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 natural gas exploration and production company. The company is focused on its core properties: the Lenox project, located in the Michigan Basin of the state of Michigan, the Mission River Development project, situated in Refugio and Goliad Counties, Gulf Coast, Texas and the Cranberry project, a large acreage Mississippian and Slave Point target located in Alberta. Portrush is a reporting issuer publicly traded on the TSX Venture Exchange in Canada under the symbol PSH.

This discussion should be read in conjunction with the financial statements and related notes of the Company for the quarter ended June 30, 2005 (the "Financial Statements"). (See also the financial statements for the year ended December 31, 2004) The information in this Management Discussion and Analysis ("MD&A") contains forward-looking information or 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 August 24, 2005.

2005 Highlights

- Reported oil and gas revenues of $304,814 for the 6 month period ended June 30, 2005 compared to $168,604 for the same period in 2004.

- Reported net loss of $0.01 per share for the six month period in 2005 compared to a net loss of $0.02 per share for fiscal 2004.

- Electro-magnetic imaging technology has indicated promising potential oil and gas reserves on the Mission River property at the 8,000 to 10,000 feet level. The operator of the project has advised the Company that a deep well drilling contract to drill to 10,000 feet on the Mission River property has been negotiated and drilling is expected to take place before the end of the year.

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 Project, situated in Refugio and Goliad Counties, Gulf Coast, Texas.

The initial twelve (12) well program was designed to 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 five additional wells have since been drilled and completed as gas wells. Six wells are currently on production. A gas pipeline runs through the property. Total production from the field for the month of March amounted to 30.127 million cubic feet of gas and 1,917 barrels of oil.

McAlester Fuel, the operator of the property, has applied for a drilling permit for the McAlester "Scanio-Shelton # 6", a deep test on the property. McAlester has defined the prospect by a combination of sub-surface well control and an innovative exploration technology known as electro-magnetic imaging. This well will be drilled to a depth of more than 10,000 feet.

Mr. Wesley Franklin chief geologist for the operator commented; "Based on previously drilled deep producers on the property we anticipate multiple pays in the 8,100 to 8,500 Lower Vicksburg. Furthermore, we expect the zones will require fracing and we look forward to the zones producing at 5 million cubic feet a day or greater and recover 3 to 6 BCF."

Lenox 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 Lenox 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. Lenox has provided most of the oil and gas revenue during 2004.

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.

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.

Selected Annual Information

	Six Months Ended June 30,2005	Six Months Ended June 30,2004
Total Revenues	$ 304,814	$ 168,604
G&A expense	168,888	621,437*
Net Loss	116,001	650,504
Working Capital (Deficiency)	(271,991)	(129,659)
Oil and Gas Properties	1,608,208	1,423,287
Total Assets	1,694,720	1,485,287
Basic and diluted loss per share	0.01	0.02
Long-term liabilities	-	-
Cash dividends	-	-

*Includes the non-cash expense relating to the grant of stock options of $428,612
G&A Expenses before this non-cash item are $192,825

The Company's accounting policy is to record its resource properties at cost. Exploration and development expenditures relating to oil and gas 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 had 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.

Results of Operations

During the period, the Company recorded gross revenue of $304,814 compared with $168,604 in 2004. Well operating expenses were $162,760 compared with $41,710 in the previous quarter.

General and administration expenses before the non-cash expenses were $168,888 compared with $192,825 for 2004. The Company expects general and administrative expenses to remain relatively constant as the Company expects its level of activity to remain the same for next quarter. The Company is planning to attend a number of trade shows and conferences in the coming quarter. The Company paid or accrued to the President of the Company management fees of $6,000 per month.

Summary of Quarterly Results

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2003	Total Revenue	100,976	160,789	74,739	78,741
	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	Total Revenue	79,187	84,417	94,094	179,670
	Net Loss	(49,234)	(601,270) (1)	(249,247)	(133,431)
	Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	(0.01)
2005	Total Revenue	157,958	146,856		
	Net Loss	(2,425)	(121,226)		
	Basic and diluted loss per share	(0.01)	(0.01)		

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

Liquidity

The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of any additional projects. The payment of property payments and the development of the 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 will continue its corporate awareness program this fall with the aim of enhancing the Company's visibility and foster a clear understanding of its performance and strategic direction. Martin Cotter, the Company's President will travel 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 has continued to update and revise the Company’s web site.

Financing, Principal Purposes and Milestones

During the quarter, the Company raised $96,675 through the issuance of 644,500 shares pursuant to the exercise of stock options. Subsequent to the quarter end, the Company raised $105,000 through the issuance of shares. These funds will be used for working capital.

Outstanding Share Data

At June 30, 2005, there were 40,986,917 common shares outstanding.

The following stock options and share purchase warrants were outstanding at June 30, 2005:

	Number of Shares	Exercise Price	Expiry Date
Options	200,000	0.15	September 15, 2005
	2,355,500	0.15	April 5, 2006
Warrants	1,057,059	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 period, the Company accrued 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 the quarter end, the Company raised $105,000 through the issuance of 700,000 units at $0.15 per unit. These funds will be used for working capital.