



# **NEWPORT**

## **EXPLORATION LTD.**

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

**APRIL 30, 2025**

These unaudited condensed interim financial statements of Newport Exploration Ltd. for the nine months ended April 30, 2025 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)

	April 30, 2025	July 31, 2024
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 791,408	\$ 814,660
Short-term investments	1,687,972	857,724
Receivables (Note 3)	694,131	801,580
Income tax receivable (Note 12)	60,698	129,186
Prepaid expenses	12,344	11,905
	3,246,553	2,615,055
<b>Equipment</b>	3,956	4,885
<b>Right-of-Use Asset</b> (Note 6)	10,501	57,499
<b>Exploration and evaluation asset</b> (Note 4)	1	1
<b>Total Assets</b>	\$ 3,261,011	\$ 2,677,440
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 16,351	\$ 40,812
Current portion of lease liability (Note 6)	11,312	61,093
<b>Total Liabilities</b>	27,663	101,905
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (Note 8(a))	47,906,989	47,906,989
Reserves (Note 8(c))	2,500,254	2,213,537
Deficit	(47,173,895)	(47,544,991)
<b>Total Shareholders' Equity</b>	3,233,348	2,575,535
<b>Total Liabilities and Shareholders' Equity</b>	\$ 3,261,011	\$ 2,677,440

**Nature of operations** (Note 1)

**Commitments** (Note 10)

**Dividends** (Note 14)

"Ian Rozier"	Director	"Barbara Dunfield"	Director
Ian Rozier		Barbara Dunfield	

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

**NEWPORT EXPLORATION LTD.****CONDENSED INTERIM STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME**

(Unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended April 30, 2025	Three Months Ended April 30, 2024	Nine Months Ended April 30, 2025	Nine Months Ended April 30, 2024
<b>EXPENSES</b>				
Administration fees	\$ 3,600	\$ 3,600	\$ 10,800	\$ 10,800
Amortization	387	422	929	1,267
Amortization of right-of-use asset	15,322	15,666	46,998	47,342
Consulting fees	143,175	143,175	429,525	429,525
Directors' fees	22,500	22,500	67,500	67,500
Property investigation	-	-	36,100	-
Exploration expense	500	500	500	500
Foreign exchange (gain) loss	16,758	(3,708)	15,017	(500)
Interest expense on lease liability	200	1,001	1,228	3,613
Management fees	97,800	97,800	293,400	293,400
Office and miscellaneous	19,858	16,484	63,418	63,775
Professional fees	21,240	18,240	72,474	73,073
Share-based payments	-	-	286,717	-
Shareholder communications	1,772	6,956	12,722	16,423
Transfer agent and filing fees	8,951	11,556	21,174	26,940
Travel and related costs	19,414	11,419	77,946	96,336
<b>Loss from operations</b>	<b>(371,477)</b>	<b>(345,611)</b>	<b>(1,436,448)</b>	<b>(1,129,994)</b>
<b>OTHER ITEMS</b>				
Interest income	21,767	21,770	66,217	71,246
Petroleum royalty (Note 5)	674,528	916,919	2,106,134	3,450,222
	696,295	938,689	2,172,351	3,521,468
<b>Net income before income taxes</b>	<b>324,818</b>	<b>593,078</b>	<b>735,903</b>	<b>2,391,474</b>
Income tax expense (Note 12)	(109,873)	(189,304)	(364,807)	(768,630)
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<b>\$ 214,945</b>	<b>\$ 403,774</b>	<b>\$ 371,096</b>	<b>\$ 1,622,844</b>
<b>Earnings per common share:</b>				
Basic	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01
Diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01
<b>Weighted average number of common shares outstanding:</b>				
Basic (Note 8 (a))	105,579,874	105,579,874	105,579,874	105,579,874
Diluted (Note 8 (a))	107,362,439	105,579,874	107,392,514	105,579,874

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

**NEWPORT EXPLORATION LTD.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED APRIL 30,**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	\$ 371,096	\$ 1,622,844
Items not affecting cash:		
Amortization	929	1,267
Amortization of right-of-use asset	46,998	47,342
Interest expense on lease liability	1,228	3,613
Interest income	(66,217)	(71,246)
Income tax expense	364,807	768,630
Foreign exchange	(215)	(6,165)
Share-based payments	286,717	-
Change in non-cash working capital items:		
Decrease in receivables	118,792	302,626
Increase in prepaid expenses	(439)	(8,874)
Decrease in accounts payable and accrued liabilities	(24,461)	(19,156)
Interest received	19,351	47,440
Income taxes paid	(290,829)	(749,497)
Net cash provided by operating activities	827,757	1,938,824
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Short-term investment (purchases) redemptions (net)	(800,000)	384,404
Net cash provided by (used in) investing activities	(800,000)	384,404
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(2,639,497)
Repayment of lease liability	(51,009)	(51,009)
Net cash used in financing activities	(51,009)	(2,690,506)
<b>Decrease in cash and equivalents during the period</b>	<b>(23,252)</b>	<b>(367,278)</b>
<b>Cash and equivalents, beginning of period</b>	<b>814,660</b>	<b>1,258,639</b>
<b>Cash and equivalents, end of period</b>	<b>\$ 791,408</b>	<b>\$ 891,361</b>

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

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

	<b>Capital Stock</b>						
	<b>Number</b>	<b>Amount</b>					<b>Total</b>
<b>Balance at July 31, 2023</b>	105,579,874	\$ 47,906,989	\$ 2,213,537	\$ (46,300,234)	\$		3,820,292
Dividend distribution	-	-	-	(3,167,397)			(3,167,397)
Net income for the period	-	-	-	2,042,236			2,042,236
<b>Balance at April 30, 2024</b>	105,579,874	\$ 47,906,989	\$ 2,213,537	\$ (45,785,040)	\$		4,335,486
<b>Balance at July 31, 2024</b>	105,579,874	\$ 47,906,989	\$ 2,213,537	\$ (47,544,991)	\$		2,575,535
Share-based payments	-	-	286,717	-			286,717
Net income for the period	-	-	-	371,096			371,096
<b>Balance at April 30, 2025</b>	105,579,874	\$ 47,906,989	\$ 2,500,254	\$ (47,173,895)	\$		3,233,348

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

**NEWPORT EXPLORATION LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
(Unaudited)  
(Expressed in Canadian Dollars)  
APRIL 30, 2025

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**1. NATURE OF OPERATIONS**

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 asset. Based on the information available to date, the Company has not determined whether its exploration and evaluation asset contains ore reserves. Recoverability of the carrying amount of the exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The Company, receives royalty payments related to a retained interest in certain petroleum licenses in Australia (Note 5). 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 payments from its 2.5% gross overriding petroleum royalty. The receipt of royalty payments are not indicative of additional near-term income or any future income as the Company has no information to support or validate the expectation of future receipt. Any future royalty receipt is treated as fortuitous.

The Company’s head office and principal address is 202 – 2168 Marine Drive, West Vancouver, British Columbia, Canada, V7V 1K3. The Company’s registered and records office is 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has financed its operations primarily through issuance of common shares and from the receipt of royalty payments. The Company currently has cash and short term investments totalling \$2,479,380 and net working capital of \$3,218,890 which the Company believes is sufficient to fund its current business plans in the foreseeable future. In the longer term, additional equity or debt financing may be necessary to fund exploration and general and administrative activities or mine development or if royalty payments are not sufficient to fund such activities.

**2. STATEMENT OF COMPLIANCE**

These unaudited condensed interim financial statements were authorized for issue on June 20, 2025 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, 2024.

**NEWPORT EXPLORATION LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**3. RECEIVABLES**

Trade and other receivables are comprised of the following:

	April 30, 2025	July 31, 2024
GST receivable	\$ 8,286	\$ 7,767
Petroleum royalty (Note 5)	665,334	790,243
Other	20,511	3,570
Total	\$ 694,131	\$ 801,580

Information about the Company's exposure to credit risk and market risk for the Petroleum Royalty is included in Note 13.

**4. EXPLORATION AND EVALUATION ASSET**

The Company has a 100% interest in Chu Chua, a sulphide deposit located north of Kamloops, British Columbia. There are two separate 1% net smelter returns on Chu Chua to underlying parties. During the year ended July 31, 2022, the Company incurred exploration expenses of \$13,841 to complete the NI43-101 report, and to maintain the Chu Chua claims. During the year ended July 31, 2024, the Company incurred \$500 for claim maintenance.

**5. PETROLEUM ROYALTY**

Under the terms of an agreement for 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 ("GOR") interest on any hydrocarbons discovered on certain petroleum exploration licences in Australia. During the nine months ended April 30, 2025, the Company earned \$2,106,134 (2024 - \$3,450,222) of petroleum royalty income, of which \$665,334 (July 31, 2024 - \$790,243) is included in receivables as at April 30, 2025. Subsequent to April 30, 2025, the Company received AUD\$527,564 which represents the royalty receivable net of a 30% withholding tax of AUD\$226,099. 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.

In 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% of its royalty payment withheld at source by Beach Energy Ltd ("Beach") and Santos Ltd ("Santos"), which Beach and Santos are required to remit to the ATO. The Company files annual tax returns in Australia.



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**6. RIGHT-OF-USE ASSET AND LEASE LIABILITY**

The Company has an office lease for its head office in West Vancouver, BC, with a lease term to June 30, 2025. The right-of-use asset and corresponding lease liability were initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 5.0%.

The continuity of the right-of-use asset for the year ended July 31, 2024 and nine months ended April 30, 2025 is as follows:

	Right-of-Use Asset
July 31, 2023	\$ 120,508
Amortization	(63,009)
July 31, 2024	57,499
Amortization	(46,998)
April 30, 2025	\$ 10,501

The continuity of the lease liability for the year ended July 31, 2024 and nine months ended April 30, 2025 is as follows:

	Lease Liability
July 31, 2023	\$ 124,686
Lease payments	(68,012)
Accretion expense	4,419
July 31, 2024	61,093
Lease payments	(51,009)
Accretion expense	1,228
April 30, 2025	\$ 11,312

Future minimum lease payments are as follows:

	April 30, 2025
Less than 1 year	\$ 11,312
	\$ 11,312

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**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	April 30, 2025	July 31, 2024
Trade payables	\$ 701	\$ 5,812
Due to related parties (Note 9)	15,000	15,000
Accrued liabilities	650	20,000
<b>Total</b>	<b>\$ 16,351</b>	<b>\$ 40,812</b>

The Company's exposure to liquidity risk is included in Note 13.

**8. CAPITAL STOCK AND RESERVES**

a) Authorized share capital and earnings per share

As at April 30, 2025, 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:

	April 30, 2025	April 30, 2024
Weighted average number of common shares - basic	105,579,874	105,579,874
Effect of outstanding stock options	1,812,640	-
<b>Weighted average number of common shares - diluted</b>	<b>107,392,514</b>	<b>105,579,874</b>

Only the "in-the-money" dilutive instruments impact the calculation of dilutive income per common share.

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 10% (10,557,987) of the issued and outstanding 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 permitted by the securities regulatory authorities. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

Details of options outstanding as at April 30, 2025 are as follows:

Number of Options	Exercise Price	Expiry Date
9,800,000	\$0.08	December 30, 2029

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**APRIL 30, 2025**

**8. CAPITAL STOCK AND RESERVES (cont'd)**

b) Stock options (cont'd)

There were no stock option transactions during the year ended July 31, 2024. During the nine months ended April 30, 2025, 8,675,000 stock options with an exercise price of \$0.40 per share expired unexercised, and 9,800,000 stock options with an exercise price of \$0.08 per share and an expiration date of December 30, 2029 were granted. All options vested 100% on grant date.

c) Share-based payments

During the nine months ended April 30, 2025, the Company granted 9,800,000 (2024 – Nil) stock options to directors, officers and consultants of the Company, with a grant date fair value of \$0.08 (2024 - \$Nil) per option resulting in share-based payments expense of \$286,717 (2024 - \$Nil), using the Black-Scholes option pricing model.

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 year:

	2025	2024
Risk-free interest rate	2.96%	-
Expected life of options	5 years	-
Annualized volatility	42.3%	-
Dividend rate	0%	-
Forfeiture rate	0%	-

d) Warrants

There are no warrant transactions during the year ended July 31, 2024 and the nine months ended April 30, 2025.

**9. RELATED PARTY TRANSACTIONS**

The aggregate value of transactions with key management personnel, consisting of the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and members of the Board of Directors, for compensation are as follows:

	April 30, 2025	April 30, 2024
Management fees	\$ 293,400	\$ 293,400
Consulting fees	429,535	429,535
Directors fees	67,500	67,500

In addition, during the nine months ended April 30, 2025, company with a director in common reimbursed rent expense of \$9,000 (2024 - \$9,000) to the Company

As at April 30, 2025, accounts payable and accrued liabilities included \$15,000 (July 31, 2024 - \$15,000) owing to directors of the Company.

**10. COMMITMENTS**

The Company has a management contract with Ian Rozier, a director and CEO of the Company, and a consulting contract with a company controlled by Barbara Dunfield, a director and CFO of the Company. The Company pays the CEO \$47,725 per month and the CFO \$32,600 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 parties is without cause, the Company will be obligated to pay 36 months of service fees to either or both parties.

**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 TAXES**

The Company's 2.5% GOR received from Beach, (net of applicable expenses) is subject to withholding tax in Australia, and Australian income taxes are filed annually. Newport's Australian income tax receivable is a result of the Company incurring eligible deductible expenses for Australian income tax purposes, which offsets the payable. The Company had a net Australian income tax receivable at April 30, 2025 of \$60,698 which consists of accrued withholding taxes on its Royalty receivable at April 30, 2025 of \$199,600 (July 31, 2024 - \$237,073) and accrued Australian income tax receivable of \$260,298 (Jul 31, 2024 - \$366,259). The Company's July 31, 2024 Australian income tax receivable of \$366,259 was received during the nine months ended April 30, 2025.

**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 values of cash and cash equivalents, receivables (with the exception of GST receivable), and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. As at April 30, 2025, the fair value of short-term investments was \$1,687,972 (July 31, 2024 - \$857,724), a level 1 fair value measurement.

**Financial risk factors**

The Company's Board of Directors has the overall responsibility for the established method and oversight of the Company's risk management framework.

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:

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

**Financial risk factors (cont'd)**

*Credit risk*

Credit risk is the risk of financial loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, short-term investments and receivables, the carrying value totalling \$3,173,511, represents the Company's maximum exposure to credit risk. Management believes that the credit risk concentration with respect to financial instruments is remote because cash and cash 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 April 30, 2025, the Company had a cash and equivalents balance of \$791,408 (July 31, 2024 - \$814,660), with expected cash inflows from trade receivables maturing within two months of \$694,131 (July 31, 2024 - \$801,580) and short-term investments maturing within twelve months of \$1,687,972 (July 31, 2024 - \$857,724) to settle expected cash outflows from current liabilities of \$27,663 (July 31, 2024 - \$101,905).

*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 and short-term investments. 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 on net income and comprehensive income of a 1% change in interest rates is approximately \$12,300.

b) Foreign currency risk

The Company is exposed to foreign currency risk with respect to its Royalty payment, and its net income tax payable which are denominated in Australian dollars. The net effect on net income and comprehensive income of a 1% change in exchange rates between the Australian dollar and Canadian dollar foreign exchange is approximately \$5,400. The Company does not currently hedge exchange risk.

c) Commodity risk

The Company is exposed to fluctuations in commodity price with respect to its Royalty on its GOR licenses in Australia. The effect on net income and comprehensive income of a 1% change in oil price is approximately \$500.

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APRIL 30, 2025

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

**Financial risk factors (cont'd)**

**Capital management**

The Company's objectives when managing capital is 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 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 from the prior year.

**14. DIVIDENDS**

Announced	Record Date	Per Share	Payment Date	Distribution
8/10/23	8/25/23	\$ 0.01	9/12/23	\$1,055,799
11/10/23	11/25/23	\$ 0.01	12/11/23	\$1,055,799
2/12/24	2/26/24	\$0.005	3/12/24	\$ 527,899
5/10/24	5/27/24	\$0.005	6/11/24	\$ 527,900