

PORTRUSH PETROLEUM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

THREE MONTH PERIOD ENDED
MARCH 31, 2006

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the period ended March 31, 2006.

PORTRUSH PETROLEUM CORPORATION
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	March 31, 2006	December 31, 2005
ASSETS		
Current		
Cash	\$ 221,483	\$ 189,546
Receivables	104,718	73,649
Prepays	<u>12,500</u>	<u>-</u>
	338,701	263,195
Oil and gas properties (Note 3)	<u>1,536,347</u>	<u>1,571,241</u>
	<u>\$ 1,875,048</u>	<u>\$ 1,834,436</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 63,438	\$ 89,123
Due to related parties (Note 6)	<u>-</u>	<u>16,571</u>
	63,438	105,694
Future site restoration	<u>10,494</u>	<u>10,494</u>
	<u>73,932</u>	<u>116,188</u>
Shareholders' equity		
Capital stock (Note 4)		
Authorized		
100,000,000 common shares without par value		
Issued and outstanding		
43,933,792 common shares (2005 – 43,433,792)	13,514,178	13,398,523
Contributed surplus (Note 4)	297,092	337,747
Deficit	<u>(12,010,154)</u>	<u>(12,018,022)</u>
	<u>1,801,116</u>	<u>1,718,248</u>
	<u>\$ 1,875,048</u>	<u>\$ 1,834,436</u>

Nature and continuance of operations (Note 2)

Subsequent events (Note 10)

On behalf of the Board:

"Martin Cotter" Director _____
"Neil Iverson" Director

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

PORTRUSH PETROLEUM CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three Month Period Ended March 31, 2006	Three Month Period Ended March 31, 2005
REVENUE		
Oil and gas revenue, net of royalties	\$ 150,811	\$ 157,958
DIRECT COSTS		
Depletion	23,880	50,778
Operating expenses	33,176	47,671
Total direct costs	(57,056)	(98,449)
EXPENSES		
Consulting and administration fees	2,305	13,000
Investor relations	14,525	4,369
Management fees – related party	20,833	18,000
Office and miscellaneous	15,929	21,921
Professional fees	25,928	1,500
Transfer agent and regulatory fees	8,388	3,144
Total expenses	(87,908)	(61,934)
Income before other items	5,847	(2,425)
OTHER ITEMS		
Foreign exchange	2,021	-
Total other items	2,021	-
Income for the period	7,868	(2,425)
Deficit, beginning of the period	(12,018,022)	(11,857,774)
Deficit, end of period	\$ (12,010,154)	\$ (11,860,199)
Basic and diluted loss per share	\$ 0.01	\$ (0.03)
Weighted average number of shares outstanding	43,652,681	22,235,777

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

PORTRUSH PETROLEUM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three Month Period Ended March 31, 2006	Three Month Period Ended March 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Income for the period	\$ 7,868	\$ (2,425)
Items not affecting cash:		
Depletion	23,880	50,778
Changes in non-cash working capital items:		
Increase in receivables	(31,069)	(28,650)
(Increase) decrease in prepaids	(12,500)	5,625
Decrease in accounts payable and accrued liabilities	<u>(25,685)</u>	<u>(14,406)</u>
Cash used in operating activities	<u>(37,506)</u>	<u>10,922</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from (repaid to) related parties	(16,571)	16,797
Proceeds from issuance of capital stock	<u>75,000</u>	<u>11,250</u>
Cash provided by financing activities	<u>58,429</u>	<u>28,047</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Oil and gas property (expenditures) recoveries	<u>11,014</u>	<u>(50,218)</u>
Cash used in investing activities	<u>11,014</u>	<u>(50,218)</u>
Change in cash position during period	31,937	(11,249)
Cash position, beginning of period	<u>189,546</u>	<u>74,543</u>
Cash position, end of period	<u>\$ 221,483</u>	<u>\$ 63,294</u>

Supplemental disclosure with respect to cash flows (Note 5)

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)
(Unaudited – Prepared by Management)
MARCH 31, 2006

1. BASIS OF PRESENTATION

The consolidated financial statements contained herein include the accounts of the Company and its wholly-owned subsidiary Portrush Petroleum (US) Corporation (collectively "the Company"). Significant inter-company transactions have been eliminated on consolidation.

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. Certain comparative figures have been reclassified to conform with the current year's presentation. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2005. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

2. 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. The Company has two properties located in the United States. It has a 22.5% working interest in a prospect located in Michigan, U.S.A. and a 10% working interest in certain oil and gas leases located in Texas, U.S.A.

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. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

	March 31, 2006	December 31, 2005
Working capital	\$ 275,263	\$ 157,501
Deficit	(12,010,154)	(12,018,022)

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3. OIL AND GAS PROPERTIES

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

	March 31, 2006	December 31, 2005
Oil and gas properties:		
U.S.A., proved	\$ 2,708,708	\$ 2,708,708
Canada, unproved	<u>93,450</u>	<u>104,464</u>
	2,802,158	2,813,172
Less: Accumulated depletion	<u>(1,265,811)</u>	<u>(1,241,931)</u>
	<u>\$ 1,536,347</u>	<u>\$ 1,571,241</u>

At March 31, 2006, the oil and gas properties include \$93,450 (December 31, 2005 - \$104,464) relating to unproved properties that have been excluded from the depletion calculation.

Ontario prospect, Canada

The Company entered into an agreement to acquire a 5% working interest in a prospect located in Ontario, Canada in exchange for funding 50% of the project costs by paying US\$120,000. The Company will receive a payout of all costs incurred plus a 5% working interest in the prospect.

Michigan and Wyoming, U.S.A.

The Company has a 22.5% working interest in a prospect located in Michigan, U.S.A. During the year ended December 31, 2003, the ceiling test calculation determined that the net book value of the Company's assets in the U.S.A. exceeded net future cash flows from proven reserves and, accordingly, the Company recorded a ceiling test write-down of \$319,950 included in accumulated depletion.

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

Texas, U.S.A.

The Company acquired a 10% working interest (7.5% net revenue interest) in certain oil and gas leases located in the Refugio and Goliad Counties, Texas, U.S.A. As consideration for its interest, the Company made staged payments totaling US\$1,044,000.

The full cost ceiling test results as of December 31, 2005 resulted in no impairment of evaluated oil and gas properties. No ceiling test was performed at March 31, 2006. The future prices used in the December 31, 2005 ceiling test are as follows:

	Natural Gas (Cdn \$/Mmbtu)		Oil (Cdn \$/Bbl)	
2006	\$	11.08	\$	71.08
2007		10.87		69.67
2008		10.65		68.28
2009		10.42		66.88
2010		10.23		65.59

4. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
100,000,000 common voting shares, no par value			
Issued			
Balance, December 31, 2005	43,433,792	\$ 13,398,523	\$ 337,747
Exercise of stock options	500,000	75,000	-
Contributed surplus on exercise of stock options	-	40,655	(40,655)
Balance, March 31, 2006	43,933,792	\$ 13,514,178	\$ 297,092

During the three month period ended March 31, 2006, the Company issued 500,000 common shares for gross proceed of \$75,000 pursuant to the exercise of stock options. Subsequent to March 31, 2006, the Company issued 100,000 common shares for gross proceeds of \$15,000 pursuant to the exercise of stock options.

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4. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock options

The Company has a stock option plan whereby, from time to time, at the discretion of the Board of Directors, stock options are granted to directors, officers and certain consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option is based on the market price of the Company's common stock at the date of the grant less an applicable discount. The options can be granted for a maximum term of 5 years and vest at the discretion of the Board of Directors.

The following incentive stock options and share purchase warrants were outstanding at March 31, 2006:

	Number of Shares		Exercise Price	Expiry Date
Options	1,295,000	\$	0.15	April 5, 2006
	305,000		0.15	April 27, 2007
	100,000		0.15	August 11, 2007
	625,000		0.15	September 1, 2007
	150,000		0.15	December 15, 2007
Warrants	387,500		0.20	June 2, 2006
	2,000,000		0.15	September 14, 2007

5. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2006	2005
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

There were no significant non-cash transactions during the three month period ended March 31, 2006 and 2005.

6. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$20,833 (2005 - \$18,000) to a director.

Amounts due to related parties are non-interest bearing, unsecured 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.

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8. SEGMENT INFORMATION

All of the Company's operations are in the oil and gas industry and 100% of the revenues have been generated in the U.S.A.

The total amount of capital assets attributable to Canada is \$93,450 (December 31, 2005 - \$104,464) and the total amount of capital assets attributable to the U.S.A. is \$1,442,897 (December 31, 2005 - \$1,466,777).

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and due to related parties. 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 approximates their carrying value, unless otherwise noted.

10. SUBSEQUENT EVENTS

The following events occurred subsequent to March 31, 2006:

- i) Issued 100,000 common shares for gross proceeds of \$15,000 pursuant to the exercise of stock options.
- ii) 1,195,000 stock options exercisable at \$0.15 per share expired.
- iii) Granted 1,600,000 stock options exercisable at \$0.15 until April 10, 2009 and 300,000 stock options exercisable at \$0.15 until April 25, 2009.