NEWPORT EXPLORATION LTD.

INTERIM FINANCIAL STATEMENTS

January 31, 2008

Unaudited - prepared by management

The accompanying unaudited interim consolidated financial statements of Newport Exploration Ltd. for the six month period ending January 31, 2008 have been prepared by management and approved by the audit committee and the Board of Directors of the Company. These interim financial statements have not been reviewed by the Company's external auditors.

NEWPORT EXPLORATION LTD.
INTERIM BALANCE SHEETS
AS AT
(Unaudited - prepared by management)

	January 31, 2008	July 31, 2007
ASSETS		
Current		
Cash and equivalents	$ 6,799,347	$ 3,709,681
Short-term deposits	1,027,727	4,261,847
Marketable securities (Note 4)	-	6,609
Receivables	87,243	54,249
	7,914,317	8,032,386
Equipment (Note 5)	9,316	10,889
Exploration advances (Note 6)	29,187	28,645
Mineral properties (Note 6)	1,429,938	1,418,928
	$ 9,382,758	$ 9,490,848
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 3,803	$ 234,852
Asset retirement obligation (Note 7)	4,540	4,540
	8,343	239,392
Shareholders' equity		
Capital stock (Note 9)	42,343,096	42,193,096
Contributed surplus (Note 9)	973,346	973,346
Deficit	(33,942,027)	(33,914,986)
	9,374,415	9,251,456
	$ 9,382,758	$ 9,490,848

Nature and continuance of operations (Note 1)
Commitment (Note 14)
On behalf of the Board:

"Ian T. Rozier" Director *"Barbara E. 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 January 31, 2008	For the three months ended January 31, 2007	For the six month ended January 31, 2008	For the six months ended January 31, 2007
EXPENSES				
Administrative services	$ 4,250	$ 3,750	$ 8,500	$ 7,500
Amortization	755	5,971	1,572	11,997
Consulting	55,666	48,774	106,755	94,722
Director's fees	5,000	5,000	10,000	10,000
Management fees	30,000	23,000	56,000	45,500
Office and miscellaneous	970	2,663	2,466	3,100
Professional fees	10,771	53,130	21,770	58,004
Property investigation	-	-	-	22,500
Regulatory fees	7,765	16,301	11,373	17,780
Rent	15,000	12,000	30,000	24,000
Shareholder communications	3,460	2,326	3,460	2,841
Stock-based compensation (Note 10)	-	-	-	2,742
Travel and related costs	13,725	3,038	13,725	4,144
Loss before other items	(147,362)	(175,953)	(265,621)	(304,830)
OTHER ITEMS				
Interest income	118,684	10,772	211,949	17,471
Foreign exchange	5,819	-	5,819	-
Gain on sale of marketable securities (Note 4)	1,971	-	1,971	-
Petroleum royalty (Note 8)	8,297	33,165	18,841	53,664
	134,771	43,937	238,580	71,135
Loss for the period	(12,591)	(132,061)	(27,041)	(233,695)
Deficit, beginning of period	(33,929,436)	(32,898,211)	(33,914,986)	(32,796,532)
Deficit, end of period	$ (33,942,027)	$ (33,030,227)	$ (33,942,027)	$ (33,030,227)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	54,922,874	24,506,026	54,235,203	19,741,950

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 January 31, 2008	For the three months ended January 31, 2007	For the six months ended January 31, 2008	For the six months ended January 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (12,591)	$ (132,016)	$ (27,041)	$ (233,695)
Items not affecting cash:				
Amortization	755	5,971	1,572	11,997
Stock-based compensation	-	-	-	2,742
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(6,761)	(33,381)	(32,994)	1,890
Decrease in prepaids	2,541	3,102	-	731
Increase (decrease) in accounts payable and accrued liabilities	(223,105)	35,044	(231,048)	39,866
Net cash used in operating activities	(239,161)	(121,280)	(289,511)	(176,469)
CASH FLOWS FROM INVESTING ACTIVITIES				
Short-term deposits	3,291,412	(1,930,551)	3,234,120	(1,867,024)
Deferred exploration costs	(5,601)	(2,850)	(11,010)	(27,259)
Marketable securities	6,609	-	6,609	-
Mineral property acquisition	-	(45,000)	-	(45,000)
Exploration advances	-	(57,150)	(542)	(42,023)
Net cash provided by (used in) investing activities	3,292,420	(2,035,551)	3,229,177	(1,981,306)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital stock issued	-	2,219,200	150,000	2,219,200
Obligation to issue shares	-	16,000	-	16,000
Net cash provided by financing activities	-	2,235,200	150,000	2,235,200
Increase in cash during the period	3,053,259	78,369	3,089,666	77,425
Cash and equivalents, beginning of period	3,746,088	1,766	3,709,681	2,710
Cash and equivalents, end of period	$ 6,799,347	$ 80,135	$ 6,799,347	$ 80,135

Supplemental disclosure with respect to cash flows (Note 12)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

2. CHANGES IN ACCOUNTING POLICIES

Effective August 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861 Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measures in the balance sheet either at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

As a result of the adoption of these new standards, the Company has classified its marketable securities as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

As a result of the application of Section 3855, the Company's deficit position was not affected.

3. BASIS OF PRESENTATION

The accompanying financial information does not include all of the disclosure required by generally accepted accounting principles for annual 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 six-month period ended January 31, 2008 are not necessarily indicative of the results that may be expected for the year ended July 31, 2008. 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 of the Company except as noted below. Accordingly, these financial statements should be read in conjunction with the 2007 annual financial statements and notes thereto.

4. MARKETABLE SECURITIES

Marketable securities were comprised of shares in publicly traded companies. During the six months ended January 31, 2008, the Company sold its marketable securities which resulted in a gain of $1,971. The market value at July 31, 2007 was $6,609.

5. EQUIPMENT

	January 31, 2008			July 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 41,079	$ 34,545	$ 6,534	$ 41,079	$ 33,442	$ 7,637
Furniture and fixtures	21,758	18,976	2,782	21,758	18,506	3,252
Leasehold improvements	-	-	-	105,816	105,816	-
	$ 62,837	$ 53,521	$ 9,316	$ 168,653	$ 157,764	$ 10,889

6. MINERAL PROPERTIES

	Mulga Tank Nickel-Uranium Project, Australia January 31, 2008	Mulga Tank Nickel-Uranium Project, Australia July 31, 2007
Acquisition costs		
Balance, beginning of period	$ 494,854	$ 198,000
Acquisition costs	-	296,854
Balance, end of period	494,854	494,854
Deferred exploration costs		
Balance, beginning of period	924,074	746,930
Additions:		
Accommodation	-	4,104
Asset retirement obligation	-	(12,828)
Claim cost	-	6,386
Consulting	-	39,152
Drilling	-	51,766
Field administration	5,409	14,248
Field equipment	-	6,127
Field supplies	-	6,079
Project management fees	-	32,202
Technical consulting	5,601	12,863
Transportation	-	5,197
Travel	-	11,848
	11,010	177,144
Balance, end of period	935,084	924,074
Total	$ 1,429,938	$ 1,418,928

6. MINERAL PROPERTIES (cont'd…)

Mulga Tank Nickel-Uranium Project, Australia

The Company holds the right 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. As at October 31, 2007, the Company has paid or accrued $271,729 and issued 900,000 common shares with a value of $223,125.

To acquire its interest, the Company is required to:

i) On or before June 1, 2008, pay $150,000, issue 600,000 common shares and incur additional expenditures of $750,000.

ii) On or before June 1, 2009, incur additional expenditures of $1,000,000.

Upon completion of a feasibility study, the Company will be required to pay $240,000 and issue 750,000 common shares. Upon commencement of commercial production, the Company will be required to issue an additional 1,000,000 common shares.

As at January 31, 2008, the Company had advanced $29,187 (July 31, 2007 - $28,645) for future exploration work.

7. ASSET RETIREMENT OBLIGATION

The Company estimates its asset retirement obligation at the Mulga Tank property based on its understanding of its requirements to reclaim the currently disturbed areas. At January 31, 2008, the Company's total cost of reclamation for this disturbance was estimated to be approximately $4,540 (July 31, 2007 - $4,540). The asset retirement obligation is considered to be present value.

The asset retirement obligation accrual required management to make significant estimates and assumptions. Actual results could differ from these estimates.

8. PETROLEUM ROYALTY

Under the terms of an agreement over the sale of CVL Resources (Barbados) Ltd. (formerly a wholly owned subsidiary of the Company), the Company retained a 2.5% royalty for any hydrocarbons discovered on certain petroleum exploration permits in Australia. Included in receivables at January 31, 2008 is $38,120 (July 31, 2007 - $19,168) for the Company's royalty.

9. CAPITAL STOCK

	Number of Shares		Capital Stock		Contributed Surplus
Authorized					
Unlimited common shares without par value					
Issued					
As at July 31, 2007	53,922,874	$	42,193,096	$	973,346
Exercise of warrants	1,000,000		150,000		-
As at January 31, 2008	54,922,874	$	42,343,096	$	973,346

10. STOCK OPTIONS AND WARRANTS

Stock options

At January 31, 2008, the Company had outstanding stock options, enabling the holders to acquire common shares as follows:

Number of Shares		Exercise Price	Expiry Date
45,000	$	0.16	October 12, 2008
3,615,000		0.30	March 5, 2010

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, July 31, 2007 and January 31, 2008	3,660,000	$	0.30
Number of options currently exercisable	3,660,000	$	0.30

10. STOCK OPTIONS AND WARRANTS (cont'd…)

Stock-based compensation

During the six months ended January 31, 2008, the Company granted Nil (2007 – 45,000) stock options resulting in stock-based compensation expense of $Nil (2007 - $2,742) using the Black-Scholes option pricing model which was also recorded as contributed surplus on the balance sheet. The weighted average fair value of the stock options granted was $0.06 (2006 - $Nil) per share.

The following assumptions were used for the Black-Scholes option pricing model valuation of stock options granted:

	2007
Risk-free interest rate	4.05%
Expected life of options	2 years
Annualized volatility	127.09%
Dividend rate	0%

Warrants

At January 31, 2008, the Company had outstanding share purchase warrants enabling the holders to acquire further common shares as follows:

Number of Shares		Exercise Price	Expiry Date
19,025,000	$	0.15	December 16, 2008
16,100,000		0.50	July 24, 2009

As at January 31, 2008, 1,046,500 compensation options were outstanding. Each option is exercisable into one unit for a two year period at $0.35 per unit. Each unit consists of one common and one share purchase warrant exercisable at $0.50 per share until July 24, 2009.

Warrant transactions are summarized as follows:

	Number of Warrants		Exercise Price
Balance, July 31, 2007	35,125,000	$	0.31
Warrants exercised	(1,000,000)		0.15
Balance, January 31, 2008	34,125,000	$	0.32

11. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) Paid or accrued consulting fees of $84,000 (2007 - $62,000) to a company controlled by a director.

b) Paid or accrued management fees of $56,000 (2007 - $45,500) to companies controlled by a director.

11. RELATED PARTY TRANSACTIONS (cont'd…)

c) Paid or accrued rent of $30,000 (2007 - $24,000) to a company controlled by a director.

d) Paid or accrued director fees of $10,000 (2007-$10,000) to a director of the Company.

e) Paid or accrued professional fees of $7,750 (2007-$Nil) to a legal firm where an officer of the Company is a partner.

Included in accounts payable and accrued liabilities is $3,799 (2007-$Nil) owed to a director and a legal firm where an officer of the Company is a partner.

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.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2008	2007
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

There were no significant non-cash transactions for the six months ended January 31, 2008:

The Company entered into the following significant non-cash transactions for the year ended January 31, 2007:

a) issued 300,000 common shares at a value of $60,000 for the acquisition of a mineral property (Note 6).
b) reallocating $10,109 to share capital from contributed surplus for options exercised.

13. SEGMENTED INFORMATION

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

	January 31, 2008	July 31, 2007
Capital assets		
Canada	$ 9,316	$ 10,889
Australia	1,429,938	1,418,928
	$ 1,439,254	$ 1,429,817

14. COMMITMENT

The Company has an obligation under an operating lease for its premises with a company controlled by a director. The annual lease commitments under this lease are as follows:

2008	$ 32,000
2009	44,000
	$ 76,000

NEWPORT EXPLORATION LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Months Ended January 31, 2008

This discussion and analysis of financial position and results of operations is prepared as at March 18, 2008 and should be read in conjunction with the unaudited financial statements for the six months ended January 31, 2008 and the related notes thereto. Those unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and, as a result, do not contain all disclosure required under generally accepted accounting principles for annual financial statements. Accordingly, readers are referred to the July 31, 2007 annual audited financial statements of Newport Exploration Ltd. (the "Company" or "Newport") and the accompanying notes. These documents are available for viewing at www.sedar.com. All dollar amounts included therein and in the following management discussion and analysis ("MD&A") are in Canadian dollars except where noted.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

Description of Business

Newport Exploration Ltd. is a mineral exploration company engaged in the acquisition and exploration of mineral properties in Western Australia. The Company's head office is in Vancouver, British Columbia. The Company has a nickel exploration property in Western Australia where it holds an option to acquire an 80% interest in an exploration licence and a 75% interest in an application exploration licence. The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan and trades on the TSX Venture Exchange under the symbol NWX.

Overview

On November 28, 2007, the Company reported that the summer 2007 drilling program at Mulga Tank encountered ground conditions that resulted in the program being reduced in scope. The first traverse of five holes was sited across the central portion of the main, northern conductive zone as identified from the Tempest airborne geological survey. Due to drilling problems which occurred as a result of encountering running sands and indurated siltstone other holes were sited on seven other traverses across both anomalous zones. No radioactive material was returned from any of the holes.

At this time it is apparent that the future of the Mulga Tank project is in the nickel exploration potential in the periodotile/dunite as identified in two vertical diamond holes drilled in 2005 by the Company. Currently, the Company is reviewing its options on how to proceed on this basis.

The current proposal is to initiate a further drill program to test the nickel potential of the Minigwal Dunite, with a secondary program of RAB drilling for shear-zone related gold deposits within the Mulga Tank and Mulga Tank East tenements.

Results of Operations

During the three months ended January 31, 2008, the Company incurred a loss of $12,591 compared to a loss of $132,016 for the three month period ended January 31, 2007. The significant changes during the three months ended January 31, 2008 compared to the three month period ended January 31, 2007 are as follows:

- During the three months ended January 31, 2008 the Company incurred amortization expense of $755 as compared to the $5,971 incurred during the three month period ended January 31, 2007. This decrease was a result of the fully amortized leasehold improvements that occurred during the year ended July 31, 2007.

- Consulting fees increased to $55,666 during the three months ended January 31, 2008 from the $48,774 incurred during the three months ended January 31, 2007 due to an increase in consulting fees to a director to $15,000 per month from $12,000 per month that occurred during the current fiscal year.

- During the three months ended January 31, 2008 management fees increased to $30,000 from $23,000 during the three month period ended January 31, 2007 due to an increase in management fees to a director to $10,000 per month from $8,000 per month that occurred during the current fiscal year.

- During the three months ended January 31, 2008 the Company incurred rent expense of $15,000 as compared to $12,000 incurred during the comparative period. This increase was due to a $1,000 per month rent increase at the Company's head office.

- During the three months ended January 31, 2008 the Company incurred travel costs of $13,725 which represents a increase from $3,038 incurred during the three months ended January 31, 2007. This increase was due to the Company's efforts in trying to identify additional properties of merit in the current period.

- The Company earned $8,297 in a petroleum royalty during the three months ended January 31, 2008 compared to $33,165 earned during the three months ended January 31, 2007. This was a result of the Company’s retained 2.5% royalty on certain exploration permits in Australia. Production decreased during the current quarter.

- Interest income of $118,684 was earned during the three months ended January 31, 2008 on cash and short-term investments. This compares to interest income of $10,772 earned during the three months ended January 31, 2007. The increase during the current quarter was a result of the completion of the two private placement financings during the year ended July 31, 2007 for gross proceeds of $7,835,000.

- A gain on foreign exchange of $5,819 was recognized during the three months ended January 31, 2008 compared to $Nil recognized in the comparative. This relates to expenditures incurred on the Company's Australian mineral property.

During the six months ended January 31, 2008, the Company had incurred a loss of $27,041 compared to a loss of $233,695 for the six months ended January 31, 2007. The significant decrease over the comparative period was primarily attributed to the interest income earned during the current period from $17,471 in 2007 to $211,949 in 2008 as a result of the approximate $7.8 million held in cash and short-term deposits. Also, the Company incurred $22,500 in exploration costs in 2007 compared to $Nil in the current quarter of 2008. These costs were incurred for geological consulting services. Lastly, professional fees decreased from $58,004 in 2007 to $21,770 in 2008 as a result of decreased Company activity in the current period.

Liquidity and Capital Resources

The Company's working capital position at January 31, 2008 was $7,905,974 as compared to a working capital position of $7,792,994 at July 31, 2007. The increase in working capital is primarily a result of 1,000,000 share purchase warrants being exercised during the current quarter for proceeds of $150,000. Additionally, the Company earned $211,949 in interest income during the six months ended January 31, 2008.

As at January 31, 2008, the Company had current assets of $7,914,317, total assets of $9,382,758 and total liabilities of $8,343. There is no long-term debt. There are no known trends in the Company's liquidity or capital resources.

The principal assets of the Company are its mineral exploration properties, amounting to $1,429,938 as at January 31, 2008.

During fiscal 2007, the Company completed two private placements for gross proceeds of $7,835,000. These funds, combined with funds on hand, will provide the Company with sufficient funds to meet its operating expenses and 2008 exploration expenditures on the Company's properties in Australia.

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 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 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.

Commitments and Contractual Obligations

The Company has work commitments on the Mulga Tank project pursuant to its underlying agreements. Newport has fulfilled its obligations in accordance with the amended commitment schedule. The work and acquisition commitments outlined below are contingent on successful exploration results being obtained.

	Expiry Date	Exploration Expenditures	Acquisition Costs	Share Issuances	
Year 1	Sept 1, 2005	$ 250,000	$ 60,000	300,000	(completed)
Year 2	Sept 1, 2006	500,000	90,000	450,000	(completed)
Year 3	June 1, 2008	750,000	150,000	600,000	
Year 4	June 1, 2009	1,000,000			

Quarterly Financial Information

	Three Months Ended Jan 31, 2008	Three Months Ended Oct 31, 2007	Three Months Ended July 31, 2007	Three Months Ended April 30, 2007
Total assets	$ 9,382,758	$ 9,618,455	$ 9,490,848	$ 4,034,074
Mineral properties and deferred costs	1,429,938	1,424,337	1,418,928	1,108,992
Working capital	7,905,974	7,923,410	7,792,994	2,826,054
Loss for the period	(12,591)	(14,450)	(92,047)	(792,712)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.02)

	Three Months Ended Jan 31, 2007	Three Months Ended Oct 31, 2006	Three Months Ended July 31, 2006	Three Months Ended Apr 30, 2006
Total assets	$ 3,927,780	$ 1,735,552	$ 1,829,667	$ 1,880,057
Mineral properties and deferred costs	1,071,189	969,339	944,930	904,861
Working capital	2,663,218	666,047	785,608	912,561
Loss for the period	(132,016)	(101,679)	(95,484)	(65,813)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)

Fiscal 2008

During the first quarter ended October 31, 2007, the Company issued 1,000,000 common shares through the exercise of share purchase warrants for total proceeds of $150,000. Additionally, the Company earned $93,265 in interest income. The Company incurred $5,409 in deferred exploration on the Mulga Tank project in Australia. This was the balance of expenditures from the drill program undertaken in July 2007.

During the second quarter of fiscal 2008 the Company's administrative expenditures increased slightly over the first quarter as a result of cost associated with the Company's annual general meeting. Additionally travel costs increased during the second quarter. These increased costs were partially offset by the $118,684 earned in interest income in the second quarter compared to $93,265 earned in the first quarter.

Fiscal 2007

During the fourth quarter the Company completed a brokered private placement of 16,100,000 units issued at $0.35 per unit for total proceeds of $5,635,000. Each unit consisted of one common share and one share purchase warrant to acquire one additional common share at $0.50 per share until July 24, 2009. The Company also commenced on a drill program on the Mulga Tank project.

During the third quarter of fiscal 2007, the Company received $208,000 from the exercised of 1,300,000 stock options and $48,750 from the exercise of 325,000 share purchase warrants. Additionally, the Company granted 3,615,000 stock options resulting in the recording of $706,477 in stock-based compensation expense.

During the second quarter of fiscal 2007, the Company raised $2.2 million pursuant to a non-brokered private placement financing. Also, 120,000 common shares were issued for the exercise of options for proceeds of $19,200. The Company also made a payment of $45,000 and issued 225,000 common shares in connection with the option agreement on the Mulga Tank property. Additionally, the Company advanced $60,000 for upcoming exploration expenditures on the Mulga Tank project.

During the first quarter of fiscal 2007, administrative expenses remained constant with the previous quarter. The Company incurred $24,409 in exploration costs during this quarter.

Fiscal 2006

During the fourth quarter, professional fees were higher than in the previous quarter as a result of the year-end audit accrued. The Company also earned $60,663 during the fourth quarter as a result of the 2.5% royalty from production of the petroleum permits in Australia.

During the third quarter, the Company received $45,052 on the 2.5% held royalty held on certain oil and gas permits held in Australia. A total of $26,487 was spent during the quarter on Mulga Tank.

Related Party Transactions

During the six months ended January 31, 2008, the Company paid or accrued $84,000 (2007 - $62,000) to Buccaneer Management Inc., a company controlled by Ian Rozier, the President, for consulting fees. Also during the six months ended, the Company paid or accrued $56,000 (2007 - $45,500) for management fees to Prospect Point Consulting Inc., a company controlled by Barbara Dunfield, the Chief Financial Officer of Newport. Additionally, the Company paid or accrued $30,000 (2007 - $24,000) for rent charged by 641485 B.C. Ltd., a company controlled by Mr. Rozier. During the six months ended, the Company also paid or accrued $7,750 (2007 - $Nil) for professional fees to Lang Michener, a legal firm where David Cowan is a partner. Lastly, the Company paid or accrued $10,000 (2007 - $10,000) for director's fees to Douglas B. Hyndman ("Hyndman").

Included in accounts payable and accrued liabilities is $3,799 (July 31, 2007-$23,920) owed to Hyndman and to Lang Michener.

Changes in Accounting Policies

Effective August 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861 Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measures in the balance sheet either at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

As a result of the adoption of these new standards, the Company has classified its marketable securities as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

As a result of the application of Section 3855, the Company's deficit position was not affected.

Disclosure Controls and Procedures

The Company's system of disclosure controls and procedures includes our Disclosure Policy, our Code of Conduct and Business Ethics and the effectiveness of our Audit Committee. The Company has established procedures that allow the identification of matters warranting consideration of disclosure by the Audit Committee, as well as procedures for the verification of individual transactions and information that would be incorporated in annual and interim filings, including Financial Statements, Management's Discussion and Analysis, and other related documents.

As required by CSA Multilateral Instrument 52-109, Certification of Disclosure in an Issuer's Annual and Interim Filings, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was conducted as of January 31, 2008 under the supervision of management, including the President and the Chief Financial Officer. The evaluation included review of documentation, enquiries of Company staff and other procedures considered by Management to be appropriate under the circumstances.

As a result of their evaluation, the President and Chief Financial Officer are of the opinion that the design and operation of the system of disclosure controls was effective as at January 31, 2008.

The President and Chief Financial Officer are also required to file certifications of our annual filings under Multilateral Instrument 52-109. These certifications may be accessed at www.sedar.com.

Risk, Uncertainties and Outlook

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company's property has no known commercial ore deposit. Other risks facing the Company include competition for mineral properties, environmental and insurance risks, fluctuations in metal prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

Share Capital

As at March 18, 2008, the Company had 54,922,874 common shares outstanding and the following outstanding warrants and options:

Outstanding Options:

Number of Options	Exercise Price	Expiry Date
45,000	$0.16	October 12, 2008
3,615,000	$0.30	March 5, 2010

Outstanding Warrants:

Number of Warrants	Exercise Price	Expiry Date
18,025,000	$0.15	December 16, 2008
16,100,000	$0.50	July 24, 2009

At March 18, 2008, 1,046,500 compensation options were outstanding. Each option is exercisable into one unit for a two year period at $0.35 per unit. Each unit consists of one common and one share purchase warrant exercisable at $0.50 per share until July 24, 2009.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure document provided by the Company, which can be accessed www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Cautionary Statement on Forward-Looking Information

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, foreign operations and foreign government regulations, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirements for obtaining permits and licenses for the Company's operations in the jurisdictions in which it operates.