



British Columbia Securities Commission

QUARTERLY AND YEAR END REPORT
BC FORM 51-901F
(previously Form 61)

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ISSUER DETAILS
NAME OF ISSUER: NEWPORT EXPLORATION LTD.
FOR QUARTER ENDED: 03 | 12 | 31
DATE OF REPORT: 03 | 12 | 22
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CITY/PROVINCE: VANCOUVER BC
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CONTACT'S POSITION: DIRECTOR
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CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE: "IAN ROZIER"
PRINT FULL NAME: IAN ROZIER
DATE SIGNED: 03 | 12 | 22
DIRECTOR'S SIGNATURE: "BARBARA DUNFIELD"
PRINT FULL NAME: BARBARA DUNFIELD
DATE SIGNED: 03 | 12 | 22

NEWPORT EXPLORATION LTD.

FINANCIAL STATEMENTS
(prepared by management without audit)

OCTOBER 31, 2003

NEWPORT EXPLORATION LTD.
BALANCE SHEETS
(prepared by management without audit)

	Oct 31 2003	Jul 31 2003
ASSETS		
Current		
Cash and equivalents	\$ 518,607	\$ 573,609
Marketable securities (Note 3)	14,816	20,319
Receivables	4,225	5,261
Prepays	<u>9,630</u>	<u>16,050</u>
	547,278	615,239
Mineral properties (Note 4)	190,946	190,946
Capital assets (Note 5)	<u>108,770</u>	<u>115,695</u>
	<u>\$ 846,994</u>	<u>\$ 921,880</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ 100,890	\$ 103,413
Current portion of obligation under capital lease	<u>10,388</u>	<u>10,189</u>
	111,278	113,602
Obligation under capital lease (Note 6)	<u>25,788</u>	<u>28,461</u>
	<u>137,066</u>	<u>142,063</u>
Shareholders' equity		
Capital stock (Note 7)	32,295,652	32,295,652
Deficit	<u>(31,585,724)</u>	<u>(31,515,835)</u>
	<u>709,928</u>	<u>779,817</u>
	<u>\$ 846,994</u>	<u>\$ 921,880</u>

Nature and continuance of operations (Note 1)
Commitment (Note 11)
Subsequent events (Note 13)

On behalf of the Board:

"Ian Rozier" Director "Barbara Dunfield" Director

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

NEWPORT EXPLORATION LTD.
STATEMENTS OF OPERATIONS AND DEFICIT
For The Three Months Ended
(prepared by management without audit)

	Oct 31 2003	Oct 31 2002
EXPENSES		
Accounting and audit	\$ 100	\$ 2,200
Amortization	6,926	8,143
Automobile	214	321
Consulting	25,157	44,938
Investor relations	50	22,194
Legal	201	6,472
Management fees	11,000	15,000
Office and miscellaneous	2,114	2,525
Regulatory fees	254	1,783
Rent and telephone	9,000	13,944
Shareholder information	512	399
Travel and related costs	<u>10,017</u>	<u>37,112</u>
	<u>(65,545)</u>	<u>(155,031)</u>
OTHER ITEMS		
Petroleum sales (net)	-	441
Interest income	1,159	3,294
Write-down of marketable securities (Note 3)	<u>(5,503)</u>	<u>-</u>
	<u>(4,344)</u>	<u>3,735</u>
Loss for the period	(69,889)	(151,296)
Deficit, beginning of period	<u>(31,515,835)</u>	<u>(30,886,108)</u>
Deficit, end of period	<u>\$ (31,585,724)</u>	<u>\$ (31,037,404)</u>
Basic and diluted loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding	<u>8,178,850</u>	<u>6,278,850</u>

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

NEWPORT EXPLORATION LTD.
STATEMENTS OF CASH FLOWS
For The Three Months Ended
(prepared by management without audit)

	Oct 31 2003	Oct 31 2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (69,889)	\$ (151,296)
Items not affecting cash:		
Amortization	6,926	8,143
Write-down of marketable securities	5,503	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables	1,036	(24,148)
(Increase) Decrease in prepaids	6,420	(4,635)
Increase (decrease) in accounts payable and accrued liabilities	(2,523)	(10,037)
Decrease in due from related party	<u>-</u>	<u>5,657</u>
Net cash used in operating activities	<u>(52,527)</u>	<u>(176,316)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	<u>-</u>	<u>(2,000)</u>
Net cash used in investing activities	<u>-</u>	<u>(2,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligations	<u>(2,475)</u>	<u>(2,284)</u>
Net cash used in financing activities	<u>(2,475)</u>	<u>(2,284)</u>
Change in cash and equivalents during the period	(55,002)	(180,600)
Cash and equivalents, beginning of period	<u>573,609</u>	<u>770,384</u>
Cash and equivalents, end of period	\$ 518,607	\$ 589,784

Supplemental disclosure with respect to cash flows (Note 9)

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

NEWPORT EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2003
(prepared by management without audit)

1. NATURE AND CONTINUANCE OF OPERATIONS

Newport Exploration Ltd. (the "Company") is a Canadian company incorporated under the laws of the Province of British Columbia. The Company is primarily engaged in the acquisition, exploration, development and production of resource properties. In fiscal 2002, the Company disposed of its wholly owned subsidiaries which owned the petroleum and natural gas properties located in Australia and New Zealand to an arms-length purchaser and abandoned its interest in its other properties. The Company continues to identify properties of interest. To date, the Company has not earned significant revenues and is considered to be in the development stage.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	Oct 31 2003	Jul 31 2003
Working capital	\$ 436,000	\$ 501,637
Deficit	(31,585,295)	(31,515,835)

2. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Cash and equivalents

Cash and equivalents include highly liquid investments with original maturities of three months or less.

Marketable securities

Marketable securities are recorded at the lower of cost or fair market value on an aggregate basis.

Realized gains and losses on sale of securities are determined based on the specific cost basis.

Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd....)

Mineral properties (cont'd....)

The recorded cost of mineral exploration interests is based on cash paid, the assigned value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependant on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Values

The amounts shown for mineral properties represent costs incurred to date and are not intended to reflect present or future values.

Foreign currency translation

The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated into Canadian dollar equivalents at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at the average exchange rate for the period. Exchange gains and losses arising on translation are included in the statement of operations.

Capital assets

Capital assets are carried at cost less accumulated amortization. Amortization is recorded on the declining balance basis, unless otherwise stated, at the following annual rates:

Automotive equipment under capital lease	30%
Computer equipment	30%
Furniture and fixtures	20%
Leasehold improvements	straight-line over lease term

Stock-based compensation plans

The Company grants options in accordance with the policies of the TSX Venture Exchange. Effective August 1, 2002, the Company adopted the new CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which recommends that fair value-based methodology for measuring compensation costs. The new section also permits, and the Company has adopted, the use of the intrinsic value-based method, which recognizes compensation cost for awards to employees only when the market price exceeds the exercise price at date of grant, but requires pro-forma disclosure of earnings and earnings per share as if the fair value method had been adopted. There is no effect on the financial statements for the periods presented.

Earnings (loss) per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, the calculation proved to be anti-dilutive.

Basic earnings (loss) per share are calculated using the weighted-average number of shares outstanding during the period.

NEWPORT EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2003
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3. MARKETABLE SECURITIES

Marketable securities are comprised of the following:

	Oct 31 2003	Jul 31 2003
Book value at cost	\$ 14,816	\$ 22,542
Market value	\$ 20,319	\$ 20,319

During the current period marketable securities were written-down by \$5,503 to reflect market value.

4. MINERAL PROPERTIES

	Mantua Copper Project, Cuba
Acquisition costs	
Balance, end of period	\$ 100,000
Deferred exploration costs	
Balance, end of period	90,946
Total	\$ 190,946

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Mantua Copper Project, Cuba

During the previous year, the Company entered into an option agreement to acquire an undivided 50% interest in the Mantua Copper Project (the "Project") in Cuba from Northern Orion Explorations Ltd. ("Northern Orion"). Upon exercise of the option, the Company will acquire 100% of the issued and outstanding shares of Minera Mantua Inc., a wholly owned subsidiary of Northern Orion which owns a 50% interest in the Project. As consideration for the option, the Company issued to Northern Orion 400,000 common shares at an agreed value of \$100,000. To maintain the option, the Company must assume Northern Orion's carrying costs on the Project of up to a maximum of USD\$20,000 per month and must complete a sampling and metallurgical test program of up to USD\$750,000 within 12 months of the TSX Venture Exchange acceptance.

NEWPORT EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2003
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5. CAPITAL ASSETS

	2003		
	Cost	Accumulated Amortization	Net Book Value
Automotive equipment under capital lease	\$ 116,851	\$ 101,410	\$ 15,441
Computer equipment	37,067	22,605	14,462
Furniture and fixtures	21,758	12,338	9,420
Leasehold improvements	<u>95,671</u>	<u>26,224</u>	<u>69,447</u>
	\$ 271,347	\$ 162,577	\$ 108,770

6. OBLIGATION UNDER CAPITAL LEASE

	Oct 31 2003
Total minimum lease payments	\$ 38,613
Amount representing interest	<u>(2,437)</u>
Balance of obligation	36,176
Less: current portion	<u>(10,388)</u>
	\$ 25,788

7. CAPITAL STOCK

	Number of Shares	Amount
Authorized 100,000,000 common shares without par value		
As at July 31 and October 31, 2003	8,178,850	\$ 32,295,652

Stock options

The Company follows the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common stock of the Company.

NEWPORT EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 31, 2003
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7. CAPITAL STOCK (cont'd.....)

Stock options (cont'd...)

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable as at October 31, 2003	945,000	\$ 0.25

The following stock options to acquire common shares in the Company are outstanding at October 31, 2003:

Number of Shares	Exercise Price	Expiry Date
745,000	\$ 0.21	March 7, 2004
200,000	0.35	January 29, 2005

The following warrants were outstanding enabling holders to acquire the following number of shares at October 31, 2003:

Number of Shares	Exercise Price	Expiry Date
1,000,000	\$ 0.25	March 14, 2004
1,000,000	0.60	March 27, 2004
1,500,000	0.35	July 8, 2005

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid consulting fees of \$22,000 to a company controlled by a director.
- b) Paid management fees of \$11,000 to a company controlled by a director.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NEWPORT EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
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9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions during the period ended October 31, 2003.

10. SEGMENTED INFORMATION

The Company's assets are located in the following locations:

	Oct 31 2003
Canada	\$ 656,048
Cuba	<u>190,946</u>
	<u>\$ 846,994</u>

The Company's revenue for the period was earned in the following location:

	Oct 31 2003
Canada	\$ 1,159

The Company's loss for the period was incurred in the following locations:

	Oct 31 2003
Canada	\$ (69,889)

11. COMMITMENT

The Company has an obligation under operating lease for its premises. The annual lease commitments under this lease are as follows:

2004	\$ 36,000
2005	36,000
2006	36,000
2007	<u>30,000</u>
	<u>\$ 138,000</u>

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, accounts payable and accrued liabilities and obligation under capital lease. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

NEWPORT EXPLORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
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13. SUBSEQUENT EVENTS

Subsequent to the October 31, 2003, the following events occurred:

- a) The Company entered into an option agreement with Cardero Resources Ltd. ("Cardero") to acquire a 50% interest in the Franco Gold Project in San Luis Potosi, Mexico. Consideration for the acquisition includes a payment of \$50,000, assumption of \$250,000 in exploration expenditures on or before August 3, 2004, and payments of \$20,000 and \$60,000 to the underlying optionor of the Franco Property on or before March 3, 2004 and September 3, 2004, respectively.
- b) The Company arranged a non-brokered private placement for 5,000,000 units at \$0.35 per unit. Each unit consists of one common share and one share purchase warrant that entitles the holder to purchase one additional common share at \$0.40 per unit in the first year and \$0.45 per unit in the second year. A finder's fee is payable in connection with this transaction.