

Form 51-102F3
Material Change Report

Item 1. Name and Address of Company

Newport Exploration Ltd.
#202 – 2168 Marine Drive
West Vancouver, BC V7V 1K3

Item 2. Date of Material Change

November 12, 2020

Item 3. News Release

A News Release dated November 12, 2020 was filed with the TSX Venture Exchange and the British Columbia, Alberta, and Saskatchewan Security Commissions via SEDAR and disseminated through the CNW Group.

Item 4. Summary of Material Change

Newport Exploration Ltd. announced the Board of Directors declared a quarterly cash dividend of \$0.03 per share payable to the Company's shareholders of record as at the close of business on November 26, 2020.

Item 5.1 Full Description of Material Change

See attached News Release.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

If this report is being filed on a confidential basis in reliance on subsection 7.2 (2) or (3) of National Instrument 51-102, state the reasons for such reliance.

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

Barbara Dunfield, Chief Financial Officer & Director
Telephone: (604) 685-6851

DATED at Vancouver, British Columbia, the 12th day of November 2020.

NEW RELEASE

Trading Symbol: NWX (TSX-V)

NEWPORT ANNOUNCES TRIPLING OF FOURTH QUARTERLY CASH DIVIDEND

Vancouver, Canada. November 12, 2020. Newport Exploration Ltd ("Newport" or "the Company") is pleased to announce its fourth quarterly cash dividend ("the Dividend") in 2020 of \$0.03 per share to its shareholders of record at the close of business on November 26, 2020. The Dividend payment date is December 11, 2020.

The Dividend, fully approved by the Board of Directors, is not subject to any changes and has been designated as an "eligible dividend" for Canadian income tax purposes.

Increased Dividend

As discussed in a Company News Release dated August 12, 2020, the move from an annual dividend to a quarterly dividend in 2020 has proved to be the right decision as it has provided the Company with the flexibility to maintain its financial position during a very difficult period. In a sector where many companies are bowing to the inevitable toll of low oil prices and are choosing to cut or eliminate dividends, Newport is keeping its pledge to return cash to its shareholders in the form of a regular dividend. Furthermore, the Company's strong balance sheet ensures that it has the ability to not only maintain regular \$0.01 per share quarterly dividend payments, but to increase the fourth quarterly dividend for 2020 to \$0.03 per share. This is being done for the benefit of all shareholders and without taking on any debt or undertaking equity financing.

Newport's Dividend Performance Since 2015

The following summarizes the Company's dividend performance since 2015;

During the Financial Year ended July 31, 2015, the Company paid a dividend of \$0.10/share. The average share price for the year was \$0.39, which resulted in an Annual Yield of 26%. Earnings per Share ("EPS") for the year was \$0.03, for an Annual Return of 333%.

During the Financial Year ended July 31, 2016, the Company paid a dividend of \$0.10/share. The average share price for the year was \$0.26, which resulted in an Annual Yield of 39%. EPS for the year was \$0.02, for an Annual Return of 500%.

During the Financial Year ended July 31, 2017, the Company paid a dividend of \$0.05/share. The average share price for the year was \$0.27, which resulted in an Annual Yield of 19%. EPS for the year was \$0.03, for an Annual Return of 167%.

In September 2018 the Company declared a dividend of \$0.05/share which was paid during the Financial Year ended July 31, 2019. The average share price for the Financial Year was \$0.29, which resulted in an Annual Yield of 17%. EPS for the year was \$0.06, for an Annual Return of 83%.

In September 2019 the Company declared a dividend of \$0.06/share, with two further dividends of \$0.01/share declared earlier in 2020, for a total of \$0.08/share paid during the Financial Year ended July 31, 2020. The average share price for the Financial Year was \$0.35, which resulted in a Yield of 23%. EPS for the year was \$0.06 for an Annual Return of 133%.

The \$0.01/share dividend paid in September 2020 and the \$0.03/share dividend to be paid in December 2020 will be recorded in the Financial Year ended July 31, 2021, along with further dividends to be paid in early 2021.

Newport's dividend payout ratio, being the cash dividends per share of common stock divided by the earnings per share of common stock, compares favorably with that of other yield stocks, particularly those in the energy sector.

Investors are cautioned that historical results are no guarantee of future performance.

Management Strategy

Management believes that stability, profitability, and paying shareholder dividends has been a responsible corporate strategy and recognizes that the Company's ability to pay over the long term is very important to existing shareholders and potential investors. The proposed dividend strategy has enabled the Company to retain a margin of safety to maintain dividend distributions despite the sector downturn in 2020.

Management has received overwhelming support throughout 2020 from shareholders for its dividend policy, and many shareholders have expressed the sentiment that paying out a regular dividend at this time is a priority. The decision to increase the fourth quarterly dividend to shareholders at this time is preferred by Management and the Board of Directors rather than risking the Company's treasury by incurring acquisition/exploration risk, or to the more controversial practice of conducting a share 'buy-back'.

The Company has an advantageous business model with a 2.5% Gross Overriding Royalty ("GOR") over permits in the Cooper Basin, Australia, with strong technical fundamentals and with excellent operators in Beach Energy ("Beach") and Santos Ltd ("Santos"). The Company already has built in exposure to significant potential growth at zero risk to shareholders as there is no time limit or expiry date on the GOR assets, and no cost to the Company to retain them.

Management continues to evaluate opportunities that arise and are confident that if necessary, funds could be raised through equity financing, and most importantly for shareholders, without affecting the current dividend policy.

Guidance

After Saudi Arabia and Russia waged a short but brutal oil price war in early 2020 that resulted in the biggest oil price drop on record, the COVID-19 pandemic also provoked the collapse in global oil demand. Global investment in future supply has also collapsed and returns for many producers have fallen below the cost of capital. This has resulted in several producers shutting in wells, delaying projects, slashing investment in exploration and development, as well as cutting or eliminating dividends.

Meanwhile, as reported in a Company News Release dated October 26, 2020, Beach continue to achieve extraordinary exploration success (particularly in oil fields on ex-PEL 91), and have maintained very low production costs. In doing so, Beach has achieved both reserve replacement and positive cash flow. Also, Beach's exploration success, reported oil reserves, and low production costs have allowed it to limit

spending without threatening future output from licenses in the Cooper Basin, over which the Company has its GOR. Accordingly, Management is confident that shareholders of the Company should continue to be rewarded with dividend continuity. Beach's confidence in the Cooper Basin is illustrated by their proposed acquisition of the Cooper Basin assets of Senex Energy for AUD\$87.5M (Beach News Release dated November 3, 2020).

As stated previously by the Company (News Release dated July 22, 2020), it is material information for shareholders of Newport that Beach report that revenues from their gas sales cover their group operating and stay-in-business costs and that their reported break-even oil price is less than US\$0.00/bbl. As reported in the same Company News Release and by Beach in its Quarterly Report released on October 23, 2020, their crude sells at a material premium to Brent.

Newport has no control over operating decisions by Beach. Accordingly, this prevents the Company from commenting on Beach's current financial status and/or operating plans going forward. The Company recommends that shareholders and potential investors access material information relevant to the Company as released independently by Beach and Santos in order to keep current during exploration, development and potential production of all the licences subject to the Company's GOR.

The Company receives its GOR from Beach which is not a reporting issuer in Canada, therefore Newport is not able to confirm if the disclosure satisfies the requirements of NI 51-101 - Standards of Disclosure for Oil and Gas Activities, or other requirements of Canadian securities legislation.

About Newport

Newport holds a 2.5% GOR on several oil and gas licences and permits in the Cooper Basin in Australia. These permits are currently being operated and explored by Beach and Santos, both major Australian oil and gas producers.

The Company currently has 105,579,874 common shares issued and outstanding and \$6.9 million in the Treasury (comprised of cash, cash equivalents and short-term investments), and no debt. The Company expects to receive the next royalty payment from Beach prior to the payment of the fourth quarterly dividend to shareholders on December 11, 2020.

For further information contact;

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Cautionary Statement on Forward-Looking Information

This news release is intended to provide readers with a reasonable basis for assessing the future performance of the Company. The words "believe", "should", "could", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. Forward-looking statements may pertain to assumptions regarding the price of oil and fluctuations in currency markets (specifically the Australian dollar) and future dividend payments. Forward-looking statements are based upon a number of estimates and assumptions that, which are considered reasonable by the Company, are inherently subject to business, economic and competitive uncertainties and contingencies. Factors include, but are not limited to, the risk of fluctuations in the assumed prices of oil, the risk of changes in government legislation including the risk of obtaining necessary licences and permits, taxation, controls, regulations and political or economic developments in Canada, Australia or other countries in which the Company carries or may carry on business in the future, risks associated with developmental activities, the speculative nature of exploration and development, and assumed quantities or grades of reserves. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements.

The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

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