

NEWPORT EXPLORATION LTD.

**CORPORATE GOVERNANCE POLICIES ON MATERIAL
INFORMATION, INSIDER TRADING AND BLACK-OUT POLICIES**

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1. EXECUTIVE SUMMARY

- If you possess material, non-public information relating to the Company you may not pass any such information onto others.
- You may not trade your Newport securities during the period commencing five trading days prior to the release of fiscal quarter or year-end results and ending on the second trading day following the release by the Company of such results.
- If you have access to insider information or undisclosed material information, you may not trade in Newport securities until such material information has been properly disseminated to the public pursuant to Exchange Policy 3.1, Section 9.2 (d)
- If you obtain material, undisclosed information relating to any other entity, including customers or suppliers of Newport, you may not buy or sell securities of that entity.
- You should not trade in call or put options or short-sell the securities of Newport and should acquire these securities only as a long-term investment.
- ***Failure to comply with this policy will result in disciplinary action, which may include termination of employment, the imposition of fines and the possibility of imprisonment.***
- This policy should be reviewed as the *minimum* criteria for compliance with insider trading laws. Additional guidance should be sought when uncertainty exists regarding contemplated transaction.
- This policy applies to persons or companies who acquire information from a source known by them to be in a *special relationship* with Newport (i.e.: spouses, members of that person's household and close friends).
- Insiders are required to file reports with the British Columbia Securities Commission.
- Any inquiry as to the application of these policies should be directed to the Chief Financial Officer of the Company.

2. INTRODUCTION

It is a cornerstone of the capital markets in Canada that all persons investing in securities listed on a public stock exchange have a equal access to information that may affect their investment decisions. Public confidence in the integrity of the capital markets requires timely disclosure of material information concerning the business and affairs of reporting issuers, such as Newport Exploration Ltd. ("Newport" or the "Company"), which is or will be a reporting issuer in one or more provinces of Canada and the common shares of which will be listed on a stock exchange or quotation system. Please note that the terms "Newport" and the "Company" used herein shall include Newport and all of its subsidiaries from time to time.

The directors of Newport have, on behalf of the Company, appointed the Chief Financial Officer of the Company as the Trading Officer (the "Trading Officer"). The Trading Officer shall oversee the implementation of this policy and act as a resource to individuals subject to the policy. Any inquiries as to the application of this policy should be directed to the Trading Officer. In the event that an inquiry cannot

be made to the Trading Officer, individuals are recommended to contact directors of Newport directly and/or the Company's securities counsel.

3. MATERIAL INFORMATION

Material information is any information relating to the business and affairs of Newport that results in or would reasonably be expected to result in a significant change in the market price or value of the Company's securities.

Material information consists of both *Material Changes* and *Material Facts* relating to the business and affairs of Newport.¹

The *Securities Act* (British Columbia) requires the disclosure of any *Material Change* by filing a report with the British Columbia Securities Commission as soon as reasonably practicable and, in any event, within ten days of the date on which such change occurs. The provisions of the *Securities Act* (British Columbia) are supplemented by the disclosure policies of the applicable stock exchange of quotation system, which require that *material information* concerning the business and affairs of a reporting issuer such as Newport be disclosed forthwith upon the information becoming known. Where information is previously known, it must be disclosed forthwith upon it becoming apparent that the information is *Material*. When disclosure of *material information* is required during trading hours, Newport must notify Market Regulation Services prior to the issuance of a press release so that the regulator can determine whether trading in Newport securities should be temporarily halted. The directors of Newport will determine what information is *material* according to the above definitions and will bear responsibility for compliance with the timely disclosure obligations under applicable securities laws and requirements of the applicable stock exchange or quotation system. Examples of developments in the business and affairs of Newport which are likely to require prompt disclosure include:

1. Changes in share ownership that may affect control of the Company;
2. Changes in the corporate structure of the Company, such as reorganizations, amalgamations, etc

¹ Material Fact means a fact that would reasonably be expected to have a significant effect on the market price or value of the securities.

Material Change means (I) a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Issuer, or (II) a decision to implement such a change made by the board of directors or other persons acting in a similar capacity or by senior management of the issuer who believe that confirmation of the decision by the board of directors or such other persons acting in a similar capacity is probable.

3. take-over bids or issuer bids;
4. major acquisitions or dispositions;
5. changes in capital structure
6. borrowing of a significant amount of funds;
7. public or private sale of additional securities;

8. development of new products and developments affecting the Company's resources, technology, products or market;
9. entering into or loss of significant contracts;
10. firm evidence of significant increases or decreases in near-term earnings prospects;
11. changes in capital investment plans or objectives of the Company;
12. significant changes in management;
13. significant litigation
14. major labour disputes and disputes with major contractors or suppliers;
15. events of default under financing or other agreement; or
16. any other developments relating to the business and affairs of the Company that might reasonably be expected to influence or change an investment decision of a reasonable investor.

4. PERSONS IN A SPECIAL RELATIONSHIP WITH THE COMPANY

The restrictions on insider trading set out in section 57.2 of the Securities Act (British Columbia) apply to any person or company in a *special relationship* with a reporting issuer. For the purposes of this policy, persons in such a relationship with Newport include: ²

1. Directors, officers and employees of the Company;
2. a person or company that is or proposes to engage in any business or professional activity with or on behalf of Newport; and
3. a person or company that learns of a *Material Fact* or *material change* from another person or company and knows or ought reasonably to have known that the other person or company is in a *special relationship* with Newport

²Additional person considered to be in a *special relationship* with Newport will include those who are Insiders, affiliates or associates of Newport, a person or company proposing to make a take-over bid of the company, and a person or company proposing to become a party to a reorganization, amalgamation, merger or similar business arrangement with Newport.

The policies set out herein are designed to assist the employees and insiders of the Company in complying with applicable securities laws.

Note that the persons who learned of a *Material Fact* or *Material Change* while in a *special relationship* with the Company, but who are no longer in such a *special relationship*, are similarly prohibited from purchasing or selling securities of the Company, unless the *Material Fact* or *Material Change* has been generally disclosed.

The potential scope of a chain of tippees is significantly expanded by the inclusion in the definition of *special relationship* with the Company. It would, for example, also capture spouse, members of that person's household and close friends.

Newport has established a firm rule prohibiting all person who have access to confidential information from making use of such information in trading in the Company's securities before such information has been fully disclosed to the public and a reasonable period of time for dissemination of the information has passed. (See "General Restrictions on Trading by Persons in a *Special Relationship* with the Company").

5. CONFIDENTIALITY

No one in a *special relationship* with Newport may inform or 'tip' another person or company of a previously undisclosed *Material Fact* or *Material Change* with respect to the business and affairs of the Company, other than in the necessary course of business. Such tipping is in direct contravention of British Columbia securities laws and exposes the disclosing party to potential sanctions. Unless specifically authorized by the directors or senior management (where applicable), you must maintain undisclosed *material information* regarding the business and affairs of Newport in strict confidence. The following questions should be considered prior to any disclosure being made:

1. Is the information a *Material fact* or *Material change*?
2. Has the information in question been generally disclosed?
3. Is the disclosure in the necessary course of business?

Where you are uncertain about any of the above questions, the directors of Newport or a member of senior management (where applicable) should be contacted prior to the disclosure of any information.

6. GENERAL RESTRICTIONS OF TRADING BY PERSONS IN A SPECIAL RELATIONSHIP WITH THE COMPANY

Persons or companies in a *special relationship* with Newport and who either possess or have access to *material information* regarding the business and affairs of the Company are prohibited from trading until the *material information* has been fully disclosed to the public and a reasonable period of time has passed for the information to be disseminated. This prohibition applies not only to trading in the securities of Newport but also to trading in other securities whose value might be affected by changes in the price of Newport securities. Furthermore, persons or companies in a *special relationship* with Newport who possess material non-public information relating to the Company may not pass any such information onto others.

Persons or companies in a *special relationship* with Newport who, while acting for the Company, obtain material undisclosed information which relates to any other company, including customers or suppliers of Newport, may not buy or sell securities of that company, customer or supplier or otherwise misuse such information.

It is recommended that you not engage in the following transactions with respect to the securities of Newport, as the following types may not be viewed favorably by securities regulatory authorities in retrospect if there were suspicion of insider trading;

- a) Selling short; or
- b) Trading in call or put options

You should also refrain from frequent buying and selling of the securities of Newport for the purpose of realizing short-term profits and should acquire securities only as a long-term investment.

As noted above under the heading “Confidentiality”, persons or companies in a *special relationship* with Newport must not discuss or disclose any non-public information about Newport or its activities that may have an impact on the value of the Company’s securities.

The restrictions on trading based on *material information* apply not only when such information is non-public, but also for a limited time after such information has been made public. Newport shareholders and the investing public must be afforded time to receive and digest *material information*.

As a general rule, you should consider *material information* to be non-public from the time that you become aware of it until at least one business day after it has been released by Newport to the public. Accordingly, you should not engage in any transactions in securities of the Company until the second business day after *material information* has been released to the public. If the information is complex or is not widely disseminated, the Trading Officer shall communicate in writing as to the appropriate length of time the restriction on trading will be extended.

The restrictions on trading set forth above apply not only to a person with undisclosed *material information* but also to the members of that person’s household. You are responsible for the compliance by such persons with these restrictions and should, if necessary, review this policy with them and the general prohibitions on insider trading.

The foregoing prohibition does not include the exercise of stock options granted under the Company’s stock option plan. However, the sale of the underlying securities is not permitted without the permission of the Trading Officer. Please note, however, that a ‘same day cashless exercise’ of stock options funded by a broker is considered a sale of securities for the purpose.

7. “BLACKOUT PROCEDURES”

In general, the period that commences on the second trading day after the public release of fiscal quarter or year-end results and which ends on the day which is 5 trading days prior to the end of the subsequent fiscal quarter shall be open for trading in Newport securities by insiders. Therefore it follows that persons or companies in a *special relationship* with Newport may not trade their securities in Newport during the period commencing 5 days prior to the release of fiscal quarter or year-end results and ending on the second trading day following the dissemination by Newport of such results.

The Company will post the dates of proposed releases of its interim and audited year-end financial statements by e-mail well in advance of the specific release dates.

Note that the Company must release its interim financial statements no later than 60 days following the end of each three monthly period and must release its audited annual financial statements no later than 120 days following the end of its financial year end.

At the present time, the Company's fiscal periods are as follows:

Q1 – 3 months ended October 31st

Q2 – 6 months ended January 31st

Q3 – 9 months ended April 30th

Audited Financial Statements

Q4 – 12 months ended July 31st

However, no one in a *special relationship* with the Company having access to inside information, or undisclosed *material information*, or deemed to be an insider, shall trade in Newport securities until all such material information has been properly disseminated to the public.

All persons or companies subject to this Blackout Policy shall also observe additional “blackout periods” due to material developments which may arise, as specified from time to time by the Trading Officer, as advised by the board of directors, during which times trading shall be prohibited. The length of the additional ‘blackout periods’ shall be specified by the Trading Officer and communicated to all persons.

The directors of Newport and the trading Officer shall take reasonable precautions to ensure that access to undisclosed *material information* is restricted to those employees, officers, directors and others who must have access to such information for the purpose of performing the duties expected of them by the Company.

8. RESPONSIBILITY

The policies and procedures set forth herein present only a general framework within which a person or company in a *special relationship* with the Company may purchase and sell securities of Newport without violating securities laws.

You bear the ultimate responsibility for complying with securities laws.

You should therefore view this policy and the attendant procedures as the minimum criteria for compliance with insider trading laws and should obtain additional guidance when uncertainty exists regarding a contemplated transaction.

9. SANCTIONS

Failure to comply with this policy or the procedures set out herein may result in the company taking appropriate disciplinary action, which may include termination of employment.

Canadian securities laws provide that breach of the prohibition against trading in securities with knowledge of undisclosed material information or providing undisclosed material information to others, in addition to civil liability for damages, may result in imprisonment for up to five years and/or a fine of up to the greater of: (i) \$5 million; and (ii) an amount equal to three times the profit obtained or loss avoided by reason of the contravention.

Penalties may also be levied by Canadian securities regulatory authorities for not complying with the requirements to file insider reports.

10. INSIDERS

Certain persons and companies who are in a *special relationship* with the Company are also considered *insiders* and, as such, have certain reporting obligations.

Insider trading is strictly regulated by Sections 57.2 and 136 of the *Securities Act* (British Columbia) and the regulations made thereunder. The securities laws of the other provinces also regulate insider trading in their respective jurisdictions.

“**Insider**” is defined in the *Securities Act* (British Columbia) to include:

- a) a director or an officer of an issuer,
- b) a director or an officer or a person that is itself an insider or a subsidiary of an issuer,
- c) a person that has
 - i. beneficial ownership of, or control or direction over, directly or indirectly, or
 - ii. a combination of beneficial ownership of, and control or direction over, directly or indirectly,

Securities of an issuer carrying more than 10% of the voting rights attached to all the issuer’s outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution,

- d) An issuer that has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security,
- e) A person designated as an insider in an order made under section 3.2, or
- f) A person that is in a prescribed class of persons

In addition to complying with the restrictions imposed on persons and companies in a *special relationship* with the Company, insiders are required to electronically file insider reports through the system for Electronic Disclosure by Insiders (“**SEDI**”). Such reports are due within 10 days of becoming an *insider* and thereafter within 5 days of the date of a trade. *Insiders* who are not likely to need to file insider trade reports in the immediate future are encouraged to register only a few days in advance of their first anticipated insider report filing.

Before an *insider* can file their insider reports on SEDI, they must register with CDS Inc. and file an insider report. *Insiders* can take these steps themselves or use an agent to register and file their insider reports for them. For more detailed information on how to register and file insider reports on SEDI, please see **Appendix A – SEDI Filing by Insiders**.

Failure to report on time will result in late fees being levied on the *insider* and may cause future regulatory filings to be reviewed or cleared on an untimely basis by securities regulators, thereby impairing the Company’s access to capital markets.

11. FURTHER INQUIRIES

Any inquiry as to the application of these policies should be directed to the Chief Financial Officer of the Company.

12. ACKNOWLEDGEMENT

Please complete the form of acknowledgement attached hereto as Appendix B and return same to the Chief Financial Officer of the Company.

APPENDIX A

SEDI FILING BY INSIDERS

All insiders of reporting issuers (other than mutual funds) who file disclosure through SEDAR ("SEDI Issuers") are required to file their insider reports through the System for Electronic Disclosure by Insiders ("SEDI"). SEDI is the insider trade reporting system available over the Internet at www.sedi.ca. Insiders of issuers not required to file through SEDAR will continue to file using the current paper format.

As an insider of SEDI Issuer, you need to:

- *register on SEDI*
- *File an insider profile*

And then on a continuous basis:

- *File insider reports within 5 days of any change in your ownership*
- *Amend your profile if there is a change in the information disclosed*

SEDI Registration

Before you can file your insider reports on SEDI, you must register with CDS Inc. You can take these steps yourself or use an agent to register and file your insider profile and insider reports for you. Insiders who are not likely to need to file insider trade reports in the immediate future are encouraged to register only a few days in advance of their first anticipated insider report filing.

In order to register, you (or your agent) need to:

- *Go to the SEDI website (www.sedi.ca) and click on 'Register as a SEDI User'*
- *Follow the screen instructions and complete Form 55-102F5 – Register as a SEDI user*
- *Print the completed form that is dated and time stamped, and sign it in the space provided*
- *Fax or send it to the SEDI operator, CDS Inc., at the address provided on Form 55-102F5 (fax: 1-866-729-8011)*

CDS will then process your registration and activate your SEDI user account.

In order for any of your filings to be valid, you must complete this registration process and have your account activated by CDS as a SEDI user.

Password and User ID

You will be issued a password and a SEDI user ID after you complete, certify and submit your SEDI user registration on the system. The password is tied to the SEDI user ID and allows you, as that user, to log on to SEDI.

Insider Profiles

Before filing any insider reports you (or your agent) must complete and file an insider profile identifying yourself as an insider and your relationship to one or more SEDI Issuers. If: (i) there is a change to your name; (ii) there is a change in your relationship to a SEDI issuer; or (iii) you cease to be an insider of any SEDI Issuers, amendments to such profile must be filed within 10 days. Any other change will not be required to be filed until your next SEDI filing. Once the profile is created the insider reports must be filed through SEDI.

Access Code

In order to provide insiders with the ability to control the information filed by others on their behalf, SEDI will issue each insider an access code upon filing of the insider profile. Any filing of information through SEDI on behalf of any insider or issuer will require the use of the access code in order to complete a valid filing. Insiders will have the ability to obtain a new access code at any time in order to retain ultimate control over filings made on their behalf.

Public Access

Except for certain confidential personal and other information, the public will be able to access: (i) insider profiles; (ii) summary reports of insider information consisting of insider profiles and insider reports; and (iii) information relating to SEDI issuers consisting of issuer profiles and supplements and issuer event reports, through the SEDI website.

Additional Information

The Canadian Securities Administrators Staff Notice **55-310** - Questions and Answers on the System for Electronic Disclosure by Insiders (SEDI) can be reviewed at http://www.csa-acvm.ca/pdfs/SEDI/CSA_55-310_Eng.pdf. For a complete listing of requirements, please consult National Instrument **55-102** System for Electronic Disclosure by Insiders ("NI 55-102"). A of NI 55-102, as well as other useful information regarding the use and operation of SEDI, can be reviewed at http://www.csa-acvm.ca/html_CSA/sedi_legislation.html. Additional information is posted on the SEDI website at www.sedi.ca.

APPENDIX B

ACKNOWLEDGEMENT

TO: (Attention: Chief Financial Officer)

RE: INSIDER TRADING/BLACKOUT POLICY DATED JUNE 15, 2011

The undersigned hereby acknowledges receipt from you of a copy of the above-referenced policy and confirms that the undersigned has read and is familiar with and agrees to be bound thereby.

DATED this ___ day of _____, 20__.

Name: