



NEWPORT

EXPLORATION LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

THREE MONTHS ENDED OCTOBER 31, 2016

These unaudited condensed interim financial statements of Newport Exploration Ltd. for the three months ended October 31, 2016 have been prepared by management and approved by the Board of Directors. These unaudited condensed interim financial statements have not been reviewed by the Company's external auditors.

NEWPORT EXPLORATION LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Unaudited)
(Expressed in Canadian Dollars)

	October 31, 2016	July 31, 2016 (Audited)
ASSETS		
Current		
Cash	\$ 682,930	\$ 243,698
Receivables (Note 3)	1,292,522	1,015,005
Income tax receivable (Note 12)	2,202,736	2,290,862
Prepaid expenses	-	6,869
Prepaid income tax expense	39,705	-
Short-term investments	<u>2,753,187</u>	<u>2,770,549</u>
	6,971,080	6,326,983
Equipment	2,570	3,107
Exploration and evaluation asset (Note 4)	<u>2,080,370</u>	<u>2,079,870</u>
	<u>\$ 9,054,020</u>	<u>\$ 8,409,960</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities (Note 6)	<u>\$ 44,889</u>	<u>\$ 87,641</u>
Shareholders' equity		
Capital stock (Note 7)	45,939,732	45,939,732
Reserves (Note 7)	2,028,553	2,028,553
Deficit	<u>(38,959,154)</u>	<u>(39,645,966)</u>
	<u>9,009,131</u>	<u>8,322,319</u>
	<u>\$ 9,054,020</u>	<u>\$ 8,409,960</u>

Nature of operations (Note 1)
Commitments (Note 9)
Normal course issuer bid (Note 15)
Dividends (Note 16)
Subsequent events (Note 17)

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

NEWPORT EXPLORATION LTD.
CONDENSED INTERIM STATEMENTS OF NET INCOME AND COMPREHENSIVE NET INCOME
THREE MONTHS ENDED OCTOBER 31,
(Unaudited)
(Expressed in Canadian Dollars)

	2016	2015
EXPENSES		
Administration fees	\$ 7,000	\$ 5,990
Amortization	537	763
Consulting fees	50,250	45,000
Directors' fees	10,000	10,000
Foreign exchange (gain) loss	(10,065)	(77,406)
Management fees	45,000	37,500
Office and miscellaneous	25,809	10,219
Professional fees	23,409	63,601
Rent	15,000	14,050
Shareholder communications	1,534	3,203
Share-based payments	-	217,994
Transfer agent and filing fees	2,244	3,576
Travel and related costs	<u>75,405</u>	<u>51,439</u>
Loss from operations	<u>(246,123)</u>	<u>(385,929)</u>
OTHER INCOME		
Interest income	5,608	72,201
Petroleum royalty (Note 5)	<u>1,268,032</u>	<u>1,295,078</u>
	<u>1,273,640</u>	<u>1,367,279</u>
Net income before income taxes	<u>1,027,517</u>	<u>981,350</u>
Income tax expense (Note 12)	<u>(340,705)</u>	<u>(388,523)</u>
Net income and comprehensive net income for the period	<u>\$ 686,812</u>	<u>\$ 592,827</u>
Earnings per common share:		
Basic	\$ 0.01	\$ 0.01
Diluted	0.01	0.01
Weighted average number of common shares outstanding:		
Basic (Note 7)	92,329,874	88,429,874
Diluted (Note 7)	99,473,890	97,382,342

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

NEWPORT EXPLORATION LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED OCTOBER 31,
(Unaudited)
(Expressed in Canadian Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	\$ 686,812	\$ 592,827
Items not affecting cash:		
Amortization	537	763
Share-based payments	-	217,994
Accrued interest on short-term investments	(4,738)	(61,997)
Change in non-cash working capital items:		
Decrease (increase) in receivables	(277,517)	(1,076,567)
Decrease in income tax receivable	88,126	-
Decrease in prepaid expenses	6,869	4,967
Increase in prepaid income tax expense	(39,705)	-
Decrease in accounts payable and accrued liabilities	(42,752)	(40,970)
Increase in income tax payable	-	243,039
Net cash provided by (used in) operating activities	<u>417,632</u>	<u>(119,944)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation asset	(500)	(500)
Short-term investments	<u>22,100</u>	<u>(44,000)</u>
Cash provided by (used in) investing activities	<u>21,600</u>	<u>(44,500)</u>
Change in cash during the period	439,232	(164,444)
Cash, beginning of period	<u>243,698</u>	<u>909,372</u>
Cash, end of period	<u>\$ 682,930</u>	<u>\$ 744,928</u>

Supplemental disclosure with respect to cash flows (Note 10)

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

NEWPORT EXPLORATION LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Capital Stock					
	Number	Shares	Reserves	Deficit	Total	
Balance at July 31, 2015	88,429,874	\$ 45,393,732	\$ 1,810,559	\$ (32,046,238)	\$ 15,158,053	
Net income for the period	-	-	-	592,827	592,827	
Share-based payments	-	-	217,994	-	217,994	
Balance at October 31, 2015	88,429,874	\$ 45,393,732	\$ 2,028,553	\$ (31,453,411)	\$ 15,968,874	
Balance at July 31, 2016	92,329,874	\$ 45,939,732	\$ 2,028,553	\$ (39,645,966)	\$ 8,322,319	
Net income for the period	-	-	-	686,812	686,812	
Balance at October 31, 2016	92,329,874	\$ 45,939,732	\$ 2,028,553	\$ (38,959,154)	\$ 9,009,131	

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Newport Exploration Ltd. (the “Company”) was incorporated on September 19, 1979 under the Business Corporations Act, British Columbia and is considered to be in the exploration stage with respect to its exploration and evaluation assets. Based on the information available to date, the Company has not yet determined whether its exploration and evaluation assets contain ore reserves. Additionally, the Company has no ability to determine the quantum or sustainability of future royalty payments, and as a result, there is no assurance the Company will continue to receive its 2.5% gross overriding petroleum royalty. The receipts of royalty payments are not indicative of additional near-term income or any future income as the Company has no such information to support or validate the expectation of future receipt. Any such future royalty receipts are treated as fortuitous.

The Company’s head office and principal address is 501 – 837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6. The Company’s registered and records office is 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

2. STATEMENT OF COMPLIANCE AND NEW ACCOUNTING STANDARDS

These unaudited condensed interim financial statements were authorized for issue on December 19, 2016 by the directors of the Company.

Statement of compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended July 31, 2016.

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 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.
- ii) IFRS 15: New standard that replaced IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31, for Revenue from Contracts with Customers, effective for annual periods beginning on or after January 1, 2018.

NEWPORT EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
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3. RECEIVABLES

Trade and other receivables are comprised of the following:

	October 31, 2016	July 31, 2016
GST receivable	\$ 342	\$ 17,586
Petroleum royalty (Note 5)	1,283,796	990,042
Interest income	8,384	7,377
Total	\$ 1,292,522	\$ 1,015,005

4. EXPLORATION AND EVALUATION ASSET

During the year ended July 31, 2014, the Company acquired a 100% interest in Chu Chua, a sulphide deposit located north of Kamloops, British Columbia. In consideration, the Company paid Grosvenor Resource Corporation (formerly Reva Resources Corp.) (“Grosvenor”) \$1,500,000 and issued 5,436,000 common shares of the Company at a value of \$217,440. The 100% acquisition agreement supercedes and replaces an earlier 50% earn-in agreement wherein the Company incurred a total of \$335,012 in expenditures. The Company incurred \$24,986 of geological consulting expenditures on Chu Chua during the year ended July 31, 2014, and \$1,932 for assaying costs during the year ended July 31, 2015. During the year ended July 31, 2016, the Company incurred \$500 for permitting. During the three months ended October 31, 2016, the Company incurred \$500 for permitting. The claims are in good standing as at October 31, 2016. There are two separate 1% net smelter returns on Chu Chua to underlying parties. Two significant shareholders of Grosvenor are directors of the Company.

5. PETROLEUM ROYALTY

Under the terms of an agreement over the sale of CVL Resources (Barbados) Ltd. (formerly a wholly-owned subsidiary of the Company) in 2002, the Company retained a 2.5% gross overriding royalty interest on any hydrocarbons discovered on certain petroleum exploration licences in Australia. During the three months ended October 31, 2016, the Company earned \$1,268,032 (2015 - \$1,295,078) of petroleum royalty income, of which the Company has \$1,283,796 (July 31, 2016 - \$990,042) included in receivables as at October 31, 2016 (notified of the October 31, 2016 first quarter receivable of AUD \$1,259,846 subsequent to October 31, 2016). The receipt of royalty payments is considered to be highly variable, and as such these payments are not indicative of additional near-term income or any future income.

During the year ended July 31, 2016, the Australian Tax Office (“ATO”) ruled that the Company’s petroleum royalty income is taxable in Australia and, as such, the Company has 30% withheld at source by Beach Energy Ltd (“Beach”) and Santos Ltd (“Santos”), for which Beach and Santos are required to remit to the ATO. The Company files annual tax returns in Australia and has applied for income tax refunds previously remitted to the Canada Revenue Agency.

Subsequent to October 31, 2016, the Company received its Royalty receivable, net of applicable Australian withholding taxes (Note 17).

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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2016	July 31, 2016
Trade payables	\$ 18,223	\$ 60,897
Due to related parties (Note 8)	6,666	6,666
Accrued liabilities	20,000	20,078
Total	\$ 44,889	\$ 87,641

The average credit period of purchases is one month. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

7. CAPITAL STOCK AND RESERVES

a) Authorized share capital

As at October 31, 2016, the authorized share capital of the Company is an unlimited number of common shares without par value.

Basic and diluted per share amounts have been calculated based on the following:

	October 31, 2016	October 31, 2015
Weighted average number of common shares - basic	92,329,874	88,429,874
Effect of outstanding stock options	4,605,101	4,632,468
Effect of outstanding warrants	2,538,914	4,320,000
Weighted average number of common shares - diluted	99,473,890	97,382,342

Only the “in-the-money” dilutive instruments impact the calculation of dilutive income per common share. Other than common shares, all equity instruments are excluded when calculating diluted loss per share as they are anti-dilutive when in a loss position.

Reserves relate to stock options and warrants that have been previously issued by the Company.

During the year ended July 31, 2016, the Company received \$546,000 pursuant to the exercise of 3,900,000 warrants.

b) Stock options

The Company has an incentive stock option plan (the “Plan”) in place under which it is authorized to grant options to directors and employees to acquire up to 8,842,987 common shares of the Company to be issued from the treasury upon exercise of the stock options. Under the Plan, the exercise price of each option may not be less than the market price of the Company’s stock as calculated on the date of Grant less any applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

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7. CAPITAL STOCK AND RESERVES (cont'd...)

a) Stock options (cont'd...)

Details of options outstanding as at October 31, 2016 are as follows:

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

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2015	7,500,000	\$ 0.115
Granted	<u>1,300,000</u>	0.255
<u>Balance, July 31, 2016 and October 31, 2016</u>	<u>8,800,000</u>	<u>\$ 0.135</u>
Number of options exercisable	8,800,000	\$ 0.135

c) Share-based payments

During the three months ended October 31, 2015, the Company granted stock options to directors, officers and a consultant to acquire up to 1,300,000 common shares with a grant date fair value of \$0.255 per option resulting in share-based payments expense of \$217,994, using the Black-Scholes option pricing model. No stock options were granted during the three months ended October 31, 2016.

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7. CAPITAL STOCK AND RESERVES (cont'd...)

c) Share-based payments (cont'd...)

The Company applies the fair value method using the Black-Scholes option pricing model to account for stock options granted to directors, officers and consultants. The following assumptions were used to calculate the fair value of the stock options granted during the three months ended October 31, 2016:

	2016	2015
Risk-free interest rate	-	0.86%
Expected life of options	-	5 years
Annualized volatility	-	83.61%
Dividend rate	-	0%
Forfeiture rate	-	0%

d) Warrants

Details of warrants outstanding as at October 31, 2016 are as follows:

Number of Warrants	Exercise Price	Expiry Date
6,000,000	\$0.14	March 7, 2019

Warrant transactions are summarized as follows:

	Number of Warrants	Exercise Price
Balance, July 31, 2015	9,900,000	\$ 0.14
Exercised	(3,900,000)	0.14
Balance, July 31, 2016 and October 31, 2016	6,000,000	\$ 0.14

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8. RELATED PARTY TRANSACTIONS

During the three months ended October 31, 2016, the Company entered into the following transactions with related parties:

- a) Paid consulting fees of \$50,250 (2015 - \$45,000) to a company controlled by a director of the Company.
- b) Paid management fees of \$45,000 (2015 - \$37,500) to a company controlled by a director of the Company.
- c) Paid rent of \$15,000 (2015 - \$14,050) to a company controlled by a director of the Company.
- d) Paid or accrued directors' fees of \$10,000 (2015 - \$10,000) to two directors of the Company.
- e) Paid professional fees of \$1,671 (2015 - \$2,380) to a legal firm of which an officer of the Company is a partner.
- f) Recorded share-based payment expense of \$Nil (2015 - \$176,072) in conjunction with the granting of stock options to directors and officers of the Company.

As at October 31, 2016, accounts payable and accrued liabilities included \$6,666 (July 31, 2016 - \$6,666) owing to directors of the Company and to a legal firm of which an officer of the Company is a partner.

Key management personnel compensation disclosed above (consisting of the CEO and CFO):

	October 31, 2016	October 31, 2015
Fees for services	\$ 95,250	\$ 82,500
Share-based payments	\$ -	\$ 100,613

9. COMMITMENTS

The Company has management and consulting contracts with a company controlled by Barbara Dunfield, a director and CFO of the Company, and a company controlled by Ian Rozier, a director and CEO of the Company. The Company pays the companies a combined total of \$31,750 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 either or both companies.

Additionally, the Company entered into a professional and administrative consulting contract that pays the consultant \$5,000 per month. The contract remains in force on a continuous basis and can be terminated by the Company by providing 90 days written notice. If termination of services is without cause, the Company will be obligated to pay 12 months of service fees to the consultant.

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10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	October 31, 2016	October 31, 2015
Cash received for interest	\$ 97,354	\$ 254,980
Cash paid for income taxes	\$ 5,450	\$ -
Cash paid for interest	\$ -	\$ -

There were no significant non-cash transactions for the three months ended October 31, 2015 and 2016.

11. SEGMENTED INFORMATION

The Company operates in one business segment being the acquisition and exploration of resource properties. The Company's mineral property is in Canada and the Company's Royalty income is derived from Australia.

12. INCOME TAX EXPENSE

During the year ended July 31, 2016, the Company received a private tax ruling from the Australian Tax Office (the "ATO") indicating that the Company's annual 2.5% gross overriding petroleum royalties received from Beach, current and past, (net of applicable expenses) is subject to withholding tax in Australia. The Company has accepted the tax ruling from the ATO and, has since lodged its Australian tax returns for current and past taxes. At July 31, 2015, the Company recognized Australian income taxes payable of \$5,655,463 related to the ATO tax ruling, these taxes were paid during the year ended July 31, 2016. The Company's Australian income tax receivable at October 31, 2016 was \$2,809 (July 31, 2016 - \$90,935), this amount is derived from the Company's income tax liability of \$385,139 (July 31, 2016 - \$297,013) (Note 17) and, Australian income taxes receivable of \$387,948 (July 31, 2016 - \$387,948) (received subsequent to October 31, 2016) relating to its 2016 Australian income tax return. The Company amended its Canadian tax returns and applied for a refund of taxes previously remitted to the CRA in the amount of \$3,072,837. During the year ended July 31, 2016, the Company received a refund of \$872,910. As at October 31, 2016, the refund balance of \$2,199,927 (July 31, 2016 - \$2,199,927) is receivable.

13. 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.

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13. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

The following is an analysis of the Company's financial instruments measured using the fair value hierarchy as at October 31, 2016 and July 31, 2016:

	As at October 31, 2016		
	Level 1	Level 2	Level 3
Cash and equivalents	\$ 682,930	\$ -	\$ -
Short-term investments	\$ 2,753,187	\$ -	\$ -

	As at July 31, 2016		
	Level 1	Level 2	Level 3
Cash and equivalents	\$ 243,698	\$ -	\$ -
Short-term investments	\$ 2,770,549	\$ -	\$ -

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 and equivalents, short-term investments and receivables. Management believes that the credit risk concentration with respect to financial instruments is remote because cash and equivalents and short-term investments are held with reputable Canadian financial institutions. Receivables consist mainly of the Company's royalty income. The royalty income comes from one company, and is typically received within 30 days after the quarter of production. The Company does not consider any of its current receivables past due. The Company believes any credit risk associated with its receivables is remote due to the historical success of collecting receivables.

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 October 31, 2016, the Company had a cash balance of \$682,930 (July 31, 2016 - \$243,698), receivables of \$1,292,522 (July 31, 2016 - \$1,015,005) and short-term investments of \$2,753,187 (July 31, 2016 - \$2,770,549) to settle current liabilities of \$44,889 (July 31, 2016 - \$87,641). All of the Company's financial liabilities are subject to normal trade terms.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

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 deposits 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 \$28,000.

b) Foreign currency risk

The Company is exposed to foreign currency risk with respect to its Royalty 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 \$13,000. The Company does not currently hedge exchange risk. The majority of transactions 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 Royalty received and the economics of development of the Company's mineral properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Capital management

The Company's objectives when managing capital is to pursue the exploration and evaluation 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 shareholders' 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 is currently not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

14. LEGAL PROCEEDINGS

On December 9, 2015, the Company commenced legal proceedings against Beach and Great Artesian Oil and Gas Pty Ltd (“GAOG”), as Beach and GAOG had, in Newport’s view, improperly and without any valid reason, refused to make the outstanding Royalty payments in the order of AUD \$4,265,942 due to the Company for the months of February 2015 to October 2015 despite resolution of the withholding tax issue. On December 14, 2015, the Company received its outstanding Royalty payments. During the year ended July 31, 2016, the Company discontinued its legal proceedings.

15. NORMAL COURSE ISSUER BID

During the year ended July 31, 2015, the Company received TSX Venture Exchange approval for a normal course issuer bid for up to 4,025,444 shares of the Company over a period of one year from September 2, 2014, until August 31, 2015 (extended to August 31, 2016) or the date by which the Company acquired the maximum 4,025,444 shares. During the year ended July 31, 2016 and three months ended October 31, 2016, the Company did not repurchase or cancel any shares of the Company. Subsequent to August 31, 2016, the normal course issuer bid lapsed.

16. DIVIDENDS

On March 19, 2015, the Company announced that the board of directors approved the payment of a one-time special dividend of \$0.10 per common share (the “Special Dividend”). The Special Dividend was payable to shareholders of record as of the close of business on April 2, 2015, resulting in a distribution of \$8,838,067 on April 15, 2015. The dividend was distributed to the Company’s shareholders pursuant to the TSX Venture Exchange’s due bill trading policy. The due bill redemption date was April 20, 2015.

On June 6, 2016, the Company announced that the board of directors approved the payment of a one-time special dividend of \$0.10 per common share. The Special Dividend was payable to shareholders of record as of the close of business on June 23, 2016, resulting in a distribution of \$9,232,987 on July 7, 2016. The dividend was distributed to the Company’s shareholders pursuant to the TSX Venture Exchange’s due bill trading policy. The due bill redemption date was July 12, 2016.

17. SUBSEQUENT EVENTS

Subsequent to October 31, 2016, the Company:

- a) was notified by Beach of its 2.5% gross overriding petroleum royalty income for the first quarter of fiscal 2017 was a total of \$1,239,264 (AUD \$1,242,796);
- b) was notified by Santos of its 2.5% gross overriding petroleum royalty income for September and October 2016 was a total of \$18,049 (AUD \$18,209); and
- c) received \$881,892 (AUD \$881,892), which represents its Royalty receivable of AUD \$1,259,846, less 30% withholding tax of AUD \$377,954.