

Form 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS

Portrush Petroleum Corporation

Interim MD&A
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 financial statements and related notes of the Company for the quarter ended September 30, 2004 (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 November 23, 2004.

Performance Summary and Update

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.

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. Production revenue for fiscal 2002 was \$302,915 and for fiscal 2003 production revenue was \$415,244. Production for the first nine months of 2004 was \$262,698 compared to \$336,503 in 2003. 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.

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

A 2-D seismic program has been completed and additional drilling on the property is contemplated for the third and fourth quarters 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.

Properties of the Company

Mission River Project, Texas

In Texas the company has entered into a joint venture with the McAlester Fuel Company of Houston, Texas to develop the Mission River Development project, situated in Refugio and Goliad Counties, Gulf Coast, Texas.

The Mission River Oil and Gas field was discovered in 1930. The immediate area has produced over 944,000,000 barrels of oil and eventually will produce another 500,000,000 barrels, plus at least a trillion cubic feet of natural gas.

The initial twelve (12) well program will test bypassed oil and gas payzones in the traditional producing intervals from 5,000 to 6,400 feet; The first well was spudded on April 30th 2004 and four additional wells have since been drilled and completed as gas wells. All five wells are currently on production. It is anticipated the remaining seven wells will be drilled by year end. Portrush's 10% working interest has already been fully funded. A gas pipeline runs through the property.

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 focused 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.

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

During the current nine month period, the Company recorded stock based compensation expenses of \$428,612 and depletion expenses of \$277,913 compared to nil in the previous year. Well operating expenses were \$54,815 compared with \$103,856 in the previous year.

General and administration expenses for the quarter were \$208,317 compared with \$99,352 for 2003. The Company expects general and administrative expenses to continue to increase as the Company becomes more active in accordance with the Company's increased drilling activity in Texas and its ongoing participation in a number of trade shows and conferences. The Company paid or accrued to the President of the Company management fees of \$18,000.

Summary of Quarterly Results

		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
2002	Net Loss	(35,494)	(45,964)	(92,871)	(1,716,361) ⁽¹⁾
	Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.10)
2003	Net Loss	(43,389)	(58,300)	(161,319)	(483,490)
	Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)
2004	Net Loss	(49,234)	(601,270) ⁽²⁾	(249,247)	
	Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	

(1) In fiscal 2002, the Company wrote-off the deferred oil& gas exploration costs on its Alberta properties.

(2) During the quarter, the Company recorded stock based compensation expenses of \$428,612.

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.

Investor Relations

The Company is continuing its corporate awareness program to enhance the Company's visibility and foster a clear understanding of its performance and strategic direction. To date, Martin Cotter, the Company's President has travelled to a number of financial centres in the United States in order to meet with key members of the investment community regarding ongoing financing programs and projects for the Company. As part of this ongoing program, the company developed a corporate video presentation which was released during the quarter and added to the Company's web site.

The company has retained the services of Mr Brian Crawford-Greene to provide investor relations for the company on a monthly basis of US\$3,000. Mr. Crawford-Greene is a retired businessman with extensive business contacts in Canada, the United States and New Zealand and has agreed to provide the Company with ongoing business advice and contacts and will assist the Company in communicating with investment dealers, advisers and shareholders. Mr. Crawford-Greene travels extensively and is a resident of Michigan and New Zealand.

Financing, Principal Purposes and Milestones

During the quarter, the Company raised net proceeds of \$300,000 through the issuance of 1,500,000 shares at \$0.20 per share. (See note 4 of the financial statements for further details) These funds were used to pay for the Company's interest in the Mission River project in Texas and for development drilling in Lennox and general and administrative expenses. The Company expects to complete the Lennox gas pipeline and begin receiving revenue from the Mission River project before year end.

Warrants and Options Outstanding

The following stock options and share purchase warrants were outstanding at September 30, 2004:

	Number of Shares	Exercise Price	Expiry Date
Options	200,000	0.15	September 15, 2005
	3,000,000	0.15	April 5, 2006
Warrants	1,937,059	0.24	October 14, 2005
	387,500	0.20	June 2, 2006

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 the quarter the Company paid management fees in the amount of \$18,000 to Martin Cotter for his services as the President of the Company.

Changes in Accounting Policies

Stock Options

During the year ended December 31, 2003 the Company 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.

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.

Subsequent Events

Subsequent to September 30, 2004, the Company issued 880,000 common shares for gross proceeds of \$211,200 pursuant to the exercise of warrants.