NEWPORT EXPLORATION LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

Six Months Ended January 31, 2015

This management's discussion and analysis of financial position and results of operations ("MD&A") is prepared as at March 31, 2015 and should be read in conjunction with the unaudited condensed interim financial statements for the six months ended January 31, 2015 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 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, 2014 audited annual financial statements and the accompanying notes. All dollar amounts included therein and in the following MD&A, unless otherwise indicated, are expressed in Canadian dollars.

Management is responsible for the preparation and integrity of the Company's unaudited condensed interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the unaudited condensed interim financial statements and MD&A, is complete and reliable.

Additional information on the Company is available for viewing on SEDAR at www.sedar.com or by contacting the Company's head office at Suite 408-837 West Hastings Street, Vancouver BC, Canada V6C 3N6. The Company's web site is www.newport-exploration.com.

Description of Business

Newport is a natural resource company engaged in the acquisition and exploration of resource properties. In addition, the Company holds a 2.5% gross overriding royalty interest on any hydrocarbons produced on certain petroleum exploration and production licences in Australia.

The Company's head office is in Vancouver, British Columbia. The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan and trades on the TSX Venture Exchange (TSX-V) under the symbol NWX.

Restatement of prior periods

The Company has restated its comparative figures for the three month periods ended October 31, 2013 and January 31, 2014. The restatement relates to the current income tax expense on the Company's operations. The current income tax rate for Canadian companies located in the Province of British Columbia is approximately 26%. The Company recalculated its tax base on its income from operations and $218,000 of income tax expense should have been recorded during the three months ended October 31, 2013, and $970,000 during the three months ended January 31, 2014.

Overview

Oil and Gas Royalty Interests

The Company holds a 2.5% gross overriding royalty on several oil and gas exploration and production licences in the Cooper Basin, Australia. These licences are being operated by Beach Energy Ltd ("Beach") and Santos Ltd ("Santos"), in Joint Venture with Drillsearch Energy Limited ("Drillsearch"), with the most active licences currently being PRLs 152 to 172 (formerly PEL 91) and PRLs 129 to 130 (formerly PEL 106).

The gross overriding royalty is a non-operating interest and the Company is therefore not informed of any decisions that may be made concerning the operations or intentions of Beach, Drillsearch and Santos and consequently cannot speculate on production, development plans, or potential revenues. Interested shareholders and potential investors are encouraged to access the information released independently by Drillsearch, Beach and Santos.

On March 10, 2015, Beach reported a new Birkhead Formation oil discovery at Stanleys-1 in PRL 171 on the Western Flank. The Stanleys-1 exploration well is located 3.9 kilometres north-east of the Balgowan-1 oil discovery and 3.5 kilometres south-west of the Spitfire Field. Stanleys-1 reached total depth on March 5th, 2015 with strong oil shows encountered through the Birkhead Formation. Wireline logs indicated a seven metre gross reservoir interval corresponding to the strong oil shows. A drill stem test over an interval from 1,713 metres to 1,724 metres (measured depth) recovered 23 barrels of oil over 117 minutes at a calculated rate of 280 barrels of oil per day. Consequently, Stanleys-1 will be cased and suspended as a future oil producer. Once the well is cased and suspended, the Ensign 930 rig was to move from Stanleys-1 to Longbottoms-1, the next oil exploration well in the former PEL 91 licence.

Beach also reported initial results from Bauer-23, the first development well of the second Bauer Field pad drilling campaign located within PRLs 151 to 172. The second four-well pad drilling campaign commenced in the north of the Bauer Field in February 2015, targeting the highly productive Namur Sandstone reservoir and overlying McKinlay Member. Top hole batch drilling at Bauer-20, -21 and -22 was completed in February, with Bauer-23 subsequently drilled to total depth. Real-time logging while drilling data from Bauer-23 indicated the target top Namur Sandstone was intersected approximately three metres high to prognosis, with a preliminary estimate of six metres of net oil pay and an additional four metre oil bearing gross interval of overlying McKinlay Member. The well will be cased and suspended as a future producer.

Beach reported that Ralgnal-1, the final well in a five-well exploration and appraisal campaign targeting gas and gas liquids in the Patchawarra Formation, located in PRLs 129 to 130, was cased and suspended as a future gas and gas liquids producer after intersecting 5.7 metres of net pay in the Patchawarra Formation. The first well in the program, Canunda-2 was also cased and suspended as a future producer while the remaining wells were plugged and abandoned.

The Reserve classification system being used by Beach for Reserve Estimation is governed by the *"Reserves and Resources Disclosure Rules for Mining and Oil and Gas Companies*" as required by the Australian Securities Exchange Rules and in compliance with the Petroleum Resources managements System ("SPE-PRMS") guidelines, an internationally recognized Reserve Classification system for Oil and Gas Properties.

The Company does not have access to the underlying technical data and cannot independently verify the Oil and Gas Reserves and Resources in accordance with classification requirements in compliance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook ("COGEH"). Accordingly, as the Reserves and Resources for PEL 91 and PEL 106 reported by Beach are not necessarily compliant with NI 51-101 Canadian reporting requirements, and as such should not be relied upon. In addition, the Beach release refers to Barrels of Oil Equivalent ("BOE"). In accordance with Section 5.14(d) of NI 51-101 for Canadian reporting purposes this disclosure must note that the term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mdf: 1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead where the Company's royalty is calculated.

The Company continues to strongly encourage shareholders and potential investors to access information released independently by Beach, Drillsearch and Santos in order to keep current during an active period in the exploration and development of these licences.

Chu Chua

On August 22, 2014, the Company reported that as a result of a review by the British Columbia Securities Commission ("BCSC"), it had filed an amended National Instrument 43-101 ("NI 43-101") on Chu Chua in central British Columbia, as prepared by Apex Geoscience Ltd. A copy of the amended technical report is available under the Company's profile on SEDAR (www.sedar.com) and on the Company's website (www.newport-exploration.com).

The amended technical report contains revised grade 'cut-off' tables to provide clarity, a revised author's certificate, additional text clarifying the block modelling of resources, additional clarification of drill hole spacing, and revised table numbering and pagination to provide further clarity for readers.

The revisions do not result in any changes to the resource estimates at Chu Chua.

Shareholder Rights Plan

On May 13, 2014, the TSX Venture Exchange accepted for filing the Company's adoption of a Rights Plan (the "Plan") which was subject to shareholder approval at the Annual General Meeting. The Plan was approved at the Company's Annual General Meeting, held on November 12, 2014.

The Plan encourages fair treatment of shareholders should a takeover bid be made for Newport, and will provide the Company's Board and shareholders more time consider an unsolicited takeover bid for the Company. The Plan is intended to discourage coercive or unfair bids, and gives the Board time to pursue alternatives to maximize shareholders' value, if appropriate, in the event of an unsolicited takeover bid.

To implement the Plan, the Board authorized the issuance of one right to purchase one common share (a "Right") of each common share of the Company's outstanding shares to shareholders of record. One Right will also be issued in conjunction with each common share of the Company issued while the Plan is in effect. A Right will be evidenced by a certificate per common share and will not be transferable separately from the common share.

The Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a "Permitted Bid" or with the concurrence of the Board. A Permitted Bid is a bid made by way of a take-over bid circular to all holders of the Company's common shares which is open for acceptance for not less than 60 days. If, at the end of 60 days at least 50% of the outstanding shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may accept and pay for the shares tendered but must extend the bid for a further 10 days to allow other shareholders to tender. If a take-over bid fails to meet the minimum standards of the Rights Plan and is not waived by the Board, each Right would, upon exercise, entitle a Rights holder, other than the acquiror and certain related parties of the acquirer to purchase additional common shares at a significant discount to market, thus exposing the acquirer to a substantial dilution of its holding.

Normal Course Issuer Bid

During the six months ended January 31, 2015, the Company announced that it had received TSX Venture Exchange approval to make a normal course issuer bid ("NCIB") for up to 4,025,444 shares of the Company over a period of one year (the "Bid Period") representing 5% of the Company's outstanding common shares and that the NCIB will stay in effect until August 31, 2015 or until such time that the Company has acquired the common shares available under the NCIB policy. NCIB purchases will be made on the TSX Venture Exchange and shares will be purchased only as open market transactions conducted at the market price at the time of acquisition. The Company appointed PI Financial Corp as its broker to conduct NCIB transactions and share purchase transactions will be subsequently cancelled.

The Company believes that its shares are currently undervalued and that the repurchase of its shares is an appropriate use of corporate funds.

During the six months ended January 31, 2015, the Company repurchased 2,229,000 shares of the Company for $786,373. During the six months ended January 31, 2015, 2,129,000 of these shares were cancelled. Subsequent to January 31, 2015, the Company cancelled the remaining 100,000 shares. No shares were repurchased subsequent to January 31, 2015.

Results of Operations

During the three months ended January 31, 2015 (the "current period"), the Company recorded net income of $738,818 compared to net income of $2,276,944 during the three months ended January 31, 2014 (the "comparative period"). The significant changes during the current period compared to the comparative period, are as follows:

- The Company recorded income of $1,734,292 from its 2.5% gross overriding petroleum royalty on certain exploration licences in Australia during the current period, a decrease from $3,704,296 earned during the comparative period, mainly due to a decrease in petroleum prices.

- Income tax expense of $390,212 was recorded during the current period, a decrease from $970,000 recorded during the comparative period. The decrease is a result of the Company recording a lower net income during the current period.

- Interest income of $93,015 was earned during the current period on cash held in short-term investments. This compares to interest income of $34,746 earned during the comparative period. The change was due to an increase in short-term investments and cash equivalents held by the Company.

- A foreign exchange loss of $18,449 was recorded during the current period compared to a foreign exchange loss of $37,343 recorded during the comparative period. The change was due to fluctuation between the Australian dollar (the currency in which the Company receives its royalty income) and the Canadian dollar.

- Professional fees increased to $125,248 during the current period compared to $45,219 during the comparative period. This change was attributable to an increase in legal fees with the engagement of Australian legal counsel to oversee the Company's petroleum royalties and respective tax issues. The increase is also the result of legal fees incurred relating to a possible class action lawsuit filed against the Company (see Contingencies below).

- Share-based payments, a non-cash expense, increased to $392,571 during the current period compared to $253,397 during the comparative period. The increase relates to 1,700,000 stock options granted with an exercise price of $0.335 per share, compared to 6,000,000 stock options granted with an exercise price of $0.05 per share during the comparative period. The increased exercise price leads to an increase in overall value of the share-based payments.

During the six months ended January 31, 2015 (the "current six-month period"), the Company recorded net income of $2,501,222 compared to net income of $4,992,771 during the six months ended January 31, 2014 (the "comparative six-month period"). The significant changes during the current six-month period compared to the comparative six-month period, are as follows:

- The Company recorded income of $3,893,431 from its 2.5% gross overriding petroleum royalty on certain exploration licences in Australia during the current six-month period, a decrease from $6,640,964 earned during the comparative six-month period. The decrease is mainly a result of a decrease in petroleum prices.

- Income tax expense of $882,952 was recorded during the current six-month period, a decrease from $1,188,000 recorded during the comparative six-month period. The decrease is a result of the Company recording a lower net income during the current six-month period.

- Income tax recovery of $353,990 was recorded during the current six-month period as a result of a change in estimates relating to certain tax credits the Company had accumulated from earlier operations in Australia. No such transaction took place during the comparative six-month period.

- Interest income of $184,012 was earned during the current six-month period on cash held in short-term investments. This compares to interest income of $62,688 earned during the comparative six-month period. The change was due to an increase in short-term investments and cash equivalents held by the Company.

- A foreign exchange loss of $73,710 was recorded during the current six-month period compared to a foreign exchange gain of $76,546 recorded during the comparative six-month period. The change was due to fluctuation between the Australian dollar (the currency in which the Company receives its royalty income) and the Canadian dollar.

- Professional fees increased to $278,426 during the current six-month period compared to $52,361 during the comparative six-month period. This change was attributable to an increase in legal fees with the engagement of Australian legal counsel to oversee the Company's petroleum royalties and respective tax issues. The increase is also the result of legal fees incurred relating to a possible class action lawsuit filed against the Company (see Contingencies below).

- Share-based payments, a non-cash expense, increased to $392,571 during the current six-month period compared to $253,397 during the comparative six-month period. The increase relates to 1,700,000 stock options granted with an exercise price of $0.335 per share, compared to 6,000,000 stock options granted with an exercise price of $0.05 per share during the comparative six-month period. The increased exercise price leads to an increase in overall value of the share-based payments.

Liquidity and Capital Resources

The Company's working capital position at January 31, 2015 was $20,883,482 as compared to a working capital position of $18,637,204 at July 31, 2014. As at January 31, 2015, the Company held cash and equivalents of $337,651 (July 31, 2014 - $1,754,167) and short-term investments of $19,240,257 (July 31, 2014 - $16,001,512). The change in cash and equivalents is primarily a result of the $2,470,534 provided by operating activities (net of $2,694,750 paid for income taxes) and from the proceeds of $140,000 pursuant to the exercise of warrants, which was offset by $1,932 spent on Chu Chua, a $3,238,745 increase in short-term investments and the repurchase of capital stock and treasury shares for $786,373.

As at January 31, 2015, the Company had current assets of $21,377,650 (July 31, 2014 - $21,267,172), total assets of $23,462,706 (July 31, 2014 - $23,351,086) and total liabilities of $494,168 (July 31, 2014 - $2,629,968). The Company has no long-term debt.

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

The Company will be able to meet its expected operating and exploration expenditures through to the end of its 2015 fiscal year end.

The Company has financed its operations to date primarily through the issuance of common shares and the exercise of stock options and share purchase warrants and, recently, royalty income received. The Company may seek capital through various means including the issuance of equity and/or debt in the future.

Subsequent to January 31, 2015, the Company has reported it will issue a special cash dividend of $0.10 per common share to shareholders of record as of April 2, 2015 (see ***Special Dividend***).

Commitments

a) The Company leases office premises under an operating lease with a company controlled by a director. The lease provides for basic lease payments of $6,050 per month to March 2018. The lease provides for basic lease payments as follows:

2015	$	36,300
2016		72,600
2017		72,600
2018		48,400
	$	229,900

b) The Company entered into management and consulting contracts with companies having a director and an officer in common. The Company has agreed to pay the companies a combined total of $27,500 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 of either or both companies is without cause, the Company will be obligated to pay 36 months of service fees to the director's and officer's companies.

Quarterly Financial Information

	Three Months Ended January 31, 2015	Three Months Ended October 31, 2014	Three Months Ended July 31, 2014	Three Months Ended April 30, 2014
Total assets	$ 23,462,706	$ 22,831,589	$ 23,351,086	$ 20,078,603
Working capital	20,883,482	20,145,610	18,637,204	16,084,913
Net income for the period	738,818	1,762,404	2,557,859	2,246,164
Earnings per share – basic	0.01	0.02	0.03	0.03
Earnings per share – diluted	0.01	0.02	0.01	0.03

	Three Months Ended January 31, 2014	Three Months Ended October 31, 2013	Three Months Ended July 31, 2013	Three Months Ended April 30, 2013
Total assets	$ 14,950,966	$ 11,434,756	$ 8,283,576	$ 6,606,281
Working capital	12,832,326	9,350,699	7,922,119	6,241,107
Net income for the period	2,276,944	2,715,827	1,659,544	459,442
Earnings per share – basic	0.04	0.05	0.03	0.01
Earnings per share – diluted	0.04	0.04	0.03	0.01

The discussion below does not provide an analysis on future trends of the Company's gross overriding royalty income. As the Company has no knowledge of, or the ability to predict, any future income from its gross overriding royalty, it can only report on the factual quarterly receipts and historic receipts. Outside of the public information disclosed by the underlying petroleum producers (Beach, Drillsearch and Santos), the Company has no additional information to analyse, and without meaningful data, it is unable to provide a supported and rational analysis of the prospects of potential future royalty payments.

Fiscal 2015

During the three months ended January 31, 2015, the Company recorded net income of $738,818. This amount is derived from petroleum royalty income of $1,734,292, and interest income of $93,015, offset by operating expenses of $698,277 and income tax expense of $390,212. The decrease in net income from the previous quarter is primarily due to a decrease of $424,847 in petroleum royalty income received and an increase in share-based payments expense of $392,572.

During the three months ended October 31, 2014, the Company recorded net income of $1,762,404. This amount is derived from petroleum royalty income of $2,159,139, income tax recovery of $353,990 and interest income of $90,997, offset by operating expenses of $348,982 and income tax expense of $492,740. During the previous quarter, the Company recorded net income of $2,557,859. The difference was primarily due to a decrease of $1,319,215 in petroleum royalty income received and, an increase in professional fees, offset by an income tax recovery of $353,990. The increase in professional fees is a result of the Company incurring legal fees relating to tax treatment of its oil and gas royalty income and for the class action lawsuit against the Company.

Fiscal 2014

During the three months ended July 31, 2014, the Company recorded net income of $2,557,859. This amount is derived from petroleum royalty income of $3,478,353 and interest income of $75,221, offset by operating expenses of $325,715 and income tax expense of $670,000. During the previous quarter, the Company recorded net income of $2,246,164. The difference was primarily due to a $477,019 increase in petroleum royalty income received, offset by an increase in income tax expense of $140,800 and an increase in operating expenses of $214,344 during the three months ended July 31, 2014. The increase in operating expenses was primarily due to the Company accruing $18,000 in professional fees for its annual audit, plus an increase in legal fees relating to tax treatment of its oil and gas royalty income.

During the three months ended April 30, 2014, the Company recorded net income of $2,246,164. This amount derived from petroleum royalty income of $3,001,334, interest income of $54,201, less operating expenses of $111,371 and income tax expense of $698,000. During the previous quarter, the Company recorded net income of $2,276,944. This amount derived from petroleum royalty income of $3,704,296, interest income of $34,746, less operating expenses of $492,098 and income tax expense of $970,000. The difference was primarily due to petroleum royalty income received during the three months ended April 30, 2014, offset by a decrease in income tax expense. The decrease was offset by an increase in share-based payment expense of $253,397, a non-cash expense, recorded in the previous quarter for the grant of six million stock options.

During the three months ended January 31, 2014, the Company recorded net income of $2,276,944. This amount derived from petroleum royalty income of $3,704,296, interest income of $34,746 less operating expenses of $492,098 and income tax expense of $970,000. During the previous quarter, the Company recorded net income of $2,715,827. This amount derived from petroleum royalty income of $2,936,668, interest income of $27,942 less operating expenses of $30,783 and income tax expense of $218,000. The difference was primarily due to an increase in petroleum royalty income accrued in the current quarter offset by an increase in income tax expense as the Company utilized all of its tax allowances in the prior quarter. The difference in operating expenses was due to a foreign exchange loss between the Canadian dollar and the Australian dollar in the current quarter of $37,343 compared to a foreign exchange gain of $113,889 in the prior quarter. In addition, the Company incurred share-based compensation expense, a non-cash expense in the amount of $253,397 in the current quarter attributable to the grant of six million stock options.

During the three months ended October 31, 2013, the Company recorded net income of $2,715,827. This amount derived from petroleum royalty income of $2,936,668, interest income of $27,942, less operating expenses of $30,783 and income tax expense of $218,000. The difference was primarily due to an increase in petroleum royalties accrued during this quarter offset by an increase in income tax expense as the Company utilized all of its tax loss carry-forwards in the prior quarter. The difference in operating expenses was due to a foreign exchange loss between the Canadian dollar and the Australian dollar during this quarter of $37,343 compared to a foreign exchange gain of $113,889 during the prior quarter. In addition, the Company incurred share-based compensation expense, a non-cash expense, in the amount of $253,397 during quarter, for the grant of six million stock options.

Fiscal 2013

During the three months ended July 31, 2013, the Company recorded net income of $1,659,544. Net income derived from petroleum royalty income of $1,890,050, interest income of $26,295, less operating expenses of $256,801. The increase in income of $1,200,102 over the prior quarter was primarily due to an increase in petroleum royalty income accrued during the quarter offset by an increase in income tax expense. The difference in operating expenses was due to a foreign exchange gain recorded during this quarter of $113,889 compared to a foreign exchange loss of $114,473 recorded in the prior quarter.

During the three months ended April 30, 2013, the Company recorded net income of $459,442. This amount derived from petroleum royalty income of $570,071, interest income of $22,441, less operating expenses of $133,070. The difference was primarily due to an increase in petroleum royalty income accrued during this quarter. The difference in operating expenses was due to a foreign exchange loss between the Canadian dollar and the Australian dollar in this quarter of $114,473 compared to a foreign exchange loss of $2,728 in the prior quarter.

Related Party Transactions

During the six months ended January 31, 2015, the Company entered into the following transactions with related parties:

a) Paid or accrued consulting fees of $90,000 (2014 - $90,000) to a company controlled by Ian Rozier, Director, President and C.E.O. of the Company.

b) Paid or accrued management fees of $75,000 (2014 - $62,500) to a company controlled by Barbara Dunfield, Director and C.F.O. of the Company.

c) Paid or accrued rent of $36,300 (2014 - $36,300) to a company controlled Ian Rozier.

d) Paid or accrued directors' fees of $20,000 (2014 - $15,000) to Merfyn Roberts and David Cohen, Directors of the Company.

e) Paid or accrued professional fees of $48,676 (2014 - $17,288) to McMillan LLP ("McMillan") a legal firm of which David Cowan, the Company's Corporate Secretary, is a partner.

f) Paid or accrued consulting fees of $nil (2014 - $6,000) to a company controlled by David Cohen.

As at January 31, 2015, accounts payable and accrued liabilities included $6,666 (July 31, 2014 - $17,016) owing to Merfyn Roberts, David Cohen, and to McMillan.

These amounts are non-interest bearing, unsecured and paid in the ordinary course of business.

Key management personnel compensation disclosed above (including senior officers and directors of the Company):

	January 31, 2015	January 31, 2014
Short-term benefits	$ 165,000	$ 152,500

Financial and Capital Risk Management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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

The following is an analysis of the Company's financial instruments measured using the fair value hierarchy as at January 31, 2015 and July 31, 2014:

	As at January 31, 2015		
	Level 1	**Level 2**	**Level 3**
Cash and equivalents	$ 337,651	$ -	$ -
Short-term investments	$ 19,240,257	$ -	$ -

	As at July 31, 2014		
	Level 1	**Level 2**	**Level 3**
Cash and equivalents	$ 1,754,167	$ -	$ -
Short-term investments	$ 16,001,512	$ -	$ -

Financial risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, short-term investments and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote because instruments are due primarily from government agencies and cash and short-term investments are held with reputable Canadian financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at January 31, 2015, the Company had a cash and equivalents balance of $337,651 (July 31, 2014 - $1,754,167) and short-term investments of $19,240,257 (July 31, 2014 - $16,001,512) to settle current liabilities of $494,168 (July 31, 2014 - $2,629,968). To maintain liquidity, the Company is continually investigating financing opportunities. As disclosed in Note 1 of the financial statements, there can be no assurance these efforts will be successful in the future. All of the Company's financial liabilities are subject to normal trade terms.

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. These fluctuations may be significant.

a) Interest rate risk

The Company has cash and equivalents balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. 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 on the Company's short-term investments is approximately $192,000.

b) Foreign currency risk

The Company is exposed to foreign currency risk with respect to its petroleum royalty income which is denominated in Australian dollars. The effect of a 1% change in exchange rates between the Australian dollar and Canadian dollar foreign exchange on the Company's royalty receivable is approximately $18,000. The Company does not currently hedge exchange risk. The majority of its expenditures are denominated in Canadian dollars.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the amount of any possible petroleum royalty payment received and the economics of development of the Company's mineral properties. The Company closely monitors commodity prices.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

Adoption of Accounting Standards

The following standards and amendments to existing standards have been adopted by the Company commencing August 1, 2014:

IAS 32 (Amendment) Offsetting Financial Assets and Financial Liabilities

The amendment to IAS 32, Financial Instruments: Presentation, requires that financial asset and financial liability should only be offset and the net amount reported when an entity has a legal enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The adoption of this amendment has no effect on the Company's financial statements.

Several other new standards and amendments apply for the first time in fiscal 2015, however, they are not applicable to the financial statements of the Company.

Future Accounting Pronouncements

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

The Company has not early adopted these standards and is currently assessing the impact these standards will have on its financial statements

i) IFRS 7 (Amendment): Standard amended to clarity requirements for mandatory effective dates and transition disclosures, effective for annual periods beginning on or after January 1, 2015;
ii) IFRS 9: New standard that replaced IAS 39 for classification and measurement of financial assets, effective for annual periods beginning on or after January 1, 2018.

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 may need to access the capital markets to finance its activities.

The Company has no ability to determine the quantum or sustainability of future royalty payments from its oil and gas interests in Australia over which the Company has a 2.5% gross overriding royalty. Where royalties received on incidental production from exploration/appraisal wells, such royalties are treated by the Company as fortuitous cash receipts. In the absence of detailed technical information such as sales prices, well costs, initial flow rates, decline rates, transport infrastructure, capacity availability, water cuts or netbacks with which to forecast well economics and potential production over time, no guidance can be provided with respect to any potential future royalty receipts.

Furthermore, there is also the uncertainty as to the Operators' planning of future production in and around the licences in which the Company has royalty interests (including the potential shut-in of producing appraisal wells or the installation of production infrastructure). The Company has no information on the production plans of the Operators and has no input into them.

Until such time as the Company can clearly determine that there is a degree of certainty with respect to royalty derived revenues, it cannot predict the prospects for future revenue. Accordingly, the receipts of royalty payments should not be treated as indicative of additional near-term revenue or any future revenues until the Company has appropriate information to support or validate this.

There can be no assurances the Company will continue to receive future petroleum royalties or be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out exploration programs.

The Company is 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 resource 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.

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 has no off-balance sheet arrangements or commitments as of the date of this MD&A.

Contingencies

The Company has been served with a Notice of Civil Claim (the "Claim") brought under the B.C. Class Proceedings Act and filed in the British Columbia Supreme Court. The Claim has not yet been certified as a class proceeding and as such no trial date has been determined.

The Claim alleges that the Company failed to generally disclose a material change in its affairs relating to a royalty held by the Company on certain oil and gas properties in Australia. The Company believes that the claim is without merit, and intends to vigorously defend the claim.

The Company is not aware of any other contingencies or pending legal proceedings as of the date of this MD&A.

Proposed Transactions

The Company has not entered into any proposed transactions as of the date of this MD&A.

Investor Relations

The Company has not entered into any investor relations agreements as of the date of this MD&A.

Royalty Income

On March 2, 2015, the Company was notified of, and received, its 2.5% gross overriding petroleum royalty income for the second quarter of fiscal 2015, a total of $1,762,782 (AUD $1,791,809).

Option Grant

On December 12, 2014, the Company granted 1,700,000 stock options to directors, officers and a consultant to the Company, exercisable at $0.335 per share until December 13, 2019.

Special Dividend

On March 19, 2015, the Company announced that it has declared a special cash dividend of $0.10 per share to the holders of the Company's common shares. The dividend has been designated as an "eligible dividend" for Canadian income tax purposes. This cash dividend will be distributed to the Company's shareholders pursuant to the TSX Venture Exchange's due bill trading policy. Pursuant to that policy:

- the record date (the "Record Date") to determine shareholders of Newport entitled to receive the Dividend is April 2nd, 2015;
- the due bill trading date will be March 31st, 2015 (two trading days prior to the Record Date);
- the payment or distribution date (the "Distribution Date") will be April 15th, 2015;
- the ex-distribution date will be April 16th, 2015 (the next trading day following the Distribution Date); and
- the due bill redemption date will be April 20th, 2015 (the second trading day following the ex-distribution date).

For clarification, "due bills" will represent the Dividend that Newport shareholders will be entitled to receive. The due bills will be deemed to be attached to Newport's common shares two trading days prior to the Record Date, and will continue to be attached to Newport's shares until the end of the Distribution Date. Accordingly, Newport's shares will trade on a "due bill" basis from March 31st, 2015 until close of trading on April 15th, 2015 (the "Due Bill Period"). This means that persons who sell their Newport shares during the Due Bill Period shall also sell their entitlement to the dividend distribution to the purchasers of shares. Newport's shares will commence trading on an ex-distribution basis (i.e. without an attached "due bill" entitlement to the distribution) from the opening of trading on April 16th, 2015 (i.e. the next trading day after the Distribution Date). The due bills will be redeemed on April 20th, 2015 once all trades with attached due bills entered during the Due Bill Period have settled.

Warrants Exercised

Subsequent to January 31, 2015, the Company received $784,000 pursuant to the exercise of 5,600,000 share purchase warrants.

Current Share Data

As at March 31, 2015, the Company had 84,879,874 common shares outstanding and the following outstanding options and warrants:

Outstanding Options:

Number of Options	Exercise Price	Expiry Date
5,850,000	$0.05	December 19, 2018
1,700,000	$0.335	December 13, 2019

Outstanding Warrants:

Number of Warrants	Exercise Price	Expiry Date
13,400,000	$0.14	March 7, 2019

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 licences for the Company's operations in the jurisdictions in which it operates.