Form 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS

Portrush Petroleum Corporation

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 nine 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 December 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 April 28, 2008.

2007 Highlights

- Drilling has been completed on the first two wells of a new four well program in Mission River. The wells were drilled to a depth of 8,600 feet and the Company is waiting for the completion results of the second well. A total of four wells are planned. The Company holds a 10% working interest in the Mission River Project.

- The Company has established a credit facility with a Texas based bank to finance future cash calls on the current Mission River drilling program.

- The Company drilled the Waubuno prospect in Ontario to a total depth of 729.0m without encountering a pinnacle reef. The well is considered a near miss of a pinnacle reef and the Company is planning a 3D seismic survey over the lands to pinpoint a drillable anomaly.

- Reported oil and gas revenues for the 12 month period ended December 31, 2007 was $392,534 compared to $777,455 for the same period in 2006, with a reported net loss of $0.03 per share for the period in 2007 compared to a net loss of $0.01 per share for fiscal 2006.

- During fiscal 2007, revenue from the original eight well Mission River drilling program declined at rate faster than forecast and accordingly the Company has decided to record a write-down of $1,049,683 which is included in accumulated depletion.

Oil and Gas Properties

<u>Ontario prospects, Canada</u>

The Company negotiated leases on a gas 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.

The Moore 5-13-III well was drilled to a final total depth of 729.0m. on December 6, 2007 without encountering a pinnacle reef. The well encountered a number of "reef proximity indicators" including two zones of reef derived "Sucrosic Dolomite" in the upper A1 Carbonate formation. The lower zone with 11.8' of thickness gave up good oil showings while drilling. The Neutron-Density logs indicate porosity in the 6.0% range but with poor permeability and not suitable for completion. "Fracturing stimulation" is not allowed on wells that are drilled adjacent to gas storage reservoirs so this was not an option for the Company.

The well is considered a near miss of a pinnacle reef. The 2D Seismic anomaly on which it was drilled is considered "sideswipe" to a pinnacle. The Company is planning a more sophisticated 3D Seismic survey over the lands to pinpoint a drillable anomaly. This survey might take place in February when the ground could be frozen. This would minimize land damages in a very sensitive area. The well is presently being saved in anticipation of directionally drilling in the direction of the pinnacle subject to the seismic results.

The prospect is on trend and mid point between two pinnacle reef gas storage pools, Kimball Colinville and Waubuno and it is favourably located with respect to a Union Gas Pipeline tie-in located on the Kimball Side Road approximately 1.55 miles from the prospect.

During fiscal 2007, the Company paid net acquisition of $252,489 (2006 - $22,009) on an additional prospect located in Ontario, Canada. The Company has an 89% interest in this prospect.

<u>Mission River Project, Texas U.S.A</u>

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 period ended December 31, 2007, the operator announced plans to drill four additional wells. 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. The first well, the Scanio/Shelton No.8 well was drilled to a depth of 8,600 feet in January, 2008. The second well, the Scanio/Shelton No. 10 well will be drilled to a total depth of 8,600 feet and is a follow up well to the number eight well that was drilled and placed on production earlier. The number eight well is currently producing at a rate of approximately eight hundred thousand cubic feet of gas a day and forty five barrels of oil a day.

<u>Lenox Project, Michigan U.S.A.</u>

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.

Selected Financial Information

	Year-end 12/31/07	Year-end 12/31/06	Year-end 12/31/05
Revenues (Net)	392,534	777,455	593,598
General and Administrative Expenses (not including stock based compensation) Stock Based Compensation Expenses	347,180 46,671	409,264 205,385	327,506 75,193
Write-off of receivable	Nil	Nil	Nil
Net Income (Loss) per share	(1,345,604) (0.03)	(435,117) (0.01)	(160,248) (0.01)
Working Capital (deficiency)	(91,000)	142,507	157,501
Oil & Gas Properties	514,105	1,347,654	1,571,241
Long Term Liabilities	Nil	Nil	Nil
Shareholders' Equity Dollar Amount Number of Securities [(1)]	 $ 387,083 45,262,363	 $ 1,542,266 43,758,792	 $ 1,718,248 43,433,792

(1) During the year ended December 31, 2007, the company returned to treasury and cancelled 50,000 common shares. During the year ended December 31, 2006, the Company returned to treasury 300,000 common shares that were later cancelled in 2007. During the year ended December 31, 2005, the Company cancelled 103,125 common shares that were held in escrow.

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 year ended December 31, 2007, the Company recorded gross revenue of $392,534 compared with $777,455 in 2006. Well operating expenses were $94,912 compared with $195,070 in the previous year and the Company recorded depletion expenses of $1,233,325 compared with $399,036 in 2006.

General and administration expenses before non-cash expenses were $347,180 compared with $409,264 for the same period in 2006. The Company recorded a non-cash charge for stock-based compensation pertaining to the grant of stock options of $46,671. General and Administrative expenses decreased due to a decrease in investor relations and professional fees. The Company expects general and administrative expenses to remain relatively constant as the Company expects its level of activity to remain the same for the coming year. The Company paid or accrued to the President of the Company management fees of US$6,000 per month.

On July 25, 2007, the Company established a US$300,000 credit facility with the Regions Bank in Texas, USA maturing on July 25, 2008. The loan payable is secured by the Company's interests in the Mission River property in Texas, USA.

As at December 31, 2007, the Company had taken advances on the loan payable of $103,047 (US$98,732) bearing interest rates ranging from 7.25% to 8.25% per annum.

Summary of Quarterly Results

		1st Quarter	2nd Quarter	3rd Quarter	4th 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	102,713	93,829	60,853
	Net Income (loss)	(73,191)	(91,248) (8)	(118,920) (9)	(1,062,245) (10)
	Basic and diluted Income (loss) per share	(0.01)	(0.01)	(0.01)	(0.02)

During the quarter, the Company recorded stock based compensation expenses of (1) $Nil, (2) $2,876, (3) $42,645, (4) $9,540, (5) $204,400, (6) $6,889, (7) $20,731, (8) $12,636, (9) $25,703, (10) $8,332

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.

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.

Discussion of Fourth Quarter Results

Total revenues for the three month period ended December 31, 2007 decreased to $60,853 when compared to the previous quarter. Revenues decreased because of a decrease in production from the Lenox Project in Michigan and the Mission River project in Texas. The net loss for the three months ended December 31, 2007 increased to $1,062,245 when compared to the net loss from the previous quarter. Most administration expenses were consistent with previous quarters. However, there was an increase in depletion expense, a non-cash charge to operations, during the quarter resulting from an adjustment to reserve estimates on the US oil and gas properties.

Investor Relations

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.

Share Buy Back Program

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 fiscal 2007, the Company purchased 50,000 (2006 – 300,000) common shares for $6,250 (2006 - $40,000) to return to treasury. These 350,000 common shares were cancelled during fiscal 2007 resulting in a reclassification of $62,116 from capital stock to contributed surplus.

Outstanding Share Data

The following table summarizes the outstanding share capital as at the effective date of this Management Discussion and Analysis:

Common shares	45,262,363
Stock options	4,700,000
Warrants	1,500,000

(See Note 7 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 loan payable. 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.

Recent Accounting Pronouncements

The Canadian Institute of Chartered Accountants ("CICA") has issued new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The Company will adopt the requirements commencing in the interim period ended March 31, 2008 and is currently considering the impact this will have on the Company's financial statements.

Assessing Going Concern

The Canadian Accounting Standards Board ("AcSB") amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

Financial Instruments

The AcSB issued CICA Handbook Section 3862, *Financial Instruments – Disclosures*, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges.*

The AcSB issued CICA Handbook Section 3863, *Financial Instruments – Presentation*, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

Capital Disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed.

International Financial Reporting Standards ("IFRS")

In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The ASB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the ACSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Change in Accounting Policy

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the CICA relating to financial instruments. As required by the transitional provisions of these new standards, these new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

Financial Instruments – Recognition and Measurement (Section 3855)

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after January 1, 2007. This standard requires all financial instruments within its scope, including derivatives, to be included on the Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations or accumulated other comprehensive income, depending on the classification of the related instruments.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the asset or liability. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to January 1, 2007 are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.

- Available-for-sale financial assets are measured at fair value. Changes in fair value are included in other comprehensive income until the gain or loss is recognized in income.

- Held for trading financial instruments are measured at fair value. All changes in fair value are included in net earnings in the period in which they arise.

- All derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. Changes in fair value are included in net earnings in the period in which they arise, except for hedge transactions which qualify for hedge accounting treatment in which case gains and losses are recognized in other comprehensive income.

Outlook

The Company's primary focus for the foreseeable future will be on reviewing its financial position and the ability to finance new business ventures in the oil and gas industry.

Additional Information

Additional information related to the Company is available for view on SEDAR at www.sedar.com and at www.portrushpetroleum.com.

Subsequent events

Subsequent to December 31, 2007, the Company:

a) Announced that Mr. Phil Pearce joined the Company’s advisory board.

b) Granted stock options for 600,000 common shares exercisable at $0.10 per share expiring on January 23, 2010.

c) Placed the Scanio/Sheldon No. 8 well in the Mission River property in Texas, on production. The well was drilled to a total depth of 8,600 feet.

d) Negotiated an option, in conjunction with Petromark Energy Group, to acquire up to a 90% interest in the leases for the Chico Martinez oil field in Kern County, California. The Company is currently evaluating the property and development plans and its level of participation in the project.

e) Announced that the second well of the new four well program, the Scanio/Shelton No. 10 well on the Mission River Property in Texas, will be drilled to a total depth of 8,600 feet and is a follow up well to the number eight well that was drilled and placed on production earlier. The number eight well is currently producing at a rate of approximately eight hundred thousand cubic feet of gas a day and forty five barrels of oil a day.