NEWPORT EXPLORATION LTD.

MANAGEMENT DISCUSSION & ANALYSIS

For the six months ended January 31, 2012

This management discussion and analysis of financial position and results of operations ("MD&A") is prepared as at March 26, 2012 and should be read in conjunction with the unaudited condensed interim financial statements for the six months ended January 31, 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 estimated to be $1,070,000, before December 31, 2012. Two directors of Newport are insiders of Reva and as such abstained from voting on the agreement.

Chu Chua was discovered in 1978 by Craigmont Mines Ltd. and subsequently optioned to Minnova Inc. One hundred and thirty (130) drillholes have been drilled on Chu Chua for a total of 23,500m, with 98 drillholes for a total of 19,000m in the resource area. The deposit is comprised of two vertical and steeply dipping lenses of massive pyrite–chalcopyrite and magnetite up to 40m thick, with a known strike length of 400m and a known depth of 250m.

As part of the work to be conducted by the Company, a new NI 43-101 compliant resource estimation model will be calculated utilising the extensive drillhole data base to construct a 3-D geological resource model to be used for block modelling, and to direct metallurgical testing and sampling. The Company has retained the services of APEX Geosciences Ltd who commenced preliminary work on Chu Chua in July of 2011 and is continuing work on producing an updated resource estimate.

The Company, which has approximately $6 million in the treasury, 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 January 31, 2012, the Company incurred a loss of $117,605 compared to a loss of $109,465 for the three months ended January 31, 2011. The significant changes during the three months ended January 31, 2012 compared to the three months ended January 31, 2011 are as follows:

- Office and miscellaneous costs increased to $5,573 during the three months ended January 31, 2012 compared to $2,621 for the three months ended January 31, 2011. The change was primarily due to additional office insurance expenditures incurred during the current period.

- Professional fees of $13,731 were incurred during the three months ended January 31, 2012 compared to $9,985 incurred during the three months ended January 31, 2011. The increase was a result of additional legal fees in reviewing potential property transactions.

- Rent increased to $18,150 during the three months ended January 31, 2012 from $16,500 incurred during the three months ended January 31, 2011, as a result of a 10% rent increase at the Company's head office that commenced on April 1, 2011.

During the six months ended January 31, 2012, the Company incurred a loss of $230,518 compared to a loss of $221,558 for the six months ended January 31, 2011. The significant changes during the six months ended January 31, 2012 compared to the six months ended January 31, 2011, are as follows:

- Office and miscellaneous costs increased to $17,375 during the six months ended January 31, 2012 compared to $5,276 for the six months ended January 31, 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 $25,720 were incurred during the six months ended January 31, 2012 compared to $14,055 incurred during the six months ended January 31, 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 six months ended January 31, 2012 from $14,890 incurred during the six months ended January 31, 2011, seeking a property of merit for the Company during the comparative period.

Exploration and Evaluation Asset

During the six months ended January 31, 2012, the Company incurred $7,206 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 January 31, 2012 was $6,266,035 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 $250,000 used in operating activities and $12,000 used in investing activities. At January 31, 2012, the Company held cash of $3,220,011 (July 31, 2011- $5,490,870). Additionally, the Company held $3,036,272 (July 31, 2011 - $1,025,216) in short-term investments. During the six months ended January 31, 2012, the Company purchased approximately $2,000,000 in guaranteed investment certificates with a major Canadian banking institution.

As at January 31, 2012, the Company had current assets of $6,278,662 (July 31, 2011- $6,554,051), total assets of $6,331,272 (July 31, 2011-$6,594,921) and total liabilities of $12,627 (July 31, 2011-$45,758). There is no long-term debt.

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

The Company has sufficient funds on hand to meet its operating expenses for fiscal 2012.

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. Subsequent to January 31, 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	$ 36,300
2013	72,600
2014	72,600
2015	48,400
	$ 229,900

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 January 31, 2012	Three Months Ended October 31, 2011	Three Months Ended July 31, 2011	Three Months Ended April 30, 2011
	(IFRS)	(IFRS)	(IFRS)	(IFRS)
Total assets	$ 6,331,272	$ 6,466,800	$ 6,594,921	$ 6,656,754
Working capital	6,266,035	6,383,416	6,508,293	6,649,130
Loss for the period	(117,605)	(112,913)	(103,457)	(61,504)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

	Three Months Ended January 31, 2011	Three Months Ended October 31, 2010	Three Months Ended July 31, 2010	Three Months Ended April 30, 2010
	(IFRS)	(IFRS)	(CDN GAAP)	(CDN GAAP)
Total assets	$ 6,721,523	$ 6,845,136	$ 6,981,829	$ 7,086,028
Working capital	6,710,351	6,819,510	6,931,272	7,073,148
Loss for the period	(109,465)	(112,093)	(142,234)	(112,117)
Loss per share – basic and diluted	(0.01)	(0.00)	(0.01)	(0.00)

Fiscal 2012

During the second quarter of fiscal 2012, the Company recorded a net 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 net 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.

During the third quarter of fiscal 2010, the Company's operating expenses remained consistent with the prior quarter, other than a slight drop in both travel and related costs and office and miscellaneous expense in the current period.

Related Party Transactions

During the six months ended January 31, 2012, the Company paid or accrued $90,000 (2011 - $90,000) to a company controlled by Ian Rozier, President and C.E.O. for consulting fees and paid or accrued $60,000 (2011 - $60,000) for management fees to a company controlled by Barbara Dunfield, director and C.F.O. Additionally, the Company paid or accrued $36,300 (2011 - $33,000) for rent to a company controlled by Mr. Rozier. During the six months ended January 31, 2012, the Company also paid or accrued $18,655 (2011 - $5,990) for professional fees to McMillan LLP, the legal firm where David Cowan, Corporate Secretary, is a partner. Also, the Company paid or accrued $10,000 (2011 - $10,000) in director's fees to Merfyn Roberts. Lastly, the Company paid or accrued consulting fees of $12,000 (2011 -$12,000) to a company controlled by the spouse of David Cohen, director.

As at January 31, 2012, receivables included $4,734 (July 31, 2011-$2,686) owed by a company with common directors and by a company which has a significant shareholder that is a director of the Company.

As at January 31, 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 January 31, 2012 is mainly held in interest bearing accounts. The Company's receivables are mainly HST recoverable from the Canadian government. 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 January 31, 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 $62,000.

(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 second 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 comprehensive loss and cash flows for the period ended January 31, 2012 and 2011, and the condensed statements of financial position as at January 31, 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 January 31, 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.

The reconciliation between GAAP and IFRS statement of financial position as at August 1, 2010 (date of transition to IFRS) is provided below.

		August 1, 2010		
	Note	GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current				
Cash		$ 6,962,715	$ -	$ 6,962,715
Receivables		13,696	-	13,696
Prepaids		1,008	-	1,008
		6,977,419	-	6,977,419
Equipment		4,410	-	4,410
		$ 6,981,829	$ -	$ 6,981,829
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities		$ 46,147	$ -	$ 46,147
Shareholders' equity				
Share capital		42,343,096	-	42,343,096
Share compensation reserve		1,173,038	-	1,173,038
Deficit		(36,580,452)	-	(36,580,452)
		6,935,682	-	6,935,682
		$ 6,981,829	$ -	$ 6,981,829

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 January 31, 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 March 26, 2012.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings as of March 26, 2012.

Share Capital

As at March 26, 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.