NEWPORT EXPLORATION LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the nine months ended April 30, 2012

This management discussion and analysis of financial position and results of operations ("MD&A") is prepared as at June 29, 2012 and should be read in conjunction with the unaudited condensed interim financial statements for the nine months ended April 30, 2012 of Newport Exploration Ltd. ("Newport" or the "Company") with the related notes thereto. Those unaudited condensed interim financial statements have been prepared in accordance with first time preparation under International Financial Reporting Standards ("IFRS") for interim financial statements and, as a result, do not contain all disclosure required under IFRS for annual financial statements. Accordingly, readers may want to refer to the July 31, 2011 annual audited financial statements and the accompanying notes.

All dollar amounts included therein and in the following MD&A are expressed 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. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

Description of Business

Newport Exploration Ltd. is a natural resource company engaged in the acquisition and exploration of mineral properties. The Company's head office is in Vancouver, British Columbia. The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan and trades on the TSX Venture Exchange under the symbol NWX.

Overview

The Company is earning a 50% interest in Reva Resources Corporation's ("Reva") Chu Chua massive sulphide deposit ("Chu Chua") located approximately 70km north of Kamloops, British Columbia. To earn the interest, the Company needs to carry out and fund the costs of the recommended work program of approximately $1,070,000, on or before December 31, 2012. Two directors of Newport are insiders of Reva and as such abstained from voting on the agreement.

On June 26, 2012, the Company announced the results of an initial resource estimate for Chu Chua prepared by APEX Geoscience Ltd. ("APEX") of Vancouver, British Columbia from preliminary work conducted in 2011.

The estimate comprises an inferred mineral resource of 2.5 million tonnes averaging 2.0% copper, 0.3% zinc, 9.4 g/t silver, 0.5 g/t gold at a copper block cut-off grade of 1.0%, as presented in the table below. A sensitivity analysis of the grade and tonnage at various cut-off grades was completed and is also shown.

Classification	Cu % Block Cut Off	Metric Tonnes	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)	Cu content (million lbs.)	Zn content (million lbs.)	Ag content (oz.)	Au content (oz.)
Inferred	0.0	2,827,000	1.9	0.3	9.0	0.5	118.3	19.9	814,000	42,000
	0.5	2,805,000	1.9	0.3	9.0	0.5	118.1	19.9	811,000	42,000
	1.0	**2,506,000**	**2.0**	**0.3**	**9.4**	**0.5**	**112.9**	**18.2**	**758,000**	**39,000**
	1.5	1,753,000	2.4	0.3	10.5	0.5	92.0	12.9	594,000	30,000
	2.0	906,000	3.0	0.4	11.6	0.6	59.4	7.1	339,000	17,000

**Inferred Mineral Resources are not Mineral Reserves. Inferred Mineral Resources do not have demonstrated economic viability, and may never be converted into Reserves.*
***Figures may not sum due to rounding. Significant figures do not indicate added level of precision.*

Mr. Kristopher J. Raffle (P.Geo) and Steven J. Nicholls (M AIG) of APEX are the Independent Qualified Persons, as defined by NI 43-101, responsible for the mineral resource estimation. The resource is classified as an inferred mineral resource, consistent with the CIM definitions referred to in NI 43-101. The effective date of the mineral resource estimation is April 18, 2012.

A total of 99 diamond drillholes, totaling 19,707 metres (m), ranging from AQ to NQ size core were completed between 1978 and 1991to delineate the Chu Chua. The drillhole locations were surveyed during 2011 along with confirmation sampling conducted on a number of the mineralized intervals from the historic core. The mineral resource estimate is derived from a total of 50 of these drillholes; the spacing of which is between10 and 40 m. A total of 251 composites of 5 m length, capped at 5.90% copper, 0.86% zinc, 32 g/t silver and 1.4 g/t gold, were used for the estimation. The mineral resource was estimated by ordinary kriging within a three-dimensional mineralization envelope, defined by similar geological characteristics in terms of alteration and mineralogy, using a 0.5% copper cut-off grade. The search ellipsoid orientations were based on variography and ranged in size from 30 to 50 m along the primary axis, depending on the metal of interest. The search ellipsoids were used for grade interpolation into 2 m (X) x 25 m (Y) x 10 m (Z) parent blocks. All blocks were classified as being in the inferred category. A total of 464 bulk density measurements were used to calculate the average for each of three modeled massive sulphide lenses. The average density of each of the three lenses varied from 4.33 to 4.73 g/cm^3. Due to the lack of historic documentation, the methodology used to calculate the bulk densities is unknown, however the densities used in the resource estimate are considered consistent with the geology and style of mineralization of the Chu Chua.

Chu Chua is considered to be an early stage project, therefore little is known about the potential mining or metallurgical characteristics of the massive sulphide deposit. The base case cut-off threshold of 1.0% Cu, which yields 2,506,000 tonnes at an average grade of 2.0% Cu, 0.3% Zn, 9.4 g/t Ag and 0.5 g/t Au (and highlighted in the Table above), is considered to be prospective for development based on the projects favourable location for access, power, water, labour force and other assumptions derived from deposits of similar type and scale.

Chu Chua is a Cyprus-type volcanogenic massive sulphide body hosted and comprises three closely-spaced, north-south striking and sub-vertical massive sulphide lenses that outcrop on surface. Historic drilling has intersected mineralization to a depth of 560 m vertically, however relatively few drillholes have targeted mineralization below 200 m. The results of historic drilling indicate that the deposit thins at depth however, the massive sulphide lenses remain open at depth and along strike.

To date, mineralization has been modeled over a 480 m strike length and to a depth of 180 m from surface. Additional drilling is warranted to define the extent of near surface mineralization at the north end of the deposit; at depth within and beneath the currently modeled Main Lens; and to the south where limited deep drilling has encountered narrow sulphide intercepts. Given that approximately 75% of the deposit as currently modeled lies within a 100 m depth from surface, further drilling and economic studies to determine if all or portion of the Chu Chua may be amenable to open pit extraction are also warranted.

The Company, which has approximately $6 million in the treasury and is able to meet its obligations to fund the work program on Chu Chua. The Company’s financial instruments consist of cash, receivables, short-term investments and accounts payable and accrued liabilities and it is management’s opinion that the Company is not exposed to any significant credit risks arising from these financial instruments.

Results of Operations

During the three months ended April 30 2012, the Company incurred a loss of $109,986 compared to a loss of $61,504 for the three months ended April 30, 2011. The significant changes during the three months ended April 30, 2012 compared to the three months ended April 30, 2011 are as follows:

- Professional fees of $16,963 were incurred during the three months ended April 30, 2012 compared to $4,380 incurred during the three months ended April 30, 2011. The increase was a result of additional legal fees for review of potential property transactions in the current period.

- Rent increased to $18,150 during the three months ended April 30, 2012 from $17,050 incurred during the three months ended April 30, 2011, as a result of a 10% rent increase at the Company’s head office that commenced on April 1, 2011.

- Travel and related costs increased to $3,974 during the three months ended April 30, 2012 compared to $Nil for the three months ended April 30, 2011. The increase was related to travel expenditures for management in connection with reviewing potential property transactions incurred during the current period.

- The Company earned $5,465 in a petroleum royalty during the three months ended April 30, 2012, a decrease from $38,716 earned during the three months ended April 30, 2011. The royalty income from the Company’s retained 2.5% royalty on certain exploration permits in Australia decreased in the current period as a result of the decreased production levels of PEL 91.

During the nine months ended April 30, 2012, the Company incurred a loss of $340,504 compared to a loss of $283,062 for the nine months ended April 30, 2011. The significant changes during the nine months ended April 30, 2012 compared to the nine months ended April 30, 2011, are as follows:

- Office and miscellaneous costs increased to $19,807 during the nine months ended April 30, 2012 compared to $7,939 for the nine months ended April 30, 2011. The change was primarily due to an annual $10,400 premium for directors’ and officers’ insurance incurred during the current period.

- Professional fees of $42,683 were incurred during the nine months ended April 30, 2012 compared to $18,435 incurred during the nine months ended April 30, 2011. The increase was a result of additional legal fees incurred in the current period for reviewing potential property transactions.

- Property investigation costs decreased to $Nil during the nine months ended April 30, 2012 from $14,890 incurred during the nine months ended April 30, 2011, seeking a property of merit for the Company during the comparative period.

- Rent increased to $54,450 during the nine months ended April 30, 2012 from $50,050 incurred during the nine months ended April 30, 2011, as a result of a 10% rent increase at the Company's head office that commenced on April 1, 2011.

- The Company earned $5,465 in a petroleum royalty during the nine months ended April 30, 2012, a decrease from $38,716 earned during the nine months ended April 30, 2011. The royalty income from the Company's retained 2.5% royalty on certain exploration permits in Australia decreased in the current period as a result of the decreased production levels of PEL 91.

Exploration and Evaluation Asset

During the nine months ended April 30, 2012, the Company incurred $56,359 in geological consulting expenditures and $5,000 for a security deposit with the Minister of Finance in connection with Chu Chua.

Liquidity and Capital Resources

The Company's working capital position at April 30, 2012 was $6,107,103 as compared to a working capital position of $6,508,293 at July 31, 2011. The decrease in working capital is a result of the approximate $360,000 used in operating activities and $14,000 used in investing activities. At April 30, 2012, the Company held cash of $2,710,919 (July 31, 2011-$5,490,870). Additionally, the Company held $3,429,626 (July 31, 2011 - $1,025,216) in short-term investments. During the nine months ended April 30, 2012, the Company purchased approximately $2,400,000 in guaranteed investment certificates with a major Canadian banking institution.

As at April 30, 2012, the Company had current assets of $6,167,675 (July 31, 2011-$6,554,051), total assets of $6,269,231 (July 31, 2011-$6,594,921) and total liabilities of $60,572 (July 31, 2011-$45,758). There is no long-term debt.

The principal assets of the Company are cash, receivables, short-term investments and an exploration and evaluation asset.

The Company has sufficient funds on hand to meet its operating expenses through fiscal 2013.

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 may 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 continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future.

Commitments

a) The Company leases office premises under an operating lease with a company controlled by a director. During the year ended July 31, 2009, the Company extended the term of its operating lease for an additional three year term, to expire in March 2012. The lease provides for basic lease payments of $6,050 per month to March 2012. During the nine months ended April 30, 2012, the Company extended the term of the operating lease for another three year term. The lease provides for basic lease payments as follows:

2012	$	18,150
2013		72,600
2014		72,600
2015		48,400
	$	211,750

b) The Company entered into management and consulting contracts with companies having directors in common. The Company has agreed to pay the companies a combined total of $25,000 per month. These contracts remain in force on a continuous basis. The contracts can be terminated by the Company by providing 90 days written notice. If termination of services is without cause, the Company will be obligated to pay 36 months of service fees to one director's company and 24 months to the other director's company.

Quarterly Financial Information

	Three Months Ended April 30, 2012	Three Months Ended January 31, 2011	Three Months Ended October 31, 2011	Three Months Ended July 31, 2011
	(IFRS)	(IFRS)	(IFRS)	(IFRS)
Total assets	$ 6,269,231	$ 6,331,272	$ 6,466,800	$ 6,594,921
Working capital	6,107,103	6,266,035	6,383,416	6,508,293
Loss for the period	(109,986)	(117,605)	(112,913)	(103,457)
Loss per share – basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)

	Three Months Ended April 30, 2011	Three Months Ended January 31, 2011	Three Months Ended October 31, 2010	Three Months Ended July 31, 2010
	(IFRS)	(IFRS)	(IFRS)	(CDN GAAP)
Total assets	$ 6,656,754	$ 6,721,523	$ 6,845,136	$ 6,981,829
Working capital	6,649,130	6,710,351	6,819,510	6,931,272
Loss for the period	(61,504)	(109,465)	(112,093)	(142,234)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)

Fiscal 2012

During the third quarter of fiscal 2012, the Company recorded a loss of $109,986 compared to a loss of $117,605 recorded in the previous quarter. Additionally, the Company incurred $49,153 in geological consulting in connection with the Chu Chua.

During the second quarter of fiscal 2012, the Company recorded a loss of $117,605, compared to a loss of $112,913 recorded in the previous quarter.

During the first quarter of fiscal 2012, the Company recorded a loss of $112,913, while earning $21,258 in interest income. Additionally, the Company spent $12,206 on Chu Chua during this quarter.

Fiscal 2011

During the fourth quarter of fiscal 2011, the Company incurred $37,642 in geological consulting expenses on Chu Chua. Additionally, the Company earned $16,194 from its petroleum royalty compared to $38,716 earned in the previous quarter.

During the third quarter of fiscal 2011, the Company's operating expenses decreased slightly as a result of lower legal fees incurred during the quarter, and a gain on foreign exchange recorded in connection with the petroleum royalty earned in this quarter. The Company earned $38,716 from its 2.5% petroleum royalty on certain exploration permits in Australia during this quarter.

During the second quarter of fiscal 2011, the Company's operating expenses remained consistent with the prior quarter. During this quarter the Company entered into a option agreement to acquire a 50% interest in Chu Chua.

During the first quarter of fiscal 2011, the Company's operating expenses decreased over the prior quarter primarily as a result of the decrease in property investigation costs. Otherwise, overall operating expenses remained consistent with the prior quarter.

Fiscal 2010

During the fourth quarter of fiscal 2010, the Company's operating expenses increased over the prior quarter as a result of the increase in property investigation costs.

Related Party Transactions

During the nine months ended April 30, 2012, the Company paid or accrued $135,000 (2011 - $135,000) to a company controlled by Ian Rozier, President and C.E.O. for consulting fees and paid or accrued $90,000 (2011 - $90,000) for management fees to a company controlled by Barbara Dunfield, director and C.F.O. Additionally, the Company paid or accrued $54,450 (2011 - $50,050) for rent to a company controlled by Mr. Rozier. During the nine months ended April 30, 2012, the Company also paid or accrued $24,353 (2011 - $5,433) for professional fees to McMillan LLP, the legal firm where David Cowan, Corporate Secretary, is a partner. Also, the Company paid or accrued $15,000 (2011 - $15,000) in director's fees to Merfyn Roberts. Lastly, the Company paid or accrued consulting fees of $18,000 (2011 - $18,000) to a company controlled by the spouse of David Cohen, director and to a company controlled by Mr. Cohen.

As at April 30, 2012, receivables included $Nil (July 31, 2011-$2,686) owed by a company with common directors.

As at April 30, 2012, accounts payable and accrued liabilities included $3,333 (July 31, 2011-$3,333) owed to Mr. Roberts.

Financial Instruments

Fair Values

The fair value of cash is measured based on level 1 of the fair value hierarchy.

The fair values of receivables and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

(a) Credit Risk

The Company's cash is mainly held at large Canadian financial institutions and as at April 30, 2012 is mainly held in interest bearing accounts. The Company's receivables are mainly HST recoverable from the Canadian government and its petroleum royalty. The maximum exposure to credit risk is the equivalent of the cash and receivables on the balance sheet of the Company.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital resources as outlined in Note 13 of the April 30, 2012 condensed interim financial statements.

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The effect of a 1% change in interest rates is approximately $61,000.

(ii) Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations in exchange rates.

(iii) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

First Time Adoption of IFRS

As stated in Note 2, of the condensed interim financial statements they are for the period covered by the Company's third interim condensed financial statements prepared in accordance with IFRS. The accounting policies in Note 3 of the condensed interim financial statements have been applied in preparing the condensed statements of loss and comprehensive loss and cash flows for the period ended April 30, 2012 and 2011, and the condensed statements of financial position as at April 30, 2012, July 31, 2011 and the opening IFRS statement of financial position on August 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position and the condensed interim financial statements for the period ended April 30, 2012, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position is set out in the following table. There was no effect on financial performance or cash flows. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

a) to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date;

b) to apply the requirements of IFRS 2, Share-based payment, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date; and

c) to transfer all foreign currency translation differences, recognized as a separate component of equity, to deficit as at the Transition Date including those foreign currency differences which arose on adoption of IFRS.

Additionally, in accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of August 1, 2010 are consistent with its GAAP estimates for the same date.

There are no differences between IFRS and GAAP in connection with the Company's statements of loss and comprehensive loss and statements of cash flows for the period ended April 30, 2011 or for the statement of financial position as at July 31, 2011.

Risk, Uncertainties and Outlook

As a company active in the mineral resource acquisition and exploration industry, the Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and must access the capital markets to finance its activities.

There can be no assurances the Company will continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs. In addition to this having an impact on any future wholly owned projects, the Company could find itself in a position at a future time where it is unable to fund its share of costs incurred under joint venture agreements to which it is a party, and its interest in such joint ventures could be reduced or eliminated as a result.

The Company is very reliant upon its existing management, and if the services of such personnel were withdrawn for any reason, this could have a material adverse impact on the Company's operating activities.

There is intense competition within the minerals industry to acquire properties of merit, and the Company competes with other companies possessing greater technical and financial resources than itself. Even if desirable properties are secured, there can be no assurances that the company will be able to execute its exploration programs on its proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring in areas that lack infrastructure, such as the availability of essential supplies and services.

Over the past several years, the prices of commodities have increased substantially, stimulating a rapid growth in exploration expenditures and intensifying the competition for talent and services. These conditions have lead to increased costs and difficulties in scheduling contractors at times that are optimal from the Company's perspective.

The Company's future exploration activities may require permits from various governmental agencies charged with administrating laws and regulations governing exploration, labor standards, occupational health and safety, control of toxic substances, waste disposal, land use, environmental protection and other matters. Failure to comply with laws, regulations and permit conditions could result in fines and/or stop work orders, costs for conducting remedial actions and other expenses. In addition, legislation changes to existing laws and regulations could result in significant additional costs to comply with the revised terms and could also result in delays in executing planned programs pending compliance with those terms.

Off Balance Sheet Arrangements

The Company is not aware of any off balance sheet arrangements or commitments as of June 29, 2012.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings as of June 29, 2012.

Share Capital

As at June 29, 2012, the Company had 54,922,874 common shares outstanding and the following outstanding options:

Outstanding Options:

Number of Options	Exercise Price	Expiry Date
5,450,000	$0.10	December 18, 2013

There are no outstanding share purchase warrants.

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.