NEWPORT EXPLORATION LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

Year Ended July 31, 2015

The following management's discussion and analysis of financial results ("MD&A) prepared as of November 27, 2015 should be read in conjunction with the audited financial statements of Newport Exploration Ltd. ("Newport" or the "Company") for the year ended July 31, 2015, together with the related notes thereto. The audited financial statements are prepared in accordance with International Financial Reporting Standards. All amounts are expressed in Canadian dollars unless otherwise indicated.

Management is responsible for the preparation and integrity of the annual 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 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 501-837 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.

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.

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 pursuant to a British Columbia Securities Commission ("BCSC") review, it 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 purpose of the amended technical report is 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.

Normal Course Issuer Bid

During the year ended July 31, 2015, the Company announced that 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 until August 31, 2015 or until such time the Company acquired the common shares available under the NCIB policy. NCIB purchases will only be made on the TSX Venture Exchange as open market transactions conducted at the market price at the time of acquisition. PI Financial Corp is the broker for NCIB transactions and all share purchase transactions will be subsequently cancelled from the issued and outstanding shares of the Company. On August 25, 2015, the NCIB was renewed through to August 31, 2016 or until such time the Company has acquired the common shares available under the NCIB policy.

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

During the year ended July 31, 2015, the Company repurchased, and cancelled, 2,229,000 shares of the Company for $786,373. There were no shares purchased subsequent to July 31, 2015.

Annual Financial Information

Year Ended		July 31, 2015		July 31, 2014		July 31, 2013
Financial Results						
Dividend distribution	$	8,838,067	$	-	$	-
Net income for the year		2,252,304		9,796,794		2,144,083
Net income per share – basic		0.03		0.15		0.04
Net income per share – diluted		0.02		0.12		0.04
Financial Position						
Working capital position	$	13,073,787	$	18,637,204	$	7,922,119
Total assets		20,925,677		23,351,086		8,283,576
Share capital		45,393,732		44,761,493		42,343,096
Deficit		(32,046,238)		(25,460,475)		(35,257,269)

Results of Operations

During the year ended July 31, 2015 (the "current year"), the Company recorded net income of $2,252,304 compared to net income of $9,796,794 for the year ended July 31, 2014 (the "comparative year"). The significant changes during the current year compared to the comparative year, are as follows:

- The Company recorded income of $6,672,374 from its 2.5% gross overriding petroleum royalty on certain exploration licences in Australia during the current year, a decrease from $13,120,651 earned during the comparative year.

- Income tax expense of $3,465,579 was recorded during the current year, an increase from $2,556,000 during the comparative year, a result of the Australian Tax Authority ("ATO") ruling requiring the Company to pay income taxes in Australia dating back to 2005 when it first received petroleum royalty income (see ***Royalty Income***).

- Income tax recovery of $353,990 was recorded during the current year due to 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 year.

- Share-based payments, a non-cash expense, increased to $392,571 during the current year compared to $253,397 during the comparative year. 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 year. The increased exercise price leads to an increase in overall value of the share-based payments.

- Interest income of $262,071 was earned during the current year on cash held in short-term investments. This compares to interest income of $192,110 earned during the comparative year. The change is due to increased short-term investments and cash equivalents held by the Company throughout the majority of the current year.

- A foreign exchange loss of $123,797 was recorded during the current year compared to a foreign exchange gain of $123,406 recorded during the comparative year. The change was due to fluctuation between the Australian dollar and the Canadian dollar during the year.

- Management fees increased to $190,000 during the current year compared to $137,500 during the comparative year. The fee increase of $2,500 per month is a result of a new management contract effective January 1, 2014 and a management bonus of $40,000 received during the current year.

- Professional fees increased to $382,647 during the current year compared to $228,314 for the comparative year, attributable to increased legal fees with the engagement of Australian legal counsel to oversee the Company's petroleum royalties and respective tax issues.

Fourth Quarter Results

During the three months ended July 31, 2015, the Company recorded a loss of $882,719 compared to net income of $2,557,859 for the three months ended July 31, 2014. A significant change during the three months ended July 31, 2015 compared to the three months ended July 31, 2014 was a royalty income receivable of $1,701,337 in the three months ended July 31, 2015, compared to a royalty income receivable of $3,478,353 in the three months ended July 31, 2014. Another significant change was income tax expense of $2,359,801 during the three months ended July 31, 2015, compared to $670,000 during the three months ended July 31, 2014. The increase in income tax expense is a result of the ATO ruling (see ***Royalty Income***).

Liquidity and Capital Resources

The Company's working capital position at July 31, 2015 was $13,073,787 as compared to a working capital position of $18,637,204 at July 31, 2014. As at July 31, 2015, the Company held cash and equivalents of $909,371 (2014 - $1,754,167) and short-term investments of $11,910,544 (2014 - $16,001,512). The change in cash and equivalents is primarily a result of the $3,144,292 provided by operating activities (net of $3,111,589 paid for income taxes), proceeds of $4,220,785 from short-term investments, and from the proceeds of $1,416,500 pursuant to the exercise of stock options and warrants, which was offset by $1,932 spent on Chu Chua, the repurchase of capital stock for $786,373, and the distribution of a one-time special cash dividend of $8,838,067 (see ***Special Dividend***).

As at July 31, 2015, the Company had current assets of $18,841,411 (2014 - $21,267,172), total assets of $20,925,677 (2014 - $23,351,086) and total liabilities of $5,767,624 (2014 - $2,629,968) and 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 2016 fiscal year end.

The Company has historically 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.

Commitments

The Company entered into management and consulting contracts with companies having a director and officer in common. The Company pays the companies a combined total of $27,500 per month. These contracts remain in force on a continuous basis and can be terminated by the Company with 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 companies.

Quarterly Financial Information

	Three Months Ended July 31, 2015	Three Months Ended April 30, 2015	Three Months Ended January 31, 2015	Three Months Ended October 31, 2014
Total assets	$ 20,925,677	$ 16,345,244	$ 23,462,706	$ 22,831,589
Working capital	13,073,787	13,956,111	20,883,482	20,145,610
Net income (loss) for the period	(882,719)	633,801	738,818	1,762,404
Earnings (loss) per share – basic	(0.01)	0.01	0.01	0.02
Earnings (loss) per share – diluted	(0.02)	0.01	0.01	0.02

	Three Months Ended July 31, 2014	Three Months Ended April 30, 2014	Three Months Ended January 31, 2014	Three Months Ended October 31, 2013
Total assets	$ 23,351,086	$ 20,078,603	$ 14,950,966	$ 11,434,756
Working capital	18,637,204	16,084,913	12,832,326	9,350,699
Net income for the period	2,557,859	2,246,164	2,276,944	2,715,827
Earnings per share – basic	0.03	0.03	0.04	0.05
Earnings per share – diluted	0.01	0.03	0.04	0.04

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 July 31, 2015, the Company recorded a net loss of $882,719. This amount is derived from petroleum royalty income of $1,701,337, and interest income of $66,146, offset by operating expenses of $290,401 and income taxes of $2,359,801. The increase in loss from the previous quarter's net income is primarily due to an increase of $2,359,801 of income taxes, offset by an increase of $623,731 in petroleum royalty income.

During the three months ended April 30, 2015, the Company recorded net income of $633,801. This amount is derived from petroleum royalty income of $1,077,606, and interest income of $11,913, offset by operating expenses of $232,892 and income tax expense of $222,826. The decrease in net income from the previous quarter is primarily due to a decrease of $656,686 in petroleum royalty income, offset by an decrease in operating expenses of $465,385. The decrease in operating expenses is mainly a result of $nil share-based payments expense, compared to $392,572 during the three months ended January 31, 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.

Related Party Transactions

During the year ended July 31, 2015, the Company entered into the following transactions with related parties:

a) Paid or accrued consulting fees of $180,000 (2014 - $180,000) to a company controlled by Ian Rozier, Director, President and C.E.O. of the Company.

b) Paid or accrued management fees of $190,000 (2014 - $137,500) to a company controlled by Barbara Dunfield, Director and C.F.O. of the Company.

c) Paid or accrued rent of $72,600 (2014 - $72,600) to a company controlled by Ian Rozier.

d) Paid or accrued directors' fees of $40,000 (2014 - $35,000) to Merfyn Roberts and David Cohen, Directors of the Company.

e) Paid or accrued professional fees of $53,181 (2014 - $68,713), and share issuance costs of $nil (2014 - $1,878) 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.

g) Recorded share-based payment expense of $381,025 (2014 - $244,950) in conjunction with the granting of stock options to directors and officers of the company.

As at July 31, 2015, accounts payable and accrued liabilities included $6,946 (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):

	July 31, 2015		July 31, 2014	
Fees for services	$	370,000	$	317,500
Share-based payments	$	207,832	$	143,592

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 July 31, 2015 and July 31, 2014:

	As at July 31, 2015		
	Level 1	**Level 2**	**Level 3**
Cash and equivalents	$ 909,372	$ -	$ -
Short-term investments	$ 11,910,544	$ -	$ -

	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 July 31, 2015, the Company had a cash and equivalents balance of $909,372 (2014 - $1,754,167) and short-term investments of $11,910,544 (2014 - $16,001,512) to settle current liabilities of $5,767,624 (2014 - $2,629,968). To maintain liquidity, the Company is continually investigating financing opportunities. As disclosed in Note 1 of the July 31, 2015 consolidated 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 $119,000.

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 net 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 $29,000. 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 monitors its expenditures against its available capital.

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; and
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 was 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 was subsequently dismissed prior to certification.

A settlement was reached in advance of a certification application hearing and the Action has been dismissed against the Company. In connection therewith, the plaintiff settled for a sum of CDN$105,000 represented to the Company as being less than half of the legal fees and disbursements incurred by the plaintiff.

While the Company remain of the view that the allegations in the Action were completely without merit, the settlement was determined to be in the best interests of the Company as it ended the litigation process and associated costs and allows the Company to focus entirely on its businesses without unproductive distraction.

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 August 31, 2015, the Company was notified its 2.5% gross overriding petroleum royalty income for the fourth quarter of fiscal 2015 was a total of $1,701,337 (AUD $1,783,185). The royalty receivable is currently being held by the operator in an interest bearing account. The operator is holding $2,740,840 (AUD $2,896,069) of royalty income at July 31, 2015. Subsequent to July 31, 2015, the Australian Tax Office ("ATO") ruled that the Company's petroleum royalty income is taxable in Australia and, as such, the Company will have 30% withheld by Beach, for which Beach is required to remit to the ATO. The Company will now have to file annual tax returns in Australia and will amend its Canadian tax returns and apply for a refund of taxes previously remitted to the CRA in the amount of $3,072,837.

Option Grants

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.

On October 9, 2015, the Company granted 1,300,000 stock options to directors, officers and employees of the Company, exercisable at $0.255 per share until October 8, 2020.

Special Dividend

On March 19, 2015, the Company announced that it had 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. The Company paid a total dividend of $8,838,067 to shareholders of record as of April 2, 2015.

Current Share Data

As at November 27, 2015, the Company had 88,429,874 common shares outstanding and the following outstanding options and warrants:

Outstanding Options:

Number of Options	Exercise Price	Expiry Date
5,800,000	$0.05	December 19, 2018
1,700,000	$0.335	December 13, 2019
1,300,000	$0.255	October 8, 2020

Outstanding Warrants:

Number of Warrants	Exercise Price	Expiry Date
9,900,000	$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 at 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.