

PORTRUSH PETROLEUM CORPORATION

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

THREE MONTH PERIOD ENDED
MARCH 31, 2007

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, 2007.

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

	Three Month Period Ended March 31, 2007	Three Month Period Ended March 31, 2006
REVENUE		
Oil and gas revenue, net of royalties	\$ 135,169	\$ 150,811
DIRECT COSTS		
Depletion	54,215	23,880
Operating expenses	<u>65,330</u>	<u>33,176</u>
Total direct costs	<u>(119,545)</u>	<u>(57,056)</u>
EXPENSES		
Consulting and administration fees	2,347	2,305
Investor relations	20,805	14,525
Management fees – related party	20,527	20,833
Office and miscellaneous	11,986	15,929
Professional fees	20,485	25,928
Shareholder costs	4,001	-
Transfer agent and regulatory fees	5,765	8,388
Travel and promotion	<u>5,451</u>	<u>-</u>
Total expenses	<u>(91,367)</u>	<u>(87,908)</u>
Loss before other items	<u>(75,743)</u>	<u>5,847</u>
OTHER ITEMS		
Foreign exchange gain (loss)	<u>2,552</u>	<u>(2,021)</u>
Total other items	<u>2,552</u>	<u>(2,021)</u>
Net income (loss) for the period	(73,191)	7,868
Deficit, beginning of period	<u>(12,453,139)</u>	<u>(12,018,022)</u>
Deficit, end of period	<u>\$ (12,526,330)</u>	<u>\$ (12,010,154)</u>
Basic and diluted earnings (loss) per share	\$ (0.01)	\$ 0.01
Weighted average number of common shares outstanding	43,832,125	43,652,681

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

	Three Month Period Ended March 31, 2007	Three Month Period Ended March 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	\$ (73,191)	\$ 7,868
Items not affecting cash:		
Depletion	54,215	23,880
Changes in non-cash working capital items:		
(Increase) decrease in receivables	43,383	(31,069)
Increase in prepaids	(4,119)	(12,500)
Increase (decrease) in accounts payable and accrued liabilities	<u>4,441</u>	<u>(25,685)</u>
Cash provided by (used in) operating activities	<u>24,729</u>	<u>(37,506)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from (repaid to) related parties	-	(16,571)
Proceeds from issuance of capital stock	-	75,000
Capital stock purchased for cancellation	<u>(6,250)</u>	<u>-</u>
Cash provided by financing activities	<u>(6,250)</u>	<u>58,429</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Oil and gas property expenditures	(4,500)	-
Oil and gas property recoveries	<u>1,322</u>	<u>11,014</u>
Cash used in investing activities	<u>(3,178)</u>	<u>11,014</u>
Change in cash position during the period	15,301	31,937
Cash position, beginning of period	<u>50,691</u>	<u>189,546</u>
Cash position, end of period	<u>\$ 65,992</u>	<u>\$ 221,483</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
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MARCH 31, 2007
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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, 2006. 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, 2007	December 31, 2006
Working capital	\$ 114,103	\$ 157,501
Deficit	(12,526,330)	(12,018,022)

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MARCH 31, 2007
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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, 2007	December 31, 2006
Oil and gas properties:		
U.S.A., proved	\$ 2,941,603	\$ 2,879,005
Canada, unproved	<u>112,795</u>	<u>109,616</u>
	3,054,398	2,988,621
Less: Accumulated depletion	<u>(1,695,182)</u>	<u>(1,640,967)</u>
	<u>\$ 1,359,216</u>	<u>\$ 1,347,654</u>

At March 31, 2007, the oil and gas properties include \$112,795 (December 31, 2006 - \$109,616) relating to unproved properties that have been excluded from the depletion calculation.

Ontario prospects, Canada

The Company has 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.

The Company has incurred acquisition costs of \$24,509 on an additional prospect located in Ontario, Canada. During the three month period ended March 31, 2007, the Company was granted a drill permit for this prospect. The Company intends to retain more than a 50% interest in the project.

Michigan, U.S.A.

The Company has a 22.5% working interest in a prospect located in Michigan, U.S.A.

Texas, U.S.A.

The Company acquired a 10% working 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.

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

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

	Natural Gas (Cdn \$/Mmbtu)	Oil (Cdn \$/Bbl)
2007	\$ 8.56	\$ 75.74
2008	9.16	73.41
2009	8.97	69.92
2010	8.74	65.84
2011	8.97	61.76

A ceiling test was not performed at March 31, 2007.

4. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized 100,000,000 common voting shares, no par value			
Issued and outstanding:			
Balance, December 31, 2006	43,758,792	\$ 13,508,437	\$ 486,968
Purchased for cancellation	(50,000)	(6,250)	-
Balance, March 31, 2007	43,708,792	\$ 13,502,187	\$ 486,968

Common shares returned to treasury

On November 14, 2006, the Company filed a notice of intention to undertake a normal course issuer bid with the British Columbia Securities Commission for up to 5% of the Company's issued share capital (2,200,000 common shares) over a 12 month period. The issuer bid was approved by the TSX Venture Exchange. During the three month period ended March 31, 2007, the Company purchased 50,000 common shares for \$6,250 to return to treasury.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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, 2007:

	Number of Shares	Exercise Price	Expiry Date
Options	305,000	\$ 0.15	April 27, 2007 (subsequently expired)
	100,000	0.15	August 11, 2007
	600,000	0.15	September 1, 2007
	150,000	0.15	December 15, 2007
	300,000	0.18	June 8, 2008
	1,600,000	0.15	April 10, 2009
	300,000	0.15	April 25, 2009
	175,000	0.15	October 31, 2009
	100,000	0.15	November 30, 2009
Warrants	2,000,000	0.15	September 14, 2007

5. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2007	2006
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

During the three month period ended March 31, 2007 the Company incurred \$1,321 in recoveries through receivables.

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

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MARCH 31, 2007
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6. RELATED PARTY TRANSACTIONS

The Company paid or accrued management fees of \$20,527 (2006 - \$20,833) to a director of which.

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.

7. 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 \$112,795 (December 31, 2006 - \$109,616) and the total amount of capital assets attributable to the U.S.A. is \$1,246,421 (December 31, 2006 - \$1,238,038).

8. 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.