



British Columbia Securities Commission

**QUARTERLY AND YEAR END REPORT**  
 BC FORM 51-901F  
 (previously Form 61)

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<b>ISSUER DETAILS</b>		FOR QUARTER ENDED			DATE OF REPORT		
NAME OF ISSUER					Y M D		
PORTRUSH PETROLEUM CORPORATION (formerly Texas Gulf Petroleum Corporation)		00	12	31	01	04	11
ISSUER ADDRESS							
700 – 595 HOWE STREET							
CITY/		PROVINCE		POSTAL CODE		ISSUER FAX NO.	ISSUER TELEPHONE NO.
VANCOUVER		BC		V6C 2T5		604-687-5960	604-724-9524
CONTACT PERSON				CONTACT'S POSITION			CONTACT TELEPHONE NO.
NEAL IVERSON				DIRECTOR			604-724-9524
CONTACT EMAIL ADDRESS				WEB SITE ADDRESS			

**CERTIFICATE**

*The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.*

DIRECTOR'S SIGNATURE		PRINT FULL NAME		DATE SIGNED		
"NEAL IVERSON"		NEAL IVERSON		Y M D		
				01	05	09
DIRECTOR'S SIGNATURE		PRINT FULL NAME		DATE SIGNED		
"MARTIN P. COTTER"		MARTIN P. COTTER		Y M D		
				01	05	09

**PORTRUSH PETROLEUM CORPORATION**  
**(formerly Texas Gulf Petroleum Corporation)**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian dollars)**

**DECEMBER 31, 2000**

## AUDITORS' REPORT

To the Shareholders of  
Portrush Petroleum Corporation  
(formerly Texas Gulf Petroleum Corporation)

We have audited the consolidated balance sheets of Portrush Petroleum Corporation (formerly Texas Gulf Petroleum Corporation) as at December 31, 2000 and 1999 and the consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2000, 1999 and 1998. These financial statements, expressed in Canadian dollars, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian and United States generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations, changes in its stockholders' equity and its cash flows for the years ended December 31, 2000, 1999 and 1998 in accordance with Canadian generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis.

**"DAVIDSON & COMPANY"**

Vancouver, Canada

Chartered Accountants

April 11, 2001

## COMMENTS BY AUDITORS FOR U.S. READERS ON CANADA - U.S. REPORTING DIFFERENCES

In the United States, reporting standards require the addition of an explanatory paragraph following the opinion paragraph when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in Note 1 to the financial statements. Our report to the shareholders, dated April 11, 2001 is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditors' report when these are adequately disclosed in the financial statements.

**"DAVIDSON & COMPANY"**

Vancouver, Canada

Chartered Accountants

April 11, 2001

A Member of *SC INTERNATIONAL*

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**PORTRUSH PETROLEUM CORPORATION**  
(formerly Texas Gulf Petroleum Corporation)  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in Canadian dollars)  
AS AT DECEMBER 31

	2000	1999
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 173,303	\$ 535
Receivables	<u>7,182</u>	<u>165</u>
	180,485	700
<b>Oil and gas properties</b> (Note 3)	<u>1,123,052</u>	<u>-</u>
	<u>\$ 1,303,537</u>	<u>\$ 700</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	<u>\$ 84,116</u>	<u>\$ 111,862</u>
<b>Stockholders' equity</b>		
Capital stock (Note 4)		
Authorized		
100,000,000 common shares without par value		
Issued		
9,539,778 common shares (1999 – 14,740,076)	8,002,984	6,487,713
Deficit	<u>(6,783,563)</u>	<u>(6,598,875)</u>
	<u>1,219,421</u>	<u>(111,162)</u>
	<u>\$ 1,303,537</u>	<u>\$ 700</u>

**Nature and continuance of operations** (Note 1)

**Contingency** (Note 7)

**Subsequent events** (Note 9)

**On behalf of the Board:**

\_\_\_\_\_  
"Neal Iverson" Director                      "Martin P. Cotter" Director

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

**PORTRUSH PETROLEUM CORPORATION**  
(formerly Texas Gulf Petroleum Corporation)  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Expressed in Canadian dollars)  
**YEAR ENDED DECEMBER 31**

	2000	1999	1998
<b>EXPENSES</b>			
Amortization	\$ -	\$ -	\$ 2,718
Consulting and administration fees	26,000	-	-
Management fees	26,000	50,000	28,000
Office and miscellaneous	5,899	674	13,836
Professional fees	85,774	8,042	34,536
Rent	-	-	7,500
Secretarial services	-	-	11,000
Transfer agent and regulatory fees	22,710	6,411	11,167
Travel and promotion	<u>20,871</u>	<u>-</u>	<u>13,546</u>
	(187,254)	(65,127)	(122,303)
<b>Interest income</b>	2,566	-	-
<b>Write-off of capital assets</b>	<u>-</u>	<u>-</u>	<u>(10,450)</u>
<b>Loss for the year</b>	<u>\$ (184,688)</u>	<u>\$ (65,127)</u>	<u>\$ (132,753)</u>
<b>Loss per share</b>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>	<u>\$ (0.05)</u>

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

**PORTRUSH PETROLEUM CORPORATION**  
(formerly Texas Gulf Petroleum Corporation)  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)  
**YEAR ENDED DECEMBER 31**

	2000	1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the year	\$ (184,688)	\$ (65,127)	\$ (132,753)
Items not affecting cash			
Amortization	-	-	2,718
Write-off of capital assets	-	-	10,450
Changes in non-cash working capital items			
(Increase) decrease in receivables	(7,017)	748	3,058
Increase (decrease) in accounts payable and accrued liabilities	<u>(27,746)</u>	<u>60,413</u>	<u>36,804</u>
Cash used in operating activities	<u>(219,451)</u>	<u>(3,966)</u>	<u>(79,723)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from issuance of capital stock	<u>1,515,271</u>	<u>-</u>	<u>-</u>
Cash provided by financing activities	<u>1,515,271</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Exploration advances	-	-	9,011
Oil and gas property expenditures	<u>(1,123,052)</u>	<u>-</u>	<u>-</u>
Cash provided by (used in) investing activities	<u>(1,123,052)</u>	<u>-</u>	<u>9,011</u>
<b>Change in cash position during year</b>	172,768	(3,966)	(70,712)
<b>Cash position, beginning of year</b>	<u>535</u>	<u>4,501</u>	<u>75,213</u>
<b>Cash position, end of year</b>	<u>\$ 173,303</u>	<u>\$ 535</u>	<u>\$ 4,501</u>

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

**PORTRUSH PETROLEUM CORPORATION**  
(formerly Texas Gulf Petroleum Corporation)  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Expressed in Canadian dollars)

	Number of Shares	Amount	Contributed Surplus	Deficit	Total
Balance, December 31, 1997	12,826,269	\$ 6,480,645	\$ 7,068	\$ (6,400,995)	\$ 86,718
Transfer of contributed surplus	-	7,068	(7,068)	-	-
For subscriptions received in prior year - private placement	1,913,807	-	-	-	-
Loss for the year	-	-	-	(132,753)	(132,753)
Balance, December 31, 1998	14,740,076	6,487,713	-	(6,533,748)	(46,035)
Loss for the year	-	-	-	(65,127)	(65,127)
Balance, December 31, 1999	14,740,076	6,487,713	-	(6,598,875)	(111,162)
Share consolidation (5:1)	(11,792,061)	-	-	-	-
For cash – special warrants	2,541,663	305,000	-	-	305,000
For cash - private placements	4,050,100	1,417,535	-	-	1,417,535
Subscriptions received in advance	-	7,500	-	-	7,500
Share issue costs	-	(214,764)	-	-	(214,764)
Loss for the year	-	-	-	(184,688)	(184,688)
Balance, December 31, 2000	9,539,778	\$ 8,002,984	\$ -	\$ (6,783,563)	\$ 1,219,421

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

**PORTRUSH PETROLEUM CORPORATION**  
(formerly Texas Gulf Petroleum Corporation)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars)  
DECEMBER 31, 2000

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

The Company is incorporated under the laws of British Columbia and its principal business activity is the acquiring and developing of oil and gas properties. During the current year, the Company consolidated its share capital on a 5:1 basis and changed its name from Texas Gulf Petroleum Corporation to Portrush Petroleum Corporation.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

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	2000	1999	1998
Deficit	\$ (6,783,563)	\$ (6,598,875)	\$ (6,533,748)
Working capital (deficiency)	96,369	(111,162)	(46,035)

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Generally accepted accounting principles**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Information with respect to differences between generally accepted accounting principles of Canada and the United States is provided in Note 10.

**Principles of consolidation**

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, Texas Dome Petroleum Corporation, a company incorporated in the United States.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

**Financial instruments**

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

**PORTRUSH PETROLEUM CORPORATION**  
(formerly Texas Gulf Petroleum Corporation)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars)  
DECEMBER 31, 2000

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Oil and gas properties**

The Company follows the full cost method of accounting for oil and natural gas operations, whereby all costs of exploring for and developing oil and natural gas reserves are capitalized and accumulated in cost centres on a country-by-country basis. Costs include land acquisition costs, geological and geophysical charges, carrying charges on non-productive properties and costs of drilling both productive and non-productive wells. General and administrative costs are not capitalized other than to the extent of the Company's working interest in operated capital expenditure programs on which operator's fees have been charged equivalent to standard industry operating agreements.

The costs in each cost centre, including the costs of well equipment, are depleted and depreciated using the unit-of-production method based on the estimated proved reserves before royalties. Natural gas reserves and production are converted to equivalent barrels of crude oil based on relative energy content. The costs of acquiring and evaluating significant unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion.

The capitalized costs less accumulated depletion and depreciation in each cost centre are limited to an amount equal to the estimated future net revenue from proved reserves (based on prices and costs at the balance sheet date) plus the cost (net of impairments) of unproved properties. The total capitalized costs less accumulated depletion and depreciation, site restoration provision and future income taxes of all cost centres is further limited to an amount equal to the future net revenue from proved reserves plus the cost (net of impairments) of unproved properties of all cost centres less estimated future site restoration costs, general and administrative expenses, financing costs and income taxes.

Proceeds from the sale of oil and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would significantly alter the rate of depletion and depreciation.

Estimated future site restoration and abandonment costs, net of expected recoveries, are provided over the life of the proved reserves using the unit-of-production method. Costs are estimated each year by management based on current regulations, costs, technology and industry standards.

Certain of the Company's exploration and production activities are conducted jointly with others and, accordingly, the accounts reflect only the Company's proportionate interest in such activities.

**Values**

The amounts shown for oil and natural gas properties represent costs incurred to date and are not intended to reflect present or future values.

**Stock-based compensation**

The Company grants stock options as described in Note 5. No compensation expense is recognized when stock options are granted. Any consideration paid on exercise of stock options is credited to capital stock.

**PORTRUSH PETROLEUM CORPORATION**  
(formerly Texas Gulf Petroleum Corporation)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
DECEMBER 31, 2000

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Income taxes**

During the current year, the Company retroactively adopted the asset/liability method of accounting for income taxes, following new standards adopted by the Canadian Institute of Chartered Accountants. The adoption of the new standards resulted in no adjustments to opening deficit. Under the new standards, future income tax assets and liabilities are determined based on the differences between the tax basis of assets and liabilities and those reported in the financial statements. The future tax assets or liabilities are calculated using the tax rates for the periods in which the differences are expected to be settled. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

**Loss per share**

Loss per share is calculated over the weighted-average number of shares outstanding during the year.

**3. OIL AND GAS PROPERTIES**

The Company entered into agreements to acquire interests in various oil and gas properties as follows:

	2000	1999
<b>Lambton/Kent prospects, Ontario, Canada</b>		
An option to earn a 50% interest. To earn its interest, the Company is required to incur exploration and development expenditures totalling \$2,000,000. Some of the prospects are subject to a 12.5% freehold royalty.	\$ 508,014	\$ -
<b>Black Creek prospects, Ontario, Canada</b>		
A 25% interest by paying equalization costs of \$50,000.	50,000	-
<b>Cranberry-Botha prospects, Alberta, Canada</b>		
An option to acquire working interests in certain prospects ranging from 16.67% to 20.83%.	30,000	-
<b>Cottrellville/Lenox prospects, Michigan, U.S.A.</b>		
A 25% interest by paying equalization costs of \$300,000.	435,038	-
<b>Northern Michigan prospects, Michigan, U.S.A.</b>		
An option to acquire a 25% working interest.	100,000	-
	<u>\$ 1,123,052</u>	<u>\$ -</u>

**PORTRUSH PETROLEUM CORPORATION**  
(formerly Texas Gulf Petroleum Corporation)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
DECEMBER 31, 2000

**3. OIL AND GAS PROPERTIES** (cont'd...)

Expenditures on oil and gas prospects were incurred as follows:

	Ontario	Alberta	Michigan	Total
Equalization	\$ 50,000	\$ -	\$ 300,000	\$ 350,000
Mobilization and start-up	-	-	100,000	100,000
2-D seismic survey	72,832	-	-	72,832
3-D seismic survey	237,000	-	-	237,000
Drilling	105,500	-	166,220	271,720
Completion	61,500	-	-	61,500
Geological consulting	-	30,000	-	30,000
Total deferred costs for the year	526,832	30,000	566,220	1,123,052
Balance, beginning of year	-	-	-	-
Balance, end of year	\$ 526,832	\$ 30,000	\$ 566,220	\$ 1,123,052

**4. CAPITAL STOCK**

Included in issued capital stock are 103,125 escrowed common shares that may not be transferred, assigned or otherwise dealt with, without the consent of the regulatory authorities.

**5. STOCK OPTIONS AND WARRANTS**

The Company, in accordance with the policies of the Canadian Venture Exchange, is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding capital stock. The exercise price of each option equals the average market price of the Company's stock as calculated over the ten trading days preceding the date of grant. The options can be granted for a maximum term of 5 years.

The following incentive stock options and share purchase warrants were outstanding at December 31, 2000:

	Number of Shares	Exercise Price	Expiry Date
<b>Options</b>	290,000	\$ 0.35	May 22, 2002
	500,000	0.35	September 8, 2002
<b>Warrants</b>	2,541,667	0.12	January 20, 2001
		if not exercised, then at 0.14	January 20, 2002
	3,000,000	0.40	August 4, 2002

The 500,000 options were conditionally granted and became effective subsequent to year end.

**PORTRUSH PETROLEUM CORPORATION**  
(formerly Texas Gulf Petroleum Corporation)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
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**5. STOCK OPTIONS AND WARRANTS (cont'd...)**

Agent's warrants, issued pursuant to private placements, enabling the agent to acquire up to 450,000 units of the Company at \$0.40 per unit, are outstanding at December 31, 2000. Each unit will consist of one common share and one share purchase warrant enabling the holder to acquire one additional common share at \$0.40 for two years.

**6. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$26,000 (1999 - \$50,000; 1998 - \$Nil) to directors.
- b) Paid or accrued geological consulting fees of \$10,000 (1999 - \$Nil; 1998 - \$Nil) to a director.
- c) Paid or accrued rent of \$Nil (1999 - \$Nil; 1998 - \$7,500) to a former director and a company controlled by a former director.
- d) Paid or accrued management fees of \$Nil (1999 - \$Nil; 1998 - \$28,000) to a company controlled by a former director.
- e) Paid or accrued secretarial services of \$Nil (1999 - \$Nil; 1998 - \$11,000) to the spouse of a former director.

**7. CONTINGENCY**

A former director commenced an action against the Company on November 5, 1995 in the Supreme Court of British Columbia. The Plaintiff claims unspecified general damages, punitive damages, costs and interest pursuant to the Court Order Interest Act. The Company believes that the claim is without merit and will vigorously defend it.

**8. INCOME TAXES**

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	2000	1999	1998
Loss before income taxes	\$ (184,688)	\$ (65,127)	\$ (132,753)
Current income taxes (recovery) at statutory rate of 45.62% (1999 – 45.62%; 1998 – 45.62%)	\$ (84,255)	\$ (29,711)	\$ (60,562)
Unrecognized benefits of non-capital losses	84,255	29,711	60,562
Total current income taxes (recovery)	\$ -	\$ -	\$ -

**PORTRUSH PETROLEUM CORPORATION**  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
DECEMBER 31, 2000

**8. INCOME TAXES (cont'd...)**

The tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

	2000	1999
Future income tax assets (liabilities):		
Oil and gas properties – costs related to flow-through shares	\$ (79,356)	\$ -
Mineral property and related exploration expenditures	199,057	199,057
Operating losses available for future periods	2,463,480	2,554,720
Capital losses available	<u>452,822</u>	<u>452,822</u>
	3,036,003	3,206,599
Valuation allowance	<u>(3,036,003)</u>	<u>(3,206,599)</u>
Net future income tax asset (liability)	\$ -	\$ -

The Company has incurred operating losses of approximately \$5,400,000 which, if unutilized, will expire through 2007. Subject to certain restrictions, the Company also has capital losses and resource exploration expenditures available to reduce taxable income of future years. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements, as their realization is not judged likely to occur.

**9. SUBSEQUENT EVENTS**

The following events occurred subsequent to December 31, 2000:

- a) The Company issued 2,187,497 common shares for total proceeds of \$265,000 pursuant to the exercise of share purchase warrants.
- b) Pursuant to a private placement, the Company issued 5,000,000 units for gross proceeds of \$1,500,000. Of the proceeds, approximately \$1,000,000 has been received to date. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share at a price of \$0.35 for two years. Finder's fees totalling \$112,500 were paid in conjunction with this private placement.

**10. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. Except as set out below, these consolidated financial statements also comply, in all material respects, with accounting principles generally accepted in the United States and the rules and regulations of the Securities and Exchange Commission.

**PORTRUSH PETROLEUM CORPORATION**  
(formerly Texas Gulf Petroleum Corporation)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
DECEMBER 31, 2000

**10. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY  
ACCEPTED ACCOUNTING PRINCIPLES (cont'd...)**

**Development stage company**

Under SFAS No. 7, "Accounting and Reporting by Development Stage Enterprises", a company is required to disclose additional information in its financial statements. The balance sheet will show the deficit accumulated during the development stage in the stockholder's equity section. Cumulative amounts from the enterprise's inception shall be disclosed for items on the statements of operations and cash flows. The statement of stockholders' equity will show the details of each share issuance since the enterprise's inception. As well, the financial statements shall be identified as those of a development stage company and shall include a description of the nature of the development stage activities in which the company is engaged.

As the Company is a foreign private issuer electing to follow Item 17 of Form 20-F, the additional information to be disclosed under SFAS No. 7 is not required.

**Stock based compensation**

SFAS No. 123, "Accounting for Stock Based Compensation", requires expanded disclosure of stock-based compensation arrangements and requires the recognition of compensation expense based on the fair value of the equity instrument granted or repriced. Canadian GAAP does not require the reporting of any stock based compensation expense in the Company's financial statements.

In calculating compensation expense under United States GAAP, the Company has utilized the Black-Scholes model to estimate the fair value of options granted or repriced in the year using the following key assumptions:

	2000	1999	1998
Risk free interest rate	6.01%	-	5.44%
Expected life	2 years	-	2.5 years
Expected volatility	187%	-	148%
Expected dividends	-	-	-

The following is a summary of the status of stock options outstanding at December 31, 2000:

Range of Exercise Prices	Number	Outstanding Options		Exercisable Options	
		Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
\$ 0.35	790,000	1.63	\$ 0.35	790,000	\$ 0.35

**PORTRUSH PETROLEUM CORPORATION**  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
DECEMBER 31, 2000

**10. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY  
ACCEPTED ACCOUNTING PRINCIPLES (cont'd.....)**

**Stock based compensation (cont'd...)**

Following is a summary of the stock based compensation plan during 2000, 1999 and 1998:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable at January 1, 1998	700,000	\$ 0.30
Repriced	(200,000)	0.30
Repriced	200,000	0.15
Expired/cancelled	<u>(500,000)</u>	0.30
Outstanding and exercisable at December 31, 1998	<u>200,000</u>	<u>\$ 0.15</u>
Weighted average fair value of options repriced during 1998		<u>\$ 0.06</u>
Outstanding and exercisable at January 1 and December 31, 1999	<u>200,000</u>	<u>\$ 0.15</u>
Weighted average fair value of options granted during 1999		<u>\$ -</u>
Outstanding and exercisable at January 1, 2000	200,000	\$ 0.15
Granted	790,000	0.35
Expired/cancelled	<u>(200,000)</u>	0.15
Outstanding and exercisable at December 31, 2000	<u>790,000</u>	<u>\$ 0.35</u>
Weighted average fair value of options granted during 2000		<u>\$ 0.36</u>

**Foreign currency translation**

SFAS No. 52, "Foreign Currency Translation", requires all elements of the financial statements of an entity whose functional currency is a foreign currency to be translated using a current exchange rate. For assets and liabilities, the exchange rate at the balance sheet date shall be used. For revenues, expenses, gains and losses, the weighted average exchange rate for the period shall be used. Translation adjustments shall be reported separately and accumulated in a separate component of equity.

Application of this pronouncement to the translation of the financial statements of the Company's subsidiary, the assets of which were written-off in the 1997 fiscal year, did not affect the loss for the years ended December 31, 2000, 1999 and 1998.

**PORTRUSH PETROLEUM CORPORATION**  
(formerly Texas Gulf Petroleum Corporation)  
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**10. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY  
ACCEPTED ACCOUNTING PRINCIPLES (cont'd...)**

**Oil and gas properties**

Under both Canadian and United States GAAP, periodic assessments of unproved properties are made to determine whether they have been impaired. The drilling of dry holes and no further plans for continued drilling would be an indication of impairment.

The Company is currently conducting exploration programs on its oil and gas properties and has not yet determined whether any of its properties are impaired.

**Comprehensive income**

SFAS No. 130, "Reporting Comprehensive Income", addresses standards for the reporting and display of comprehensive income and its components.

Comprehensive income includes net income and other comprehensive income. Other comprehensive income represents revenues, expenses, gains and losses that are excluded from net income under generally accepted accounting principles.

For the years ended December 31, 2000, 1999 and 1998, there were no other items of comprehensive income.

**Consolidated financial statement balances under United States GAAP**

	2000	1999
<b>Consolidated balance sheets</b>		
Total assets under Canadian and United States GAAP	\$ <u>1,303,537</u>	\$ <u>700</u>
Total liabilities under Canadian and United States GAAP	\$ <u>84,116</u>	\$ <u>111,862</u>
Capital stock under Canadian GAAP	8,002,984	6,487,713
Cumulative compensation expense on granting stock options	<u>759,296</u>	<u>472,449</u>
Capital stock, United States GAAP	<u>8,762,280</u>	<u>6,960,162</u>
Deficit, Canadian GAAP	(6,783,563)	(6,598,875)
Cumulative compensation expense on granting of stock options	<u>(759,296)</u>	<u>(472,449)</u>
Deficit, United States GAAP	<u>(7,542,859)</u>	<u>(7,071,324)</u>
Shareholders' equity, United States GAAP	<u>1,219,421</u>	<u>(111,162)</u>
Liabilities and shareholders' equity under United States GAAP	\$ <u>1,303,537</u>	\$ <u>700</u>

**PORTRUSH PETROLEUM CORPORATION**  
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**10. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY  
ACCEPTED ACCOUNTING PRINCIPLES (cont'd...)**

**Consolidated financial statement balances under United States GAAP (cont'd...)**

	2000	1999	1998
<b>Consolidated statements of operations</b>			
Loss under Canadian GAAP	\$ (184,688)	\$ (65,127)	\$ (132,753)
Compensation expense on grant of stock options	<u>(286,847)</u>	<u>-</u>	<u>(8,310)</u>
Loss under United States GAAP	<u>\$ (471,535)</u>	<u>\$ (65,127)</u>	<u>\$ (141,063)</u>
<b>Consolidated statements of cash flows</b>			
Cash flows used in operating activities, Canadian GAAP	\$ (219,451)	\$ (3,966)	\$ (79,723)
Compensation expense on grant of stock options	(286,847)	-	(8,310)
Item not affecting cash	<u>286,847</u>	<u>-</u>	<u>8,310</u>
Cash flows used in operating activities, United States GAAP	<u>(219,451)</u>	<u>(3,966)</u>	<u>(79,723)</u>
Cash flows provided by financing activities, Canadian and United States GAAP	<u>1,515,271</u>	<u>-</u>	<u>-</u>
Cash flows provided by (used in) investing activities, Canadian and United States GAAP	<u>(1,123,052)</u>	<u>-</u>	<u>9,011</u>
Change in cash during the year	172,768	(3,966)	(70,712)
Cash, beginning of year	<u>535</u>	<u>4,501</u>	<u>75,213</u>
Cash, end of year	<u>\$ 173,303</u>	<u>\$ 535</u>	<u>\$ 4,501</u>

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**10. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY  
ACCEPTED ACCOUNTING PRINCIPLES (cont'd...)**

**Consolidated financial statement balances under United States GAAP (cont'd...)**

The impact of the above differences between Canadian and United States GAAP on the consolidated statements of stockholders' equity, as reported, is as follows:

	Share Capital		Deficit	Total
	Number of Shares	Amount		
Stockholders' equity as reported December 31, 1998	14,740,076	\$ 6,487,713	\$ (6,533,748)	\$ (46,035)
Adjustment to share capital for 5:1 share consolidation in 2000	(11,792,061)	-	-	-
Cumulative compensation expense on grant of stock options	-	472,449	(472,449)	-
Stockholders' equity in accordance with United States generally accepted accounting principles at December 31, 1998	2,948,015	\$ 6,960,162	\$ (7,006,197)	\$ (46,035)
Stockholders' equity as reported December 31, 1999	14,740,076	\$ 6,487,713	\$ (6,598,875)	\$ (111,162)
Adjustment to share capital for 5:1 share consolidation in 2000	(11,792,061)	-	-	-
Cumulative compensation expense on grant of stock options	-	472,449	(472,449)	-
Stockholders' equity in accordance with United States generally accepted accounting principles at December 31, 1999	2,948,015	\$ 6,960,162	\$ (7,071,324)	\$ (111,162)
Stockholders' equity as reported December 31, 2000	9,539,778	\$ 8,002,984	\$ (6,783,563)	\$ 1,219,421
Cumulative compensation expense on grant of stock options	-	759,296	(759,296)	-
Stockholders' equity in accordance with United States generally accepted accounting principles at December 31, 2000	9,539,778	\$ 8,762,280	\$ (7,542,859)	\$ 1,219,421

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**10. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY  
ACCEPTED ACCOUNTING PRINCIPLES (cont'd...)**

**Earnings per share (EPS)**

SFAS No. 128 "Earnings Per Share", is effective for financial statements issued for periods ending after December 15, 1997. SFAS No. 128 simplifies the computation of earnings per share by replacing the presentation of primary earnings per share with a presentation of basic earnings per share, as defined. The statement requires dual presentation of basic and diluted earnings per share by entities with complex capital structures. Basic earnings per share includes no dilution and is computed by dividing income available to common stockholders by the weighted average number of shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity similar to fully diluted earnings per share.

The following loss per share information results under United States GAAP:

	2000	1999	1998
Net loss for the year under United States GAAP	\$ (471,535)	\$ (65,127)	\$ (141,063)
Weighted average number of shares outstanding under United States GAAP	6,243,897	2,948,015	2,756,635
Basic loss per share	\$ (0.08)	\$ (0.02)	\$ (0.05)

Diluted EPS has not been disclosed as the effect of the exercise of the Company's outstanding options and warrants would be anti-dilutive.