

PORTRUSH PETROLEUM CORPORATION

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

NINE MONTH PERIOD ENDED
SEPTEMBER 30, 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 September 30, 2007.

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

	September 30, 2007	December 31, 2006
ASSETS		
Current		
Cash	\$ 119,521	\$ 50,691
Receivables	35,711	127,873
Prepays	<u>43,589</u>	<u>22,559</u>
	198,821	201,123
Advances on oil and gas properties	-	62,599
Oil and gas properties (Note 3)	<u>1,482,049</u>	<u>1,347,654</u>
	<u>\$ 1,680,870</u>	<u>\$ 1,611,376</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 87,221	\$ 58,616
Loan payable	<u>103,047</u>	<u>-</u>
	190,268	58,616
Future site restoration	<u>10,494</u>	<u>10,494</u>
	<u>200,762</u>	<u>69,110</u>
Shareholders' equity		
Capital stock (Note 5)	13,652,187	13,508,437
Contributed surplus (Note 5)	525,307	486,968
Deficit	<u>(12,697,386)</u>	<u>(12,453,139)</u>
	<u>1,480,108</u>	<u>1,542,266</u>
	<u>\$ 1,680,870</u>	<u>\$ 1,611,376</u>

Nature and continuance of operations (Note 2)

On behalf of the Board:

“Martin Cotter” Director “Neal 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 September 30, 2007	Three Month Period Ended September 30, 2006	Nine Month Period Ended September 30, 2007	Nine Month Period Ended September 30, 2006
REVENUE				
Oil and gas revenue, net of royalties	\$ 93,829	\$ 205,098	\$ 331,711	\$ 584,895
DIRECT COSTS				
Depletion	64,628	35,592	178,501	90,437
Operating expenses	33,895	69,059	76,216	204,474
Total direct costs	(98,523)	(104,651)	(254,717)	(294,911)
EXPENSES				
Consulting and administration fees	437	2,816	28,354	20,069
Interest expense	1,067	-	1,067	-
Investor relations	5,000	28,191	36,855	62,583
Management fees – related party	19,440	20,049	60,995	60,667
Office and miscellaneous	9,533	(659)	40,242	23,559
Professional fees	40,315	48,274	60,821	99,806
Shareholder costs	883	3,978	11,321	14,314
Stock-based compensation	25,703	33,114	38,339	237,514
Transfer agent and regulatory fees	5,523	1,829	18,469	17,708
Travel and promotion	481	3,342	10,644	10,287
Total expenses	(108,382)	(140,934)	(307,107)	(546,507)
Loss before other items	(113,076)	(40,487)	(230,113)	(256,523)
OTHER ITEMS				
Foreign exchange gain (loss)	(5,844)	-	(14,134)	(10,272)
Total other items	(5,844)	-	(14,134)	(10,272)
Net income (loss) for the period	(118,920)	(40,487)	(244,247)	(266,795)
Deficit, beginning of period	(12,578,466)	(12,244,330)	(12,453,139)	(12,018,022)
Deficit, end of period	\$ (12,697,386)	\$ (12,284,817)	\$ (12,697,386)	\$ (12,284,817)
Basic and diluted earnings (loss) per share				
	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding				
	45,161,043	44,058,792	44,425,098	43,915,477

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 September 30, 2007	Three Month Period Ended September 30, 2006	Nine Month Period Ended September 30, 2007	Nine Month Period Ended September 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	\$ (118,920)	\$ (40,487)	\$ (244,247)	\$ (266,795)
Items not affecting cash:				
Depletion	64,628	35,592	178,501	90,437
Stock-based compensation	25,703	33,114	38,339	237,514
Changes in non-cash working capital items:				
(Increase) decrease in receivables	44,495	49,732	92,162	(54,964)
Increase (decrease) in prepaids	(17,909)	21,415	(21,030)	(17,503)
Increase (decrease) in accounts payable and accrued liabilities	<u>(2,379)</u>	<u>(52,111)</u>	<u>28,605</u>	<u>(55,780)</u>
Cash provided by (used in) operating activities	<u>(4,382)</u>	<u>47,255</u>	<u>72,330</u>	<u>(67,091)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from (repaid to) related parties	-	-	-	(16,571)
Proceeds from issuance of capital stock	150,000	-	150,000	93,750
Share subscriptions	(90,000)	-	-	-
Capital stock purchased for cancellation	<u>-</u>	<u>-</u>	<u>(6,250)</u>	<u>-</u>
Cash provided by financing activities	<u>60,000</u>	<u>-</u>	<u>143,750</u>	<u>77,179</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Oil and gas property expenditures	(133,500)	-	(177,111)	-
Oil and gas property recoveries	<u>28,540</u>	<u>-</u>	<u>29,861</u>	<u>12,939</u>
Cash used in investing activities	<u>(104,960)</u>	<u>-</u>	<u>(147,250)</u>	<u>12,939</u>
Change in cash position during the period	(49,342)	47,255	68,830	23,027
Cash position, beginning of period	<u>168,863</u>	<u>165,318</u>	<u>50,691</u>	<u>189,546</u>
Cash position, end of period	\$ 119,521	\$ 212,573	\$ 119,521	\$ 212,573

Supplemental disclosure with respect to cash flows (Note 6)

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

PORTRUSH PETROLEUM CORPORATIO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
SEPTEMBER 30, 2007
(Unaudited – Prepared by Management)

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.

	September 30, 2007	December 31, 2006
Working capital	\$ 8,553	\$ 142,507
Deficit	(12,697,386)	(12,453,139)

PORTRUSH PETROLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
SEPTEMBER 30, 2007
(Unaudited – Prepared by Management)

3. OIL AND GAS PROPERTIES

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

	September 30, 2007	December 31, 2006
Oil and gas properties:		
U.S.A., proved	\$ 3,044,650	\$ 2,879,005
Canada, unproved	<u>256,867</u>	<u>109,616</u>
	3,301,517	2,988,621
Less: Accumulated depletion	<u>(1,819,468)</u>	<u>(1,640,967)</u>
	<u>\$ 1,482,049</u>	<u>\$ 1,347,654</u>

At September 30, 2007, the oil and gas properties include \$256,867 (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 net development costs of \$170,295 on an additional prospect located in Ontario, Canada. During the nine month period ended September 30, 2007, the Company was granted a drill permit for this prospect. The Company has retained a 90% interest in the Waubuno Prospect.

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.

PORTRUSH PETROLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
SEPTEMBER 30, 2007
(Unaudited – Prepared by Management)

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 September 30, 2007.

4. LOAN PAYABLE

On July 25, 2007, the Company established a credit facility with the Regions Bank in Texas, U.S.A. for \$103,047 (US\$98,732) which is being used to fund the Company's 10% participation in the oil and gas properties located in Texas. Interest is charged at the US Prime Rate and is paid monthly. The loan matures July 25, 2008.

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
Unlimited common voting shares, no par value			
Issued and outstanding:			
Balance, December 31, 2006	43,758,792	\$ 13,508,437	\$ 486,968
Private placement	1,500,000	150,000	-
Finder's fees	53,571	5,357	-
Stock-based compensation	-	-	38,339
Purchased for cancellation	(50,000)	(6,250)	-
Share issue costs	-	(5,357)	-
Balance, September 30, 2007	45,262,363	\$ 13,652,187	\$ 525,307

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 nine month period ended September 30, 2007, the Company purchased 50,000 common shares for \$6,250 to return to treasury.

PORTRUSH PERTOLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
SEPTEMBER 30, 2007
(Unaudited – Prepared by Management)

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

Private placement

On July 10, 2007, the Company announced the completion of a 1,500,000 unit private placement at \$0.10 per unit for gross proceeds of \$150,000. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one common share at an exercise price of \$0.12 until July 6, 2009. A finder's fee of 7.5% on \$75,000 of the offering was paid by the issuance of 53,571 common shares.

All shares and warrants are subject to a four month hold period from the date of issuance.

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 September 30, 2007:

	Number of Shares	Exercise Price	Expiry Date
Options	150,000	\$ 0.15	December 15, 2007
	250,000	0.15	January 12, 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
	325,000	0.10	May 31, 2010
	950,000	0.10	August 9, 2010
Warrants	1,500,000	0.12	July 6, 2009

PORTRUSH PETROLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
SEPTEMBER 30, 2007
(Unaudited – Prepared by Management)

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

Stock-based compensation

The Company granted 1,275,000 (2006 – 1,900,000) stock options during the current period, resulting in stock-based compensation expense under the Black-Scholes pricing model of \$38,339 (2006 - \$204,400), with a corresponding credit to contributed surplus on the balance sheet.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options issued during the period:

	2007	2006
Risk-free interest rate	4.55% ~ 4.64%	4.14%
Expected life of options	3 years	3 years
Annualized volatility	48.68% ~ 51.43%	96.64% ~ 102.10%
Dividend rate	0.00%	0.00%

6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

The significant non-cash transactions during the nine month period ended September 30, 2007 are as follows:

- a) The Company incurred \$1,585 in recoveries through receivables.
- b) Established a credit facility with the Regions Bank in Texas for \$103,047 (US\$98,732) which is being used to fund the Company's 10% participation in oil and gas properties located in Texas.

There were no significant non-cash transactions during the nine month period ended September 30, 2006.

7. RELATED PARTY TRANSACTIONS

The Company paid or accrued management fees of \$60,995 (2006 - \$40,618) 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.

PORTRUSH PETROLEUM CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
SEPTEMBER 30, 2007
(Unaudited – Prepared by Management)

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 \$256,897 (December 31, 2006 - \$91,525) and the total amount of capital assets attributable to the U.S.A. is \$1,225,152 (December 31, 2006 - \$1,411,932).

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

Stock options

The Company granted 350,000 stock options to directors exercisable at \$0.10 until October 4, 2010.