

Form 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS

Portrush Petroleum Corporation

Description of Business and effective Date of this Report

Portrush Petroleum Corporation is a junior oil and gas exploration and development company. The Company, in conjunction with others, will invest in oil and gas related operations or acquire an interest in properties in order to determine the existence, location, extent and quality of the oil and gas resources located on the properties and will drill, complete, and participate in the operation of or development of oil or gas wells and related operations.

This discussion should be read in conjunction with the audited financial statements and related notes of the Company for the year-ended December 31, 2003 (the "Financial Statements"). The information in this Management Discussion and Analysis ("MD&A") contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The information contained in this report is made as of May 4, 2004.

2003 Performance Summary

In 2001 the Company drilled a discovery well (the Richards 1-20) in the Lenox Project, Macomb County, SE Michigan. Portrush has a 22.5% working interest in this project. A second well (the Martin 1-21) was drilled in 2002. Both wells were productive in the Brown Niagaran.

Production from the property commenced in January 2002 and the Richards and Martin wells are both on production. Production revenue for fiscal 2002 was \$302,915 and for fiscal 2003 production revenue was \$415, 244.

Follow up wells, the Schmude LaTorre 1-20 and the Savoy Werderman 1-21 north and east of the producing wells were completed in October 2003 and April 2004 respectively. The Brown Niagaran was not encountered at either well.

Oil production from the wells is presently being curtailed and the wells are choked back in order to avoid excessive gas production. This excess gas is currently being flared.

A proposal to install a gas pipeline to capture and sell the gas has been finalised and this proposal has been presented to the working interest partners for approval.

A 2-D seismic program has been completed and additional drilling on the property is contemplated for the second quarter of 2004. The Shmude LaTorre 1-20 well encountered a gas charged zone up-hole of the Reef formation. It is intended to fully evaluate the up-hole gas when the next well is drilled on the property.

Selected Annual Financial Information

The following table provides a brief summary of the Issuer's financial operations. For more detailed information, refer to the audited financial statements and unaudited financial statements of the Issuer which are attached to and form part of this form.

	Year-end 12/31/03	Year-end 12/31/02	Year-end 12/31/01
Revenues (Net) Other (Interest)	415,244	302,915 120	Nil 1,378
General and Administrative Expenses	343,110	216,004	256,160
Write-off of oil & gas properties ⁽¹⁾	Nil	1,441,793	1,176,692
Settlement of lawsuit & write-off of deferred financing costs ⁽²⁾	Nil	4,000	380,348
Net Income (Loss) per share	(746,498) (0.03)	(1,749,571) (0.10)	(1,811,822) (0.12)
Working Capital	(306,989)	(574,732)	(1,018,261)
Oil & Gas Properties Property Expenditures	391,138	138,973	1,386,646
Long Term Liabilities	Nil	Nil	Nil
Shareholders' Equity Dollar Amount Number of Securities ⁽³⁾	(139,704) 26,693,667	(366,832) 20,060,608	1,058,432 16,768,942

- (1) In fiscal 2002, the Company wrote-off the deferred oil& gas exploration costs on its Alberta properties.
- (2) In fiscal 2001, the Company wrote-off deferred financing costs of \$297,348.
- (3) There were 26,693,667 (2002: 20,060,608) shares issued and outstanding as of December 31, 2003 of which 103,125 are escrowed shares which will be released only upon obtaining the consent of the appropriate regulatory authority.

The Company's accounting policy is to record its resource properties at cost. Exploration and development expenditures relating to resource properties are deferred until either the properties are brought into production, at which time they are amortized on a unit of production basis, or until the properties are sold or abandoned, at which time the deferred costs are written off.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

Properties of the Company

Lennox Project, Michigan

In June 2000, the Company acquired a 25% interest in two Silurian-Ordovician prospects, and associated leased lands (approximately 2,560 acres) located in St. Clair County, Cottrellville Township and Macomb County, Lenox Township, Southeast Michigan.

The Company focussed its efforts on the Lennox project in Macomb County, SE Michigan where the Company earned a 22.5% working interest. At present the Company has two oil wells on production and excess gas is being flared. A proposal to install a gas pipeline to conserve and sell the gas to a local utility has been finalized. This proposal has been presented to the working interest partners for approval.

Production revenue for fiscal 2002 was \$302,915 and for 2003 was \$415,244. This revenue was primarily derived from the Richards and Martin wells at Lennox. Follow-up development drilling of the Schmude LaTore 1-20 and the Savoy Werderman wells were not successful in adding additional reserves in the Brown Niagaran.

The Michigan Basin contains extensive belts of organic reefs composed of carbonate rocks (Limestone and Dolomite) formed under shallow seas in the Silurian period. These oil and gas filled reefs are the principal target for exploration companies in the basin. Portrush is now in a position to form relationships with industry partners to evaluate other Silurian reef projects in the basin. The Company will not expose itself to unnecessary risks in order to pursue these opportunities.

Exploration Risks

Oil and gas exploration and development involves significant risks. Few wells which are drilled are developed into commercially producing fields. Substantial expenditures may be required to establish reserves and no assurance can be given that commercial quantities or further reserves will be discovered or, if found, will be present in sufficient quantities to enable the Company to recover the costs incurred. The Company's estimates of exploration and production costs can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, and unusual or unexpected formations, pressures and work interruptions. There can be no assurance that actual exploration cost will not exceed projected cost.

Results of Operations

General and Administrative expenses for the year were \$343,110 compared with \$216,004 for 2002. Every category of expense increased due to the increased activity of the Company. The Company paid or accrued to the President of the Company fees of \$72,000 and to a director of the Company fees of \$15,000. The Company's priority is to establish a sound financial base and it is anticipated that this can be accomplished without increasing general and administrative expenses significantly.

During the year, the Company reviewed a number of projects, and any costs associated with these projects have been written off.

Summary of Quarterly Results

Description	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
2002 Net Income (loss)	(35,494)	(45,964)	(92,911)	(1,716,361)
2002 Net Income (loss) per share	(0.01)	(0.01)	(0.01)	(0.10)
2003 Net Income (loss)	(43,389)	(58,300)	(161,319)	(483,490)
2003 Net Income (loss) per share	(0.01)	(0.01)	(0.01)	(0.02)

Liquidity

The Company has been credited with operating revenue derived from the production of the Lennox wells and the operator has setoff this revenue against various drilling and exploration costs incurred by the operator on the Company's behalf. Historically, the Company has received revenues only from interest earned on cash reserves held. The Company expects to continue to rely upon equity financing as a significant source of funding.

The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of its planned exploration and development programs. The payment of property payments and the development of the mineral property interests will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There is no assurance that the Company will be successful in obtaining the required financing or that financing will be available on terms and conditions acceptable to the Company or that will not cause significant dilution to shareholders.

Financing, Principal Purposes and Milestones

The Company raised \$614,590 in additional capital through the sale of equity in private placements, the exercise of various warrants and the conversion a convertible debenture in the amount of \$180,000. These funds were used for development drilling and general and administrative expenses.

Capital Resources

The Company has not entered into a property option agreement that requires the Company to meet certain yearly exploration expenditure requirements.

Off-Balance Arrangements

The Company has not entered into any off-balance sheet financing arrangements.

Transactions with Related Parties

During 2003 the Company paid management consulting fees in the amount of \$72,000 to the President of the Company and \$15,000 to a director of the company.

Fourth Quarter

During the fourth quarter, the Company drilled a follow up well in the Lennox Project, the Schmude LaTorre 1-20 north and east of the producing wells in October 2003. The Brown Niagaran was not encountered at the well.

Changes in Accounting Policies

Stock Options

The Company has elected the early adoption, on a prospective basis, of the CICA released amendments to Section 3870, "Stock Based Compensation and Other Stock-based Payments", which require an expense to be recognized in the financial statements for all forms of employee stock-based compensation, including stock options. During fiscal 2002, the Company disclosed the effects of accounting for stock-based compensation to directors and employees as compensation expense, using the fair-value based method, as pro-forma information in the share capital note. There were no options issued during fiscal 2003.

Site Restoration

The Company has adopted the recently issued CICA Handbook Section 3110 "Asset Retirement Obligations". This standard focuses on the recognition and measurement of liabilities related to legal obligations associated with the retirement of property, plant and equipment. Under this standard, these obligations are initially measured at fair value and subsequently adjusted for any changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The asset retirement cost is to be capitalized to the related asset and amortized into earnings over time. Under this section, the Company has recognized an estimated future net costs of well abandonment and site restoration, including removal of production facilities at the end of their useful life of \$6,473 (2002 - \$Nil).

Subsequent Events

In January 2004 the Company signed a letter of intent to participate for a 10% working interest in a twelve well development program in the Mission River project in Texas. The first well on this project will be drilled in May 2004. The Company also earned a 5% working interest in the San Bernard well which has been placed on production at a rate of half a million cubic feet of gas per day.

During April, the Company drilled a follow up well in the Lennox Project, the Werderman 1-21. The Brown Niagaran was not encountered at the well.