

**Form 52-109FT2**  
**Certification of Interim Filings During Transition Period**

I, Ian Rozier, President and Chief Executive Officer of Newport Exploration Ltd., certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Newport Exploration Ltd. (the "Issuer") for the interim period ending April 30, 2005;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with the respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statement together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuers, as of the date and for the periods presented in the interim filings.

Date: June 29, 2005

*"Ian Rozier"*

Ian Rozier  
President and Chief Executive Officer

**Form 52-109FT2**  
**Certification of Interim Filings During Transition Period**

I, Barbara Dunfield, Chief Financial Officer of Newport Exploration Ltd., certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Newport Exploration Ltd. (the "Issuer") for the interim period ending April 30, 2005;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with the respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statement together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuers, as of the date and for the periods presented in the interim filings.

Date: June 29, 2005

*"Barbara Dunfield"*

Barbara Dunfield,  
Chief Financial Officer

**NEWPORT EXPLORATION LTD.**

**INTERIM FINANCIAL STATEMENTS**

**APRIL 30, 2005**

**(prepared by management without audit)**

## **NEWPORT EXPLORATION LTD.**

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**NEWPORT EXPLORATION LTD.**  
**INTERIM BALANCE SHEETS**  
(unaudited – prepared by management)

	Apr 30, 2005	Jul 31, 2004
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 33,348	\$ 364,035
Term deposits	1,641,683	1,848,909
Marketable securities (Note 3)	13,975	13,975
Receivables	12,507	6,629
Prepays	<u>-</u>	<u>137,035</u>
	1,701,513	2,370,583
<b>Exploration advance</b>	81,446	-
<b>Equipment</b> (Note 4)	72,853	84,880
<b>Mineral properties</b> (Note 5)	<u>377,298</u>	<u>4,912</u>
	<u>\$ 2,233,110</u>	<u>\$ 2,460,375</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 35,043	\$ 15,060
Current portion of obligation under capital lease (Note 6)	<u>20,771</u>	<u>28,461</u>
	<u>55,814</u>	<u>43,521</u>
<b>Shareholders' equity</b>		
Capital stock (Note 7)	34,323,271	34,305,271
Contributed surplus (Note 7)	164,988	59,443
Deficit	<u>(32,310,963)</u>	<u>(31,947,860)</u>
	<u>2,177,296</u>	<u>2,416,854</u>
	<u>\$ 2,233,110</u>	<u>\$ 2,460,375</u>

**Nature and continuance of operations** (Note 1)

**Commitment** (Note 13)

**On behalf of the Board:**

\_\_\_\_\_  
“Ian Rozier”

Director

\_\_\_\_\_  
“Barbara Dunfield”

Director

The accompanying notes are an integral part of these interim financial statements.

**NEWPORT EXPLORATION LTD.**  
**INTERIM STATEMENTS OF OPERATIONS AND DEFICIT**  
(unaudited – prepared by management)

	For the Three-Months Ended Apr 30, 2005	For the Three-Months Ended Apr 30, 2004	For the Nine-Months Ended Apr 30, 2005	For the Nine-Months Ended Apr 30, 2004
<b>EXPENSES</b>				
Administrative services	\$ 7,500	\$ 7,500	\$ 22,500	\$ 15,000
Amortization	8,374	8,106	22,172	21,632
Consulting	47,998	21,000	91,398	90,359
Exploration costs	10,000	-	10,000	-
Foreign exchange	-	-	9,190	-
Management fees	18,000	9,000	36,000	29,000
Office and miscellaneous	2,668	2,553	21,782	7,637
Printing	-	-	4,832	4,161
Professional fees	5,128	1,800	8,561	7,835
Regulatory and transfer agent fees	7,180	3,473	17,387	20,332
Rent	12,000	4,500	24,000	18,000
Shareholder information	-	2,850	7,181	10,869
Stock-based compensation	105,545	-	105,545	-
Travel and related costs	7,103	4,845	9,535	25,409
<b>Loss before other items</b>	<u>(231,496)</u>	<u>(65,627)</u>	<u>(390,083)</u>	<u>(250,234)</u>
<b>OTHER ITEMS</b>				
Interest income	1,029	8,420	23,392	16,278
Petroleum sales (net)	-	(59)	-	758
Write-down of marketable securities (Note 3)	-	-	-	(5,503)
Recovery of petroleum exploration costs	-	-	3,588	-
	<u>1,029</u>	<u>8,361</u>	<u>26,980</u>	<u>11,533</u>
<b>Loss for the period</b>	(230,467)	(57,266)	(363,103)	(238,701)
<b>Deficit, beginning of period</b>	<u>(32,080,496)</u>	<u>(31,697,270)</u>	<u>(31,947,860)</u>	<u>(31,515,835)</u>
<b>Deficit, end of period</b>	<u>\$ (32,310,963)</u>	<u>\$ (31,754,536)</u>	<u>\$ (32,310,963)</u>	<u>\$ (31,754,536)</u>
<b>Basic and diluted loss per common share</b>	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.02)
<b>Weighted average number of common shares outstanding</b>	14,677,874	14,241,197	14,660,841	11,134,741

The accompanying notes are an integral part of these interim financial statements.

**NEWPORT EXPLORATION LTD.**  
**INTERIM STATEMENTS OF CASH FLOWS**  
(unaudited – prepared by management)

	For the Three- Months Ended Apr 30, 2005	For the Three- Months Ended Apr 30, 2004	For the Nine-Months Ended Apr 30, 2005	For the Nine-Months Ended Apr 30, 2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss for the period	\$ (230,467)	\$ (57,266)	\$ (363,103)	\$ (238,701)
Items not affecting cash:				
Amortization	8,374	8,106	22,172	21,632
Stock-based compensation	105,545	-	105,545	-
Write-down of marketable securities	-	-	-	5,503
Changes in non-cash working capital items:				
(Increase) in receivables	(2,430)	(4,119)	(5,878)	(11,946)
Decrease in prepaids	46,478	630	137,035	7,050
Increase (decrease) in accounts payable and accrued liabilities	<u>267</u>	<u>(3,921)</u>	<u>19,983</u>	<u>(8,415)</u>
Net cash used in operating activities	<u>(72,233)</u>	<u>(56,570)</u>	<u>(84,246)</u>	<u>(224,877)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Leasehold improvements	-	-	(10,145)	-
Term deposits	228,879	-	207,226	-
Mineral properties	-	-	(60,000)	(64,706)
Deferred exploration costs	(121,311)	-	(294,386)	-
Exploration advances	<u>(81,446)</u>	<u>-</u>	<u>(81,446)</u>	<u>(133,035)</u>
Net cash provided by (used in) investing activities	<u>26,122</u>	<u>-</u>	<u>(238,751)</u>	<u>(197,741)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Capital stock issued for cash, net	-	150,000	-	2,069,062
Repayment of capital lease obligations	<u>(2,490)</u>	<u>(2,489)</u>	<u>(7,690)</u>	<u>(7,453)</u>
Net cash provided by (used in) financing activities	<u>(2,490)</u>	<u>147,511</u>	<u>(7,690)</u>	<u>2,061,609</u>
<b>Change in cash and equivalents during the period</b>	<b>(48,601)</b>	<b>90,941</b>	<b>(330,687)</b>	<b>1,638,991</b>
<b>Cash and equivalents, beginning of period</b>	<u><b>81,949</b></u>	<u><b>2,121,659</b></u>	<u><b>364,035</b></u>	<u><b>573,609</b></u>
<b>Cash and equivalents, end of period</b>	<u><u><b>\$ 33,348</b></u></u>	<u><u><b>\$ 2,212,600</b></u></u>	<u><u><b>\$ 33,348</b></u></u>	<u><u><b>\$ 2,212,600</b></u></u>

**Supplemental disclosure with respect to cash flows (Note 10)**

The accompanying notes are an integral part of these interim financial statements.

**NEWPORT EXPLORATION LTD.**  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
APRIL 30, 2005  
(Unaudited – prepared by management)

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Newport Exploration Ltd. (the "Company") is a Canadian company incorporated under the laws of the Province of British Columbia. The Company is primarily engaged in the acquisition and exploration of resource properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	Apr 30, 2005	Jul 31, 2004
Working capital	\$ 1,645,699	\$ 2,327,062
Deficit	(32,310,963)	(31,947,860)

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal and recurring adjustments considered necessary for fair presentation of the results for the interim period. Operating results for the nine month period ended April 30, 2005 are not necessarily indicative of the results that may be expected for the year ending July 31, 2005. These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and follow the same accounting policies as the annual financial statements. Accordingly, these financial statements should be read in conjunction with the 2004 annual financial statements and notes thereto.

**3. MARKETABLE SECURITIES**

Marketable securities are comprised of the following:

	Apr 30 2005	Jul 31, 2004
Cost	\$ 22,542	\$ 22,542
Market value	\$ 13,975	\$ 13,975

During the current period marketable securities were written-down by \$Nil (2004 - \$5,503) to reflect market value.



**NEWPORT EXPLORATION LTD.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**APRIL 30, 2005**  
(Unaudited – prepared by management)

**4. EQUIPMENT**

	April 30, 2005			July 31, 2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Automotive equipment						
under capital lease	\$ 116,851	\$ 107,602	\$ 9,249	\$ 116,851	\$ 105,165	\$ 11,686
Computer equipment	37,067	28,405	8,662	37,067	26,123	10,944
Furniture and fixtures	21,758	15,138	6,620	21,758	13,827	7,931
Leasehold improvements	105,816	57,494	48,322	95,671	41,352	54,319
	<u>\$ 281,492</u>	<u>\$ 208,639</u>	<u>\$ 72,853</u>	<u>\$ 271,347</u>	<u>\$ 186,467</u>	<u>\$ 84,880</u>

Included in automotive equipment is \$116,851 (2004 - \$116,851) of automotive equipment under capital lease with a net book value of \$9,249. Amortization of the capitalized lease is combined with total amortization.

**5. MINERAL PROPERTIES**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

	<b>April 30, 2005</b>
	Mulga Tank Nickel Project, Australia
<b>Acquisition costs</b>	
Balance, beginning of period	\$ -
Acquisition costs	<u>78,000</u>
Balance, end of period	<u>78,000</u>
<b>Deferred exploration costs</b>	
Balance, beginning of period	4,912
Earthmoving	12,927
Field administration	17,064
Field equipment	3,623
Field expenses	5,962
Geochemistry	9,224
Geological	61,925
Geophysics	74,920
Technical consulting	93,100
Travel and related costs	<u>15,641</u>
Balance, end of period	<u>299,298</u>
<b>Total</b>	<u>\$ 377,298</u>

**NEWPORT EXPLORATION LTD.**  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
APRIL 30, 2005  
(Unaudited – prepared by management)

**5. MINERAL PROPERTIES (cont'd...)**

	<b>July 31, 2004</b>			
	Mantua Copper Project, Cuba	Franco Gold Project, Mexico	Mulga Tank Nickel Project, Australia	Total
<b>Acquisition costs</b>				
Balance, beginning of period	\$ 100,000	\$ -	\$ -	\$ 100,000
Acquisition costs	-	63,950	-	63,950
Written-off	<u>(100,000)</u>	<u>(63,950)</u>	<u>-</u>	<u>(163,950)</u>
Balance, end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred exploration costs</b>				
Balance, beginning of period	90,946	-	-	90,946
Geological	-	5,000	4,912	9,912
Recovery of costs	(89,417)	-	-	(89,417)
Written-off	<u>(1,529)</u>	<u>(5,000)</u>	<u>-</u>	<u>(6,529)</u>
Balance, end of period	<u>-</u>	<u>-</u>	<u>4,912</u>	<u>4,912</u>
<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,912</u>	<u>\$ 4,912</u>

**Mantua Copper Project, Cuba**

During the year ended July 31, 2003, the Company entered into an option agreement to acquire an undivided 50% interest in the Mantua Copper Project (the "Project") in Cuba from Northern Orion Explorations Ltd. ("Northern Orion"). Upon exercise of the option, the Company would have acquired 100% of the issued and outstanding shares of Minera Mantua Inc., a wholly owned subsidiary of Northern Orion which owns a 50% interest in the Project. As consideration for the option, the Company issued to Northern Orion 400,000 common shares at an agreed value of \$100,000.

During the year ended July 31, 2004, the Company decided to abandon this property and all costs were written-off to operations, of which \$89,417 was recorded as a recovery of costs.

**NEWPORT EXPLORATION LTD.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**APRIL 30, 2005**  
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**5. MINERAL PROPERTIES (cont'd...)**

**Franco Gold Project, Mexico**

During the previous year, the Company entered into an agreement with Cardero Resource Corporation (“Cardero”), to acquire a 50% interest in the Franco Gold Project (“Franco”) located in San Luis Potosi, Mexico. The Company paid \$63,950 (US\$50,000) upon signing the agreement. The Company was also required to incur US\$250,000 in exploration expenditures on or before August 3, 2004, of which \$128,035 (US\$100,000) has been paid and recorded in prepaids, and make payments of US\$80,000 to the underlying optioner of Franco by September 3, 2004. The property was subject to a 2% net smelter royalty.

During the period, the Company decided to abandon this property and \$68,950 was written-off to operations in the year ended July 31, 2004.

The Company also received during the period a refund of prepaid exploration expenditures of \$128,035.

**Mulga Tank Nickel Project, Australia**

The Company entered into an agreement with King Eagle Resources Pty Limited (“King Eagle”) to acquire an 80% interest in an exploration license and a 75% interest in an application exploration license, collectively known as the Mulga Tank Nickel Project (“Mulga Tank”) located in Western Australia. The Company is obligated to make a payment of \$30,000 (paid) upon signing the option agreement and an additional \$30,000 (paid) and issue 150,000 common shares (issued) upon closing the option agreement. The Company is also required to make staged payments totalling \$540,000, issue 2,100,000 common shares and incur expenditures of \$2,500,000 by September 2, 2007 as follows:

- i) in year 1, pay \$60,000, issue 300,000 common shares and incur expenditures of \$250,000.
- ii) in year 2, pay \$90,000, issue 450,000 common shares and incur expenditures of \$500,000.
- iii) in year 3, pay \$150,000, issue 600,000 common shares and incur expenditures of \$750,000.
- iv) in year 4, pay \$240,000, issue 750,000 common shares and incur expenditures of \$1,000,000.

Should Mulga Tank be placed in commercial production, a further 1,000,000 common shares will be issued to King Eagle.

**6. OBLIGATION UNDER CAPITAL LEASE**

	Apr 30, 2005	Jul 31, 2004
Total minimum lease payments	\$ 28,461	\$ 31,097
Amount representing interest	(7,690)	(2,636)
Balance of obligation	20,771	28,461
Less: current portion	(20,771)	(28,461)
	\$ -	\$ -

**NEWPORT EXPLORATION LTD.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**APRIL 30, 2005**  
(Unaudited – prepared by management)

**6. OBLIGATION UNDER CAPITAL LEASE (cont'd...)**

The capital lease is for a corporate vehicle for use by a director of the Company.

**7. CAPITAL STOCK**

	Number of Shares	Capital Stock	Contributed Surplus
Authorized 100,000,000 common shares without par value			
Issued			
As at July 31, 2004	14,527,874	\$ 34,305,271	\$ 59,443
Acquisition of mineral property	150,000	18,000	-
Stock-based compensation	-	-	105,545
As at April 30, 2005	14,677,874	\$ 34,323,271	\$ 164,988

**8. STOCK OPTIONS AND WARRANTS**

**Stock options**

At April 30, 2005, the Company had outstanding stock options, enabling the holders to acquire shares as follows:

Number of Options	Exercise Price	Expiry Date
1,450,000	\$ 0.16	February 21, 2007

**Warrants**

At April 30, 2005, the Company had outstanding share purchase warrants, enabling holders to acquire shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,500,000	\$ 0.35	July 8, 2005
5,837,400	0.45	December 16, 2005

**NEWPORT EXPLORATION LTD.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**APRIL 30, 2005**  
(Unaudited – prepared by management)

**9. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties:

- a) Paid or accrued consulting fees of \$62,000 (2004 - \$58,000) to companies controlled by directors.
- b) Paid or accrued management fees of \$36,000 (2004 - \$29,000) to a company controlled by a director.
- c) Paid or accrued rent of \$24,000 (2004 - \$18,000) to a company controlled by a director.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	2005	2004
Cash paid during the period for interest	\$ 2,893	\$ 2,201

Significant non-cash transactions for the period ended April 30, 2005 include the issuance of 150,000 common shares at a value of \$18,000 for the acquisition of a mineral property (Note 5).

There were no significant non-cash transactions for the period ended April 30, 2004.

**11. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and equivalents, term deposits, marketable securities, receivables, accounts payable and accrued liabilities and obligation under capital lease. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

**12. SEGMENTED INFORMATION**

The Company has one reportable operating segment, the acquisition and exploration of mineral properties. Geographical information is as follows:

	Canada	Australia	Total
<b>April 30, 2005</b>			
Current assets	\$1,701,513	\$ -	\$1,701,513
Equipment	72,853	-	72,853
Exploration advance	-	81,446	-
Mineral properties and deferred exploration costs	<u>-</u>	<u>377,298</u>	<u>458,744</u>
	<u>\$1,774,366</u>	<u>\$ 458,744</u>	<u>\$2,233,110</u>
Loss for the period ended April 30, 2005	\$ 363,103	\$ -	\$ 363,103

**NEWPORT EXPLORATION LTD.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**APRIL 30, 2005**  
(Unaudited – prepared by management)

**12. SEGMENTED INFORMATION (cont'd...)**

	Canada	Mexico	Australia	Total
<b>July 31, 2004</b>				
Current assets	\$2,242,548	\$ 128,035	\$ -	\$2,370,583
Equipment	84,880	-		84,880
Mineral properties and deferred exploration costs	-	-	4,912	4,912
	<u>\$2,327,428</u>	<u>\$ 128,035</u>	<u>\$ 4,912</u>	<u>\$2,460,375</u>
Loss for the period ended April 30, 2004	\$ 238,701	\$ -	\$ -	\$ 238,701

**13. COMMITMENT**

The Company has an obligation under operating lease for its premises. The annual lease commitments under this lease are as follows:

2005	\$ 12,000
2006	48,000
2007	<u>48,000</u>
	<u>\$ 108,000</u>

The following discussion and analysis, prepared as of June 21, 2005, should be read together with the unaudited financial statements for the nine month period ended April 30, 2005 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the annual audited financial statements for the year ended July 31, 2004 and 2003, and the Management Discussion and Analysis for those years.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Description of Business**

The Company is a natural resource company engaged in acquisition, exploration, and development of mineral properties. It currently holds an 80% option over a nickel property in Western Australia. The Company trades on the TSX Venture Exchange under the symbol NWX.

## **Performance Summary**

The Company issued 150,000 common shares during the period in connection with the option interests over the Mulga Tank project in Australia.

## **Results of Operations**

The Company continues its work on the Mulga Tank Nickel Project ("Mulga Tank") located in Western Australia. Mulga Tank, a significant target for a large dunite hosted nickel sulphide deposit, is located approximately 250km northeast of Kalgoorlie in the Northeast Goldfields of Western Australia, an area that contains some of the world's largest nickel deposits. The Mulga Tank tenements overlay portions of an extensive greenstone belt which includes the Minigwal dunite, a large, intense, circular, magnetic anomaly of approximately 4 km in diameter. This anomaly has the characteristics for a major dunite hosted nickel sulphide deposit such as Mt. Keith, also located in the Northeast Goldfields area of Western Australia.

In the third quarter 2005, the Company reported that the results from the I.P. Program over Mulga Tank had been collated and interpreted by Peter Smith of Global Geoinfo, Fremantle, Western Australia. The interpretation of data identified drill targets similar to those associated with high-grade massive sulphides deposits rather than with disseminated deposits, which had formerly been the target model of Mulga Tank. The objective of the geophysical program was to test for a disseminated Mt. Keith type orebody through a deep penetrating I.P. program covering the broad extent of the large magnetic anomaly and ultramafic unit at Mulga Tank. The Offset Pole – Dipole I.P. configuration was selected to avoid signal amplitude problems with such a large anomaly and allowed for the generation of time resistivity and I.P. depth sections to 600m. Five lines were surveyed across the Mulga Tank magnetic anomaly at 800m spacing, each line read using a 12-channel receiver array with dipole spacing of 100m. The quality and repeatability of the data was excellent and the data generated increased I.P. response at depth across a number of sections.

The identified anomalies lie beneath a flat lying ultramafic unit of between 200-300m thick and are coincident with shallow R.C. drill anomalies identified previously by BHP in technical work conducted at Mulga Tank in the early 1980's. The anomalies are more consistent with flat lying 'pooling' of massive sulphide, which at Mulga Tank may represent high-grade nickel-sulphide targets. These massive sulphide targets will be the subject of a 1500m-diameter drill program designed to test the key targets to a depth of approximately 450m. Wallis Drilling of Kalgoorlie, Western Australia have been contracted to

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NINE MONTHS ENDED APRIL 30, 2005

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conduct the drill program which is scheduled to commence in July. The Company had originally reported that this work would commence in June but due to delays on another contract commencement has been reschedule for July 2005.

The identification of massive sulphide targets is regarded by the Company as being a very exciting development at Mulga Tank. The Company is well financed and able to meet all its work commitments at Mulga Tank through 2006.

The Company's accounting policy is to record its mineral properties at cost. Exploration and development expenditures relating to mineral properties are deferred until either the properties are brought into production, at which time they are amortized on a unit of production basis, or until the properties are sold or abandoned, at which time the deferred costs are written off.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

The Company incurred a loss of \$363,103 during the nine-month-period ended April 30, 2005, compared to a loss of \$238,701 for the nine-month-period ended April 30, 2004. Some of the significant expenses are as follows:

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	For the Three Months Ended Apr 30, 2005	For the Three Months Ended Apr 30, 2004	For the Nine Months Ended Apr 30, 2005	For the Nine Months Ended Apr 30, 2004
<b>EXPENSES</b>				
Consulting fees	\$ 47,998	\$ 21,000	\$ 91,398	\$ 90,359
Regulatory and transfer agent fees	7,180	3,473	17,387	20,332
Stock-based compensation	105,545	-	105,545	-
Travel and related costs	7,103	4,845	9,535	25,409

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Consulting fees – With the acquisition of the Mantua Copper and Franco Gold projects in 2004, the Company hired additional consultants to work on these projects. This increase is reflected in the previous three and nine month periods. During the current three and nine month periods ending April 30, 2005, consulting increased as a result of increase focus on the Mulga Tank project.

Stock-based compensation – During the current period, the Company granted incentive stock options that resulted in stock-based compensation expense calculated using the Black-Scholes option pricing model. This is a non-cash transaction.

Regulatory and transfer agent fees – During both the comparative periods, the Company has been active in property acquisitions and financings and as a result associated filing fees have been incurred.

Travel and related costs – This expense decreased significantly in the nine month period ended April 30, 2005, compared to the same period in 2004 due to the travel that related to the acquisition of both the Mantua Copper project in Cuba and Franco Gold project in project in Mexico in 2004.

## Summary of Quarterly Results

The following table sets forth selected unaudited financial information prepared by management of the Company.



**NEWPORT EXPLORATION LTD.**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**NINE MONTHS ENDED APRIL 30, 2005**

	Three Months Ended April 30, 2004	Three Months Ended January 31, 2005	Three Months Ended October 31, 2004	Three Months Ended July 31, 2004
Total assets	\$ 2,233,110	\$ 2,360,255	\$ 2,492,635	\$ 2,460,375
Mineral properties and deferred costs	458,744	255,987	190,241	4,912
Working capital	1,645,699	1,965,004	2,112,088	2,327,062
Interest income	1,029	11,348	14,603	10,710
Net loss	230,467	(78,113)	(54,523)	(193,324)
Earnings (loss) per share	(0.02)	(0.01)	(0.01)	(0.02)

	Three Months Ended April 30, 2004	Three Months Ended January 31, 2004	Three Months Ended October 31, 2003	Three Months Ended July 31, 2003
Total assets	\$ 2,736,374	\$ 2,650,050	\$ 846,994	\$ 921,880
Mineral properties and deferred costs	255,652	388,687	190,946	190,946
Working capital	2,147,806	2,049,681	436,000	2,202,361
Interest income	8,420	7,516	1,159	5,292
Net Income (loss)	(57,266)	(111,546)	(69,889)	(443,053)
Earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.07)

Significant changes in key financial data from fiscal 2005 to 2004 can be attributed to the closing of the Company's 1.94 million dollars private placement 2004. Also in 2004 the Company wrote down certain costs associated to the option on the Cuba Copper project and Mexican Gold project. In the current period, the Company granted 1.45 million incentive stock options, which resulted in a \$105,545 stock-based compensation expenses using the Black-Scholes Option pricing model.

## **Liquidity**

The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

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NINE MONTHS ENDED APRIL 30, 2005

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	April 30, 2005	July 31, 2004
Working capital	\$ 1,645,699	\$ 2,327,062
Deficit	(32,310,963)	(31,947,860)

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Net cash used in operating activities for the nine month period ended April 30, 2005 was \$84,246 compared to net cash used of \$224,877 during the nine month period ended April 30, 2004. The cash used in operating activities for the periods consist primarily of the operating loss. There was also a significant decrease in prepaids in the current period and this is a result of the recovery of costs regarding the Mantua Copper project.

Net cash used in investing activities for the nine month period ended April 30, 2005 was \$238,751 compared to net cash used in investing activities of \$197,741 during the nine month period ended April 30, 2004. Cash used during the current period consists primarily of exploration expenditures on the Company's mineral property in Australia. There was a relative decrease in term deposits to help fund the exploration program undertaken on the Mulga Tank project. In the previous period, the Company had made an exploration advance of \$133,035 on the Franco Gold project.

Financing activities used cash of \$7,690 during the nine month period ended April 30, 2005, compared to cash provided by financing activities of \$2,061,609 for the nine month period ended April 30, 2004. During the previous period, the Company completed a non-brokered private placement financing for net proceeds of \$1,942,150 and 800 share purchase warrants were exercised for proceeds of \$200,000.

### **Capital Resources**

The Company has sufficient funds to meet its property exploration commitments for 2005 and cover anticipated administrative expenses throughout the year. It will continue to focus exploration and development efforts in Western Australia.

### **Related Party Transactions**

The Company entered into the following transactions with related parties:

- a) Paid or accrued consulting fees of \$54,000 (2004 - \$58,000) to Buccaneer Management Inc., a company controlled by the President of the Company.
- b) Paid or accrued consulting fees of \$8,000 (2004 - \$Nil) to 676421 BC Ltd., a company controlled by a director of the Company.
- c) Paid or accrued management fees of \$36,000 (2004 - \$29,000) to Tabo Investments Ltd., a company controlled by a director of the Company.
- d) Paid or accrued rent of \$24,000 (2004 - \$18,000) to 641485 BC Ltd. a company controlled by the President of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## **Financial Instruments**

The Company's financial instruments consist of cash, receivables and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

## **Additional Information**

As at June 21, 2005, the Company had:

- a) 14,677,874 common shares outstanding.
- b) 1,450,000 stock options outstanding.
- c) 7,337,400 share purchase warrants outstanding.

## **Cautionary Statement on Forward-Looking Information**

This Management Discussion and Analysis may contain forward-looking statements that involve risks and uncertainties. When used in this Management Discussion and Analysis, the words "believe," "anticipates," "expects" and similar expressions are intended to identify such forward-looking statements. The Issuer's actual results may differ significantly from the results discussed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Issuer undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.