-feasibility study, but believes shareholders are best served by having both projects developed as quickly as possible.

Mr Terpu said Conquest had been concerned for some time that insufficient drilling was being undertaken on the Mt Carlton regional tenements.

"Our number one priority is the timely development of one of Australia's largest potential new gold projects at Silver Hill. We consider delays in the exploration of the surrounding area included in the JVA, which is currently under management of GFA, to be detrimental in realising the upside potential for the entire region.

As stated in our June 2009 quarter activities report, GFA has advised Conquest that it did not undertake any drilling at Mt Carlton in the March 2009 quarter and does not intend to do any further work in this (September 2009) quarter.

With less than 10% of the Drilling Requirement of 150,000m completed more than half way through the Earning Period under the Agreement, we do not believe it is possible for Gold Fields to complete the drilling program within the timeframe required by the Agreement. We've invoked the dispute resolution process and are very keen to see a resolution of this issue as soon as possible."

GFA's decision to cease or suspend drilling coincided with its offer to Conquest to reduce the Drilling Requirement but secure a greater investment in both the regional tenements and Silver Hill.

Conquest's Board has formally rejected this offer, as the Board believes maintaining 100% ownership and management control of the Silver Hill project and progressing exploration of the regional tenements are in the best interests of shareholders.

Conquest invited GFA to withdraw from the JVA on the basis that it will be unable to meet the Drilling Requirement, but GFA declined to do so.

Conquest considers GFA's actions to be a breach of the JVA which give Conquest a right to terminate or otherwise be discharged from the JVA.

Conquest intends to work through the dispute resolution process with the objective of securing a positive outcome for shareholders.

Mr Terpu said previously announced results from the Silver Hill drilling program and the Company's decision to commit to a Definitive Feasibility Study (DFS) reflected the value of the project.

"We want to develop Silver Hill as quickly as possible. With the Pre-Feasibility Study (PFS) indicating an internal rate of return of over 70% and a net present value (NPV) in excess of A\$300 million, we believe it is shaping up as being one of Australia's premier gold projects," he said.

"It is our responsibility to develop it quickly and deliver the shareholder value inherent in the Silver Hill Project and the broader Mt Carlton regional tenement area. As a result of GFA's proposal seeking to increase its involvement in Mt Carlton and buy into Silver Hill, we believe we need to revisit the current arrangements and resolve drilling delays as soon as possible."

Conquest will keep the market informed of material developments in relation to this issue.

In the interim, Conquest will proceed with the Definitive Feasibility Study (DFS) for the Silver Hill project, which remains unaffected by the process. The DFS is scheduled for completion in November 2009 with first production planned as early as 2011.

### **About Conquest Mining**

Conquest Mining is a Perth-based mining exploration company focused on discovering low cost gold and silver resources. Exploration at Mt 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.

Conquest is advised in all corporate matters by Azure Capital and FD Third Person.

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