



British Columbia Securities Commission

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

Freedom of Information and Protection of Privacy Act: The personal information requested on this form is collected under the authority of and used for the purpose of administering the Securities Act.

ISSUER DETAILS
NAME OF ISSUER: PORTRUSH PETROLEUM CORPORATION
FOR QUARTER ENDED: 01 | 12 | 31
DATE OF REPORT: 02 | 04 | 24
ISSUER ADDRESS: 700 - 595 HOWE STREET
CITY: VANCOUVER, PROVINCE: BC, POSTAL CODE: V6C 2T5, ISSUER FAX NO.: 604-687-5960, ISSUER TELEPHONE NO.: 604-724-9524
CONTACT PERSON: NEAL IVERSON, CONTACT'S POSITION: CORPORATE SECRETARY, CONTACT TELEPHONE NO.: 604-724-9524

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: "BRUCE NURSE", PRINT FULL NAME: BRUCE NURSE, DATE SIGNED: 02 | 05 | 02
DIRECTOR'S SIGNATURE: "MARTIN P. COTTER", PRINT FULL NAME: MARTIN P. COTTER, DATE SIGNED: 02 | 05 | 02

PORTRUSH PETROLEUM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

DECEMBER 31, 2001

AUDITORS' REPORT

To the Shareholders of
Portrush Petroleum Corporation

We have audited the consolidated balance sheets of Portrush Petroleum Corporation as at December 31, 2001 and 2000 and the consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2001, 2000 and 1999. 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, 2001 and 2000 and the results of its operations, changes in its stockholders' equity and its cash flows for the years ended December 31, 2001, 2000 and 1999 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 24, 2002

**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 24, 2002 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 24, 2002

A Member of *SC INTERNATIONAL*

PORTRUSH PETROLEUM CORPORATION
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian dollars)
AS AT DECEMBER 31

	2001	2000
ASSETS		
Current		
Cash	\$ 17,985	\$ 173,303
Receivables	<u>111,169</u>	<u>7,182</u>
	129,154	180,485
Oil and gas properties (Note 3)	<u>2,076,693</u>	<u>1,123,052</u>
	<u>\$ 2,205,847</u>	<u>\$ 1,303,537</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ 930,772	\$ 84,116
Due to related parties (Note 6)	<u>216,643</u>	<u>-</u>
	<u>1,147,415</u>	<u>84,116</u>
Stockholders' equity		
Capital stock (Note 4)		
Authorized		
100,000,000 common shares without par value		
Issued		
16,768,942 common shares (2000 – 9,539,778)	9,653,817	8,002,984
Deficit	<u>(8,595,385)</u>	<u>(6,783,563)</u>
	<u>1,058,432</u>	<u>1,219,421</u>
	<u>\$ 2,205,847</u>	<u>\$ 1,303,537</u>

Nature and continuance of operations (Note 1)

Contingency (Note 7)

Subsequent events (Note 9)

On behalf of the Board:

"Bruce Nurse"

Director

"Martin P. Cotter"

Director

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

PORTRUSH PETROLEUM CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in Canadian dollars)
YEAR ENDED DECEMBER 31

	2001	2000	1999
EXPENSES			
Consulting and administration fees	\$ 41,009	\$ 26,000	\$ -
Management fees	60,000	26,000	50,000
Office and miscellaneous	35,305	5,899	674
Professional fees	89,203	85,774	8,042
Transfer agent and regulatory fees	19,432	22,710	6,411
Travel and promotion	<u>11,211</u>	<u>20,871</u>	<u>-</u>
	(256,160)	(187,254)	(65,127)
Interest income	1,378	2,566	-
Write-off of oil and gas properties (Note 3)	(1,176,692)	-	-
Write-off of deferred financing costs	(297,348)	-	-
Settlement of lawsuit (Note 7)	<u>(83,000)</u>	<u>-</u>	<u>-</u>
Loss for the year	<u>\$ (1,811,822)</u>	<u>\$ (184,688)</u>	<u>\$ (65,127)</u>
Basic and diluted loss per share	<u>\$ (0.12)</u>	<u>\$ (0.04)</u>	<u>\$ (0.02)</u>
Weighted average number of shares outstanding	<u>15,705,472</u>	<u>5,109,486</u>	<u>2,948,015</u>

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

PORTRUSH PETROLEUM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
YEAR ENDED DECEMBER 31

	2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year	\$ (1,811,822)	\$ (184,688)	\$ (65,127)
Items not affecting cash			
Write-off of oil and gas properties	1,176,692	-	-
Write-off of deferred financing costs	297,348	-	-
Changes in non-cash working capital items			
(Increase) decrease in receivables	(3,987)	(7,017)	748
Increase (decrease) in accounts payable and accrued liabilities	<u>102,969</u>	<u>(27,746)</u>	<u>60,413</u>
Cash used in operating activities	<u>(238,800)</u>	<u>(219,451)</u>	<u>(3,966)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Deferred financing costs	(397,348)	-	-
Advances from related parties	216,643	-	-
Net proceeds from issuance of capital stock	<u>1,650,833</u>	<u>1,515,271</u>	<u>-</u>
Cash provided by financing activities	<u>1,470,128</u>	<u>1,515,271</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Oil and gas property expenditures	<u>(1,386,646)</u>	<u>(1,123,052)</u>	<u>-</u>
Cash used in investing activities	<u>(1,386,646)</u>	<u>(1,123,052)</u>	<u>-</u>
Change in cash position during year	(155,318)	172,768	(3,966)
Cash position, beginning of year	<u>173,303</u>	<u>535</u>	<u>4,501</u>
Cash position, end of year	<u>\$ 17,985</u>	<u>\$ 173,303</u>	<u>\$ 535</u>

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

PORTRUSH PETROLEUM CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Number of Shares	Amount	Deficit	Total
Balance, December 31, 1998	2,948,015	\$ 6,487,713	\$ (6,533,748)	\$ (46,035)
Loss for the year	-	-	(65,127)	(65,127)
Balance, December 31, 1999	2,948,015	6,487,713	(6,598,875)	(111,162)
For cash – special warrants	2,541,663	305,000	-	305,000
For cash – private placement	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
Subscriptions received in prior year	-	(7,500)	-	(7,500)
For cash – private placement	5,000,000	1,500,000	-	1,500,000
For cash – exercise of warrants	2,229,164	270,833	-	270,833
Share issue costs	-	(112,500)	-	(112,500)
Loss for the year	-	-	(1,811,822)	(1,811,822)
Balance, December 31, 2001	16,768,942	\$ 9,653,817	\$ (8,595,385)	\$ 1,058,432

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

PORTRUSH PETROLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
DECEMBER 31, 2001

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 year ended December 31, 2000, 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.

	2001	2000	1999
Deficit	\$ (8,595,385)	\$ (6,783,563)	\$ (6,598,875)
Working capital (deficiency)	(1,018,261)	96,369	(111,162)

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 Canadian 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, amounts due to related parties, 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.

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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
DECEMBER 31, 2001

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

Income taxes

The Company follows the asset/liability method of accounting for income taxes. 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.

Earnings (loss) per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For loss per share the dilutive effect has not been computed as it proved to be anti-dilutive.

Loss per share is calculated using 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:

	2001	2000
Ontario prospects, Canada		
Interests ranging from 25% to 50%. Some of the prospects are subject to a 12.5% freehold royalty. During the current year, the prospects were abandoned and all related costs were written-off.	\$ -	\$ 558,014
Alberta prospects, Canada		
Working interests in certain prospects ranging from 16.67% to 20.83%.	1,441,793	30,000
Michigan prospects, U.S.A.		
A 22.5% working interest.	535,038	535,038
Rock Springs prospects, Wyoming, U.S.A.		
A 25% working interest.	<u>99,862</u>	<u>-</u>
	<u>\$ 2,076,693</u>	<u>\$ 1,123,052</u>

PORTRUSH PETROLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
DECEMBER 31, 2001

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

Expenditures on oil and gas prospects were incurred as follows:

2001	Wyoming	Ontario	Alberta	Michigan	Total
2-D seismic survey	\$ -	\$ 38,347	\$ -	\$ -	\$ 38,347
3-D seismic survey	-	114,963	-	-	114,963
Drilling	-	420,429	960,288	-	1,380,717
Completion	-	39,939	432,362	-	472,301
Geological consulting	-	5,000	-	-	5,000
Project analysis	-	-	19,143	-	19,143
Staking and permitting	99,862	-	-	-	99,862
Total deferred costs for the year	99,862	618,678	1,411,793	-	2,130,333
Balance, beginning of year	-	558,014	30,000	535,038	1,123,052
Written off	-	(1,176,692)	-	-	(1,176,692)
Balance, end of year	\$ 99,862	\$ -	\$ 1,441,793	\$ 535,038	\$ 2,076,693

2000	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

During the year ended December 31, 2000, the Company consolidated its capital stock on a 5:1 basis. All capital stock numbers have been restated to reflect this consolidation.

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.

PORTRUSH PETROLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
DECEMBER 31, 2001

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, 2001:

	Number of Shares	Exercise Price	Expiry Date
Options	290,000	\$ 0.35	May 22, 2002
	500,000	0.35	September 8, 2002
Warrants	312,503	0.14	January 20, 2002
	3,000,000	0.40	August 4, 2002
	5,000,000	0.35	March 5, 2003

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, 2001. 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 \$60,000 (2000 - \$26,000; 1999 - \$50,000) to directors.
- b) Paid or accrued geological consulting fees of \$Nil (2000 - \$10,000; 1999 - \$Nil) to a director.
- c) Paid or accrued consulting fees of \$30,000 (2000 - \$Nil; 1999 - \$Nil) to a director.

Amounts due to related parties are non-interest bearing and have no specific terms of repayment.

Related party transactions are in the normal course of operations, occurring on terms and conditions that are similar to those of transactions with unrelated parties and, therefore, are measured at the exchange amount.

7. CONTINGENCY

A former director (the "Plaintiff") commenced an action against the Company on November 5, 1995 in the Supreme Court of British Columbia (the "Court"). The Plaintiff claimed unspecified general damages, punitive damages, costs and interest pursuant to the Court Order Interest Act. During the current year, the Court issued a judgment in favor of the Plaintiff. Pursuant to this, the Company has accrued \$83,000 as a loss on settlement of lawsuit.

PORTRUSH PETROLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
DECEMBER 31, 2001

8. INCOME TAXES

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

	2001	2000	1999
Loss before income taxes (recovery)	\$ (1,811,822)	\$ (184,688)	\$ (65,127)
Current income taxes (recovery) at statutory rates	\$ (808,073)	\$ (84,255)	\$ (29,711)
Write-off of oil and gas properties	524,805	-	-
Unrecognized benefits of non-capital losses	<u>283,268</u>	<u>84,255</u>	<u>29,711</u>
Total current income taxes (recovery)	\$ -	\$ -	\$ -

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

	2001	2000
Future income tax assets (liabilities):		
Oil and gas properties	\$ 492,161	\$ (79,356)
Mineral property and related exploration expenditures	149,668	199,057
Operating losses available for future periods	2,683,411	2,463,480
Capital losses available	<u>330,371</u>	<u>452,822</u>
	3,655,611	3,036,003
Valuation allowance	<u>(3,655,611)</u>	<u>(3,036,003)</u>
Net future income tax asset (liability)	\$ -	\$ -

The Company has incurred operating losses of approximately \$6,000,000 which, if unutilized, will expire through 2008. 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.

PORTRUSH PETROLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
DECEMBER 31, 2001

9. SUBSEQUENT EVENTS

The following events occurred subsequent to December 31, 2001:

- a) The Company issued 41,666 common shares for total proceeds of \$5,833 pursuant to the exercise of share purchase warrants.
- b) Share purchase warrants enabling the holders to acquire up to 270,837 common shares at \$0.14 per share expired unexercised.

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.

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:

	2001	2000	1999
Risk free interest rate	-	6.01%	-
Expected life	-	2 years	-
Expected volatility	-	187%	-
Expected dividends	-	-	-

PORTRUSH PETROLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
DECEMBER 31, 2001

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

Stock based compensation (cont'd...)

The following is a summary of the status of stock options outstanding at December 31, 2001:

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	0.58	\$ 0.35	790,000	\$ 0.35

Following is a summary of the stock based compensation plan during 2001, 2000 and 1999:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable at January 1 and December 31, 1999	40,000	\$ 0.75
Weighted average fair value of options granted during 1999		\$ -
Outstanding and exercisable at January 1, 2000	40,000	\$ 0.75
Granted	790,000	0.35
Expired/cancelled	(40,000)	0.75
Outstanding and exercisable at December 31, 2000	790,000	\$ 0.35
Weighted average fair value of options granted during 2000		\$ 0.36
Outstanding and exercisable at January 1 and December 31, 2001	790,000	\$ 0.35
Weighted average fair value of options granted during 2001		\$ -

PORTRUSH PETROLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
DECEMBER 31, 2001

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

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 net assets of which were written-off in the 1997 fiscal year, did not affect the loss for the years ended December 31, 2001, 2000 and 1999.

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 the unproved properties held as at December 31, 2001 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, 2001, 2000 and 1999, there were no other items of comprehensive income.

PORTRUSH PETROLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
DECEMBER 31, 2001

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

Consolidated financial statement balances under United States GAAP

	2001	2000
Consolidated balance sheets		
Total assets under Canadian and United States GAAP	\$ 2,205,847	\$ 1,303,537
Total liabilities under Canadian and United States GAAP	\$ 1,147,415	\$ 84,116
Capital stock under Canadian GAAP	9,653,817	8,002,984
Cumulative compensation expense on granting stock options	<u>759,296</u>	<u>759,296</u>
Capital stock, United States GAAP	<u>10,413,113</u>	<u>8,762,280</u>
Deficit, Canadian GAAP	(8,595,385)	(6,783,563)
Cumulative compensation expense on granting of stock options	<u>(759,296)</u>	<u>(759,296)</u>
Deficit, United States GAAP	<u>(9,354,681)</u>	<u>(7,542,859)</u>
Shareholders' equity, United States GAAP	<u>1,058,432</u>	<u>1,219,421</u>
Liabilities and shareholders' equity under United States GAAP	<u>\$ 2,205,847</u>	<u>\$ 1,303,537</u>

	2001	2000	1999
Consolidated statements of operations			
Loss under Canadian GAAP	\$ (1,811,822)	\$ (184,688)	\$ (65,127)
Compensation expense on grant of stock options	<u>-</u>	<u>(286,847)</u>	<u>-</u>
Loss under United States GAAP	<u>\$ (1,811,822)</u>	<u>\$ (471,535)</u>	<u>\$ (65,127)</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...)

	2001	2000	1999
<i>Continued...</i>			
Consolidated statements of cash flows			
Cash flows used in operating activities, Canadian GAAP	\$ (238,800)	\$ (219,451)	\$ (3,966)
Compensation expense on grant of stock options	-	(286,847)	-
Item not affecting cash	-	286,847	-
Cash flows used in operating activities, United States GAAP	<u>(238,800)</u>	<u>(219,451)</u>	<u>(3,966)</u>
Cash flows provided by financing activities, Canadian and United States GAAP	<u>1,470,128</u>	<u>1,515,271</u>	<u>-</u>
Cash flows used in investing activities, Canadian and United States GAAP	<u>(1,386,646)</u>	<u>(1,123,052)</u>	<u>-</u>
Change in cash during the year	(155,318)	172,768	(3,966)
Cash, beginning of year	<u>173,303</u>	<u>535</u>	<u>4,501</u>
Cash, end of year	<u>\$ 17,985</u>	<u>\$ 173,303</u>	<u>\$ 535</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			
	Number of Shares	Amount	Deficit	Total
Stockholders' equity as reported December 31, 1999	2,948,015	\$ 6,487,713	\$ (6,598,875)	\$ (111,162)
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
Stockholders' equity as reported December 31, 2001	16,768,942	\$ 9,653,817	\$ (8,595,385)	\$ 1,058,432
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, 2001	16,768,942	\$ 10,413,113	\$ (9,354,681)	\$ 1,058,432

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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:

	2001	2000	1999
Net loss for the year under United States GAAP	\$ (1,811,822)	\$ (471,535)	\$ (65,127)
Weighted average number of shares outstanding under United States GAAP	15,602,347	5,006,361	2,844,890
Basic loss per share	\$ (0.12)	\$ (0.09)	\$ (0.02)

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