

Form 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS

Portrush Petroleum Corporation

MD&A

Description of Business and effective Date of this Report

Portrush Petroleum Corporation ("Company") 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, and the Mission River project, situated in Refugio and Goliad Counties, Gulf Coast, Texas. The Lenox project has two oil wells on production and the Mission River project has eight gas wells on production. 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 period ended March 31, 2007 (the "Financial Statements"). 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 May 24, 2007.

2007 Highlights

- The Mission River field in Texas has nine wells on production and total daily production from the field is approximately 2 million cubic feet of gas and 90 barrels of oil.
- The operator of the Mission River project, in which the Company holds a 10% working interest, has decided to proceed with a new multi-well drilling program on the property.
- Announced a new development gas well in Ontario.
- The operator of the Mission River project completed one deep well during the quarter.
- Reported oil and gas revenues for the 3 month period ended March 31, 2007 was \$135,169 compared to \$150,811 for the same period in 2006, with a reported net loss \$0.01 per share for the period in 2007 compared to net income per share of \$0.01 for the same period in 2006.

Properties of the Company

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 the Moore Township, Lambton County, Southwestern Ontario, Canada. The prospect is located in the heart of a gas storage area on trend and mid point between two pinnacle reef gas storage pools, Kimball Colinville and Waubuno. 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.

Mission River Project, Texas

In Texas, the Company has 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 Company owns a 10% working interest in the project.

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 eight additional wells have since been drilled and completed as gas wells. Nine wells are currently on production. A gas pipeline runs through the property.

During the three month period ended March 31, 2007, the Company received notice from the operator that it has commenced drilling the next deep step utilizing a patterson-UTI drilling rig capable of drilling to 8,500 with a 4" pipe. The well has been named Scanio-Hawn No.1. The operator recently completed a 3-D seismic shoot on the property and has used the data to enhance the Scanio-Hawn location. A well was drilled to a depth of approximately 8,600 feet. It encountered hydrocarbon bearing sandstones within the main target zone. One of the zones was perforated and the well was placed on production. The production rate is approximately 250,000 cubic feet of gas per day.

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.

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.

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 has 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 three month period ended March 31, 2007, the Company recorded gross oil and gas revenues of \$135,169 compared with \$150,811 in 2006. Well operating expenses were \$65,330 compared with \$33,176 in the previous year and the Company recorded depletion expenses of \$54,215 compared with \$23,880 in the previous year.

General and administration expenses were \$91,367 compared with \$87,908 for the same period in 2006. General and Administrative expenses increased due to the higher investor relations and travel and promotion costs. 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 year. The Company paid or accrued to the President of the Company management fees of US\$6,000 per month.

Summary of Quarterly Results

		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
2005	Total Revenue	157,958	146,856	173,355	115,429
	Net Loss	(2,425)	(113,576) ⁽¹⁾	(2,207) ⁽²⁾	(42,040) ⁽³⁾
	Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)
2006	Total Revenue	150,811	228,986	205,098	192,560
	Net Income (loss)	7,868 ⁽⁴⁾	(234,176) ⁽⁵⁾	(40,487) ⁽⁶⁾	(167,322) ⁽⁷⁾
	Basic and diluted Income (loss) per share	0.01	(0.01)	(0.01)	(0.01)
2007	Total Revenue	135,139			
	Net Income (loss)	(73,191)			
	Basic and diluted Income (loss) per share	(0.01)			

During the quarter, the Company recorded stock based compensation expenses of (1) \$Nil, (2) \$2,876, (3) \$42,645, (4) \$9,540, (5) \$168,225, (6) \$6,889, (7) \$20,731

The Company has increased its revenues over the last two years from its various producing wells. Administrative costs have remained relatively consistent over the last two years when stock-based compensation, a non-cash expense, is excluded from administrative costs.

Liquidity

The Company does not 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, and public financing. 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

On September 1, 2005, the Company entered into an investor relations agreement with Agora Investor Relations Corp. to provide shareholder communications services for the Company. Agora is paid US\$2,500 per month and was granted stock options to purchase 200,000 common shares at \$0.15 per share expiring September 1, 2007.

On June 7, 2006, Allan McGirr joined the Company as an investor relations consultant. Mr. McGirr was

granted stock options to purchase 300,000 common shares at \$0.18 per share expiring June 8, 2008 and is paid \$2,500 per month on a month to month basis.

The Company will continue its corporate awareness program with the aim of enhancing the Company's visibility and foster a clear understanding of its performance and strategic direction.

The Company uses AGORA (<http://www.agoracom.com>) to provide a dynamic interactive investor relations service thru the use of its IR HUB website. The website provides effective communication between the Company, it's shareholders and the investment community through AGORA's Internet based investor relations system. The Company's IR HUB (<http://www.agoracom.com/IR/Portrush>) will allow both the Company and AGORA to communicate with all investors simultaneously, anytime and in real-time, while providing shareholders with equal access and complete transparency to all investor relations communications.

Share Buy Back Program

In December 2006 the Company initiated a share buy-back program whereby the Company may purchase up to 2,200,000 (up to 5% of the Company's issued share capital) of its common shares over the next 12 months through the facilities of the TSX Venture Exchange. To date, the Company has purchased 350,000 shares for \$46,250 for cancellation.

Outstanding Share Data

The following table summarizes the outstanding share capital as at May 24, 2007:

Common shares	43,708,792
Stock options	3,630,000
Warrants	2,000,000

(See Note 4 of the financial statements for additional detail)

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

The Company paid or accrued management fees of US\$6,000 per month to a director, Martin Cotter for his services as the President of the Company.

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.

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.

Internal Controls over Financial Reporting

Management has established and maintained disclosure controls and procedures for the Company in order to provide reasonable assurance that material information relating to the Company is made known to it in a timely manner, particularly during the period in which the annual filings are being prepared. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at the date of this report, and believes them to be effective in providing such reasonable assurance.

Management is also responsible for the design of internal controls over financial reporting within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles ("GAAP"). Management has evaluated the design of the Company's internal controls and procedures over financial reporting as of the end of the period covered by the interim filings, and believes the design to be sufficient to provide such reasonable assurance.

In addition, because of the size of the Company and the small number of staff, the Company must rely upon various advisers and consultants to assist with the various regulatory disclosure requirements, and as such these advisers and consultants form part of the disclosure controls and procedures.

During the reporting period, the Company made changes to its system of internal controls that did not materially affect internal control over financial reporting.

Subsequent events

Subsequent to March 31, 2007, the Company:

- i) Announced that it's Special and Annual General Meeting will be held on June 4, 2007 in Vancouver, BC, Canada.
- ii) Announced that the operator of the Mission River, Texas property has finalized plans to drill four additional wells and expects drilling activities will commence next month. The wells will be drilled to intersect the 7,800 foot interval found present and capable of production in the Scanio/Shelton No. 6 and 7 wells.