NEWPORT EXPLORATION LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

Nine months ended April 30, 2014

This management discussion and analysis of financial position and results of operations ("MD&A") is prepared as at June 30, 2014 and should be read in conjunction with the unaudited condensed interim financial statements for the nine months ended April 30, 2014 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, 2013 audited annual financial statements and the accompanying notes.

Management is responsible for the preparation and integrity of the 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 financial statements and MD&A, is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be accurate, may differ materially from the information disclosed within any statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

Description of Business

Newport Exploration Ltd. is a natural resource company engaged in the acquisition and exploration of resource properties. In addition, the Company, as compensation for the sale of a wholly-owned subsidiary in 2002, retained a 2.5% gross overriding royalty interest in any hydrocarbons produced on certain petroleum exploration permits 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 has 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

Private Placement

On March 10, 2014, the Company completed a non-brokered private placement and issued 20 million units at a price of $0.11 per unit for gross proceeds of $2.2 million. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire a further common share of the Company at a price of $0.14 per common share until March 7, 2019.

The shares and warrants are subject to a four-month hold period, expiring on July 11, 2014. No finders' fees were paid in connection with the financing.

Oil and Gas Royalty Interests

On February 18, 2014, the Company provided an update on drilling campaigns from PEL 91 in the Cooper Basin, Australia, in which the Company has a 2.5% gross overriding royalty interest. Beach Energy limited (ASX: BPT) ("Beach") is the operator of PEL 91, (Beach - 40% ownership and Drillsearch Energy Limited ("Drillsearch") - 60% ownership). Beach reported that the Bauer field, in PEL 91, increased in size following the drilling of the Bauer-12 appraisal well, now cased and suspended as a future oil producer. Beach also reported production from Bauer field in excess of 13,000 barrels per day (gross) being produced from eight wells, with three more wells yet to come on line.

On June 2, 2014, the Company reported that it had received from Beach, both notice and payment of approximately $2,977,000 AUD (approximately $2,998,000 CDN) in royalty proceeds relating to the period from February 1 to April 30, 2014, related to exploration production associated with the Company's oil and gas royalty interests in the Cooper Basin.

On June 2, 2014, Beach issued two news releases on the Stunsail-1 and Pennington-2 exploration wells on PEL 91 which have both been cased and suspended for future production. New requirements under Chapter 5 of the ASX Listing Rules require that Beach and Drillsearch reporting on hydrocarbon accumulations must detail the conceptual development plan for the discovery. Accordingly, Beach also released the following information on the two new fields:

<u>"Pennington Field Reserves Estimation and conceptual development plan</u>

Commercial productivity of the McKinlay and Namur reservoirs is proven in offset fields within PEL 91. The Pennington field is analogous to the commercial offset fields including Bauer, Chiton, and Hanson. As such, Beach has a high degree of confidence in the commercial productivity of the McKinlay-Namur reservoirs at Pennington. Beach has carried out a preliminary economic evaluation of the project using costs based on analogous projects and internal company oil price assumptions to confirm its commercial viability.

Beach believes that the Pennington field can be developed with at tie-back of producing wells via a common flow line to the Bauer production facility. Pending joint venture approval, and dependant on results from further appraisal drilling, it is anticipated that the development of Pennington will cost approximately $6 million and will take place in the June quarter 2015.

Using a proposed tie-back development model, Beach estimates preliminary gross undeveloped reserves from the McKinlay, Namur and Mid-Namur reservoirs as follows:

1P: 1.5 million barrels of oil ("MMbbls")
2P: 2.7 MMbbls
3P: 5.3 MMbbls

<u>Stunsail Field Reserves Estimation and Conceptual development plan</u>

Commercial productivity of the McKinlay and Namur reservoirs is proven in offset fields within PEL 91. The Stunsail discovery is analogous to the commercial offset fields including Bauer, Chiton, and Hanson. As such, Beach has a high degree of confidence in the commercial productivity of the McKinlay-Namur reservoirs at Stunsail-1. Beach has carried out a preliminary economic evaluation of the project using costs based on analogous projects and internal company oil price assumptions to confirm its commercial viability.

Beach believes that Stunsail-1 can be developed using a standalone production facility, with oil potentially transported by truck to either the Bauer facility or the lyceum hub. Should there be further exploration and appraisal success in the proximity of Stunsail-1, this discovery has the potential to be developed with other fields in the same area through a pipeline to the facilities in PEL 91.

Pending joint venture approval, and dependant on results from further exploration, appraisal and development drilling, it is anticipated that the development of a standalone facility for the Stunsail field will cost approximately $4 million and take place in the June quarter 2015.

Also pending joint venture approval is Stunsail-2, an appraisal well that is scheduled to be drilled in the September quarter 2014.

Using a standalone development model, Beach estimates preliminary gross undeveloped reserves from the McKinlay, Namur and Mid-Namur reservoirs as follows:

1P: 1.0 MMbbls
2P: 1.6 MMbbls
3P: 2.5 MMbbls"

Beach reports that the results of Stunsail-1, Pennington-2, Bauer-12, Bauer-13 and Chiton-3 wells on PEL 91 are all expected to be reflected in Beach's June 30, 2014 reserves update.

With the information released by Beach and Drillsearch over the last three months, the Company remains confident that the activities currently underway on PEL 91 relating to upgrading of the oil handling infrastructure, identified suspended wells and the new Pennington and Stunsail fields being brought into production should result in growth in future royalty proceeds, although the timing and the associated revenues of such royalty growth and proceeds cannot be predicted.

The Company continues to strongly encourage shareholders and potential investors to access information released independently by both Beach and Drillsearch in order to keep current through this transformational period.

All royalty payments received by the Company will continue to be reported in our SEDAR filed financial statements.

Chu Chua

During the nine months ended April 30, 2014, the Company acquired 100% of the Chu Chua massive sulphide deposit ("Chu Chua") located approximately 70km north of Kamloops, British Columbia. In consideration, the Company paid Reva Resources Corporation ("Reva") $1,500,000 and issued 5,436,000 common shares of the Company.

This acquisition superseded and replaced the Company's earlier agreement with Reva to earn a 50% interest in Chu Chua.

On April 29, 2014, the Company released an update on further metallurgy tests on Chu Chua. A preliminary metallurgical testing program was reported in a news release dated Oct. 10, 2013. Initial metallurgy tests completed by ALS Metallurgy, Kamloops, B.C., reported that copper recoveries for the base case rougher test were 58.5 per cent, with poor chalcopyrite-pyrite liberation at a course 152-micron grind size. Five additional rougher tests at increasingly finer grind sizes (down to 51 microns) and variable pH reported much improved copper recoveries to a maximum of 92.2 per cent; with gold and silver recoveries of 35.5 per cent and 61.3 per cent, respectively (51-micron grind size and pH 12 test parameters). A single preliminary cleaner floatation test utilizing a 16-micron regrind of the rougher concentrate produced a 22.4 per cent copper concentrate. Further metallurgical tests will be conducted in an effort to improve further on pyrite selectivity and increase cleaner flotation concentrate copper grades.

Kris Raffle, PGeol, of Apex Geoscience Ltd. is the qualified person who reviews the scientific and technical information with respect to the Chu Chua project contained in the Company news releases.

Results of Operations

During the nine months ended April 30, 2014 (the "current nine-month period"), the Company recorded net income of $7,238,935 compared to net income of $484,539 for the nine months ended April 30, 2013 (the "comparative nine-month period"). The significant changes during the current nine-month period compared to the comparative nine-month period are as follows:

- The Company recorded income of $9,642,298 from its retained 2.5% petroleum royalty on certain exploration permits in Australia during the current nine-month period, an increase from $829,492 earned during the comparative nine-month period.

- Income tax expense of $1,886,000 during the current nine-month period, an increase from $nil during the comparative nine-month period. The increase is a result of income taxes on the petroleum royalty revenues. The Company used up all of its carried forward non-capital losses and other available tax deductions during the current period.

- Interest income of $116,889 was earned during the current nine-month period on cash held in short-term investments. This compares to interest income of $68,719 earned during the comparative nine-month period. The change is due to an increase in cash held in short-term investments.

- Foreign exchange gain of $136,096 was recorded during the current nine-month period compared to a foreign exchange loss of $1,872 recorded during the comparative nine-month period. The change was due to fluctuation between the Australian dollar and the Canadian dollar during the period.

- Professional fees increased to $81,027 during the current nine-month period compared to $16,731 for the comparative nine-month period, due to an increase in legal fees in connection with the Chu Chua acquisition and attributable to an increase in legal fees regarding the engagement of Australian legal counsel overseeing the Company's petroleum royalties.

- Property investigation costs increased to $10,000 during the current nine-month period compared to $Nil for the comparative nine-month period, incurred by due diligence costs in potential property acquisitions during the current period.

- Share-based payments, a non-cash expense, increased to $253,397 during the current nine-month period on the granting of 6 million stock options to directors, officers and consultants. No stock options were granted during the comparative nine-month period.

- Travel and related costs increased to $37,932 during the current nine-month period from $15,744 during the comparative nine-month period. The increase in travel and related costs was for due diligence on a potential property acquisition during the current period.

During the three months ended April 30, 2014 (the "current period"), the Company recorded net income of $2,246,164 compared to net income of $459,442 for the three months ended April 30, 2013 (the "comparative period"). The significant changes during the current period compared to the comparative period, are as follows:

- The Company recorded income of $3,001,334 from its retained 2.5% petroleum royalty on certain exploration permits in Australia during the current period an increase from $570,071 earned during the comparative period.

- Income tax expense of $698,000 during the current period, an increase from $nil during the comparative period. The increase is a result of the Company using up all of its non-capital losses and other tax deductions during the current period.

- Interest income of $54,201 was earned during the current period on cash held in short-term investments. This compares to interest income of $22,441 earned during the comparative period. The change is due to an increase in cash held in short-term investments.

- Consulting fees decreased to $45,000 during the current period from $51,000 during the comparative period due to fees no longer being paid to a company controlled by a director of the Company.

- Directors' fees increased to $10,000 during the current period compared to $5,000 during the comparative period due to fees being paid to two directors of the Company instead of one, as of November 2013.

- Foreign exchange gain of $59,550 was recorded during the current period compared to a foreign exchange loss of $2,728 recorded during the comparative period. The change was due to fluctuation between the Australian dollar and the Canadian dollar during the period.

- Management fees increased to $37,500 during the current period compared to $30,000 during the comparative period. The fee increase of $2,500 per month is a result of a new management contract effective January 1, 2014.

- Professional fees increased to $28,666 during the current period compared to $8,992 for the comparative period, attributable to an increase in legal fees regarding the engagement of Australian legal counsel overseeing the Company's petroleum royalties.

Liquidity and Capital Resources

The Company's working capital position at April 30, 2014 was $16,084,913 as compared to a working capital position of $7,922,119 at July 31, 2013. At April 30, 2014, the Company held cash and equivalents of $4,562,988 (July 31, 2013 - $1,452,666) and short-term investments of $10,395,540 (July 31, 2013 - $5,311,101). The change in cash and equivalents is primarily a result of the $7,524,659 provided by operating activities which, was offset by $1,524,520 spent on Chu Chua, and a $5,084,439 increase in short-term investments.
As at April 30, 2014, the Company had current assets of $18,000,257 (July 31, 2013 - $7,946,830), total assets of $20,078,603 (July 31, 2013 - $8,283,576) and total liabilities of $1,915,344 (July 31, 2013 - $24,711). There is no long-term debt.

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

The Company will be able to meet its expected operating and exploration expenditures for the remainder of fiscal 2014 and through to the end of its 2015 fiscal year.

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 payments received. The Company may at some point seek capital through various means including the issuance of equity and/or debt.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

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 2015. The lease provides for basic lease payments as follows:

2014	$	18,150
2015		48,400
	$	66,550

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 April 30, 2014	Three Months Ended January 31, 2014	Three Months Ended October 31, 2013	Three Months Ended July 31, 2013
Total assets	$ 20,078,603	$ 14,950,966	$ 11,434,756	$ 8,283,576
Working capital	16,084,913	12,832,326	9,350,699	7,922,119
Net income for the period	2,246,164	2,276,944	2,715,827	1,659,544
Earnings per share – basic	0.03	0.04	0.05	0.03
Earnings per share – diluted	0.03	0.04	0.04	0.03

	Three Months Ended April 30, 2013	Three Months Ended January 31, 2013	Three Months Ended October 31, 2012	Three Months Ended July 31, 2012
Total assets	$ 6,606,281	$ 6,149,891	$ 6,091,353	$ 6,149,393
Working capital	6,241,107	6,031,515	5,962,551	6,010,256
Net income (loss) for the period	459,442	72,980	(47,883)	(93,877)
Earnings (loss) per share – basic	0.01	0.00	(0.00)	(0.00)
Earnings (loss) per share – diluted	0.01	0.00	(0.00)	(0.00)

Fiscal 2014

During the three months ended April 30, 2014, the Company recorded net income of $2,246,164. This amount was 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 was derived from petroleum royalty revenues 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 revenues earned 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 on the granting of six million stock options.

During the three months ended January 31, 2014, the Company recorded net income of $2,276,944. This amount was 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 was derived from petroleum royalty revenues 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 revenues 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 on the granting of 6 million stock options.

During the three months ended October 31, 2013, the Company recorded net income of $2,715,827. This amount was 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, on the granting of six million stock options.

Fiscal 2013

During the three months ended July 31, 2013, the Company recorded net income of $1,659,544. This amount was derived from petroleum royalty income of $1,890,050, interest income of $26,295, less operating expenses of $256,801. The difference was primarily due to an increase in petroleum royalty revenues accrued during this 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 was 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 revenues 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.

During the three months ended January 31, 2013, the Company recorded net income of $72,980. This amount was derived from petroleum royalty income of $186,790, interest income of $23,097, less operating expenses of $136,907.

During the three months ended October 31, 2012, the Company recorded a loss of $47,883. This amount was derived from petroleum royalty income of $72,631, interest income of $23,181, less operating expenses of $143,695.

Fiscal 2012

During the three months ended July 31, 2012, the Company recorded a loss of $93,877 compared to a loss of $109,986 recorded during the three months ended April 30, 2012, primarily due to a $24,688 petroleum royalty received. In the same period, the Company incurred $14,452 in exploration expenditures on Chu Chua and received an $11,292 mining tax credit for Chu Chua.

Related Party Transactions

During the nine months ended April 30, 2014, the Company entered into the following transactions with related parties:

a) Paid or accrued consulting fees of $135,000 (2013 - $135,000) to a company controlled by Ian Rozier, Director, President and C.E.O. of the Company.

b) Paid or accrued management fees of $100,000 (2013 - $90,000) to a company controlled by Barbara Dunfield, Director and C.F.O. of the Company.

c) Paid or accrued rent of $54,450 (2013 - $54,450) to a company controlled Mr. Rozier.

d) Paid or accrued directors' fees of $25,000 (2013 - $15,000) to Merfyn Roberts and David Cohen, Directors of the Company.

e) Paid or accrued professional fees of $17,956 (2013 - $6,916) to McMillan LLP ("McMillan") a legal firm where David Cowan, the Company's Corporate Secretary, is a partner.

f) Paid or accrued consulting fees of $6,000 (2013 - $18,000) to a company controlled by David Cohen.

g) Paid or accrued share issuance costs of $1,878 (2013 - $Nil) to McMillan LLP ("McMillan") a legal firm where David Cowan, the Company's Corporate Secretary, is a partner.

h) Recorded share-based payment expense of $244,950 (2013 - $nil) to directors and officers of the Company as a result of the granting of stock options.

As at April 30, 2014, accounts payable and accrued liabilities included $6,801 (July 31, 2012 - $8,422) owing to Mr. Roberts, Mr. Cohen, and to McMillan.

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 April 30, 2014 and July 31, 2013:

	As at April 30, 2014		
	Level 1	**Level 2**	**Level 3**
Cash and equivalents	$ 4,562,988	$ -	$ -
Short-term investments	$ 10,395,540	$ -	$ -

	As at July 31, 2013		
	Level 1	**Level 2**	**Level 3**
Cash	$ 1,452,666	$ -	$ -
Short-term investments	$ 5,311,101	$ -	$ -

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 April 30, 2014, the Company had a cash and equivalents balance of $4,562,988 (July 31, 2013 – $1,452,666) and short-term investments of $10,395,540 (July 31, 2013 - $5,311,101) to settle current liabilities of $1,915,344 (July 31, 2013 - $24,711). To maintain liquidity, the Company is continually investigating financing opportunities. As disclosed in Note 1 of the July 31, 2013 audited annual 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 is approximately $104,000.

b) Foreign currency risk

The Company is exposed to foreign currency risk with respect to its petroleum 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 is approximately $96,000. 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 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 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, 2013:

IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The adoption of this standard had no impact on the Company's unaudited condensed interim financial statements.

IFRS 12, "Disclosure of Interests in Other Entities"

IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures". The adoption of this standard had no impact on the Company's unaudited condensed interim financial statements.

IFRS 13, "Fair Value Measurement"

IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The new converged fair value framework is effective for annual periods beginning on or after January 1, 2013. The adoption of this standard had no impact on the Company's unaudited condensed interim financial statements.

Risk, Uncertainties and Outlook

As a company active in the mineral resource acquisition and exploration industry, the Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and must access the capital markets to finance its activities.

There can be no assurances the Company will continue to 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 its desired exploration programs. In addition to this having an impact on any future wholly owned projects, the Company could find itself in a position at a future time where it is unable to fund its share of costs incurred under joint venture agreements to which it is a party, and its interest in such joint ventures could be reduced or eliminated as a result.

The Company is 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.

Over the past several years, the prices of commodities have increased substantially, stimulating a rapid growth in exploration expenditures and intensifying the competition for talent and services. These conditions have led to increased costs and difficulties in scheduling contractors at times that are optimal from the Company's perspective.

The Company's future exploration activities may require permits from various governmental agencies charged with administrating laws and regulations governing exploration, labor standards, occupational health and safety, control of toxic substances, waste disposal, land use, environmental protection and other matters. Failure to comply with laws, regulations and permit conditions could result in fines and/or stop work orders, costs for conducting remedial actions and other expenses. In addition, legislation changes to existing laws and regulations could result in significant additional costs to comply with the revised terms and could also result in delays in executing planned programs pending compliance with those terms.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements or commitments as of June 30, 2014.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings as of June 30, 2014.

Proposed Transactions

The Company has not entered into any proposed transactions as of June 30, 2014.

Investor Relations

The Company has not entered into any investor relations agreements as of June 30, 2014.

Current Share Data

As at June 30, 2014, the Company had 80,508,874 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

Outstanding Warrants:

Number of Warrants	Exercise Price	Expiry Date
20,000,000	$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 licenses for the Company's operations in the jurisdictions in which it operates.