

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 property the Mission River project, situated in Refugio and Goliad Counties, Gulf Coast, Texas. The Mission River project has placed twelve wells on production producing mostly gas with some oil. 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, 2008 (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 29, 2009.

2008 Highlights

- The last 4 Mission River wells, numbers 8,10,11,12 were all successful and new pay zones were found that have not been previously produced in the field. Each new well is located to develop the newly discovered Lower Frio formations but will also be positioned to develop the proven Upper Vicksburg (8,000' to 8,500')
- The Company will not participate in the next three well programs in Mission River.
- The current daily production from the field is 2,500 Mcfd and 90 barrels of oil; the Company holds a 10% working interest in the Mission River Project.
- The gathering system has sufficient capacity to handle any anticipated increase in production arising from the additional wells.
- In late October, the Company began drilling the Waubuno #2 based on new 3D seismic survey; drilling completed in late December and the Company has yet to decide whether to complete or abandon the well.
- Reported oil and gas revenues for the year ended December 31 were \$669,710 compared to \$392,534 for the same period in 2007, with a reported net loss of \$0.01 per share for the period in 2008 compared to a net loss of \$0.03 per share for 2007.

Oil and Gas Properties

Ontario prospects, Canada

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 2-D Seismic anomaly on which it was drilled is considered “sideswipe” to a pinnacle. The Company planned a more sophisticated 3-D Seismic survey over the lands to pinpoint a drillable anomaly. This survey was completed in May 2008 and received a favorable geophysical report and interpretation from its consultants in Calgary, Alberta. The Company finished drilling the second well in late December and must now decide to complete or abandon the well.

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.

Portrush commissioned a Calgary based Petrophysical Consulting firm to conduct a detailed evaluation on the Moore 6-12-III #2 well on its Waubuno property in Moore (St. Clair) Township, Lambton County, Southwestern Ontario which was drilled in December 2008. The evaluation is based on log calculations and an oil show observed during drilling at the top of the main potentially productive porosity interval. The results will be considered preliminary until such time as the well is placed on production. The Company holds a 89% WI in the project.

Mission River Project, Texas U.S.A

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 twelve wells have since been drilled and completed as gas wells. A gas pipeline runs through the property.

The operator has drilled the number 11 & 12 wells and they have been placed on production. The current daily production from the field is 2,500 Mcfd and 90 barrels of oil.

Lenox Project, Michigan U.S.A.

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. The project consists of two oil wells with excess gas being flared. Production is no longer considered material.

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 12/31/08	Year-end 12/31/07	Year-end 12/31/06
Revenues (Net)	669,710	392,534	777,455
General and Administrative Expenses (not including stock based compensation)	548,383	347,180	409,264
Stock Based Compensation Expenses	38,249	46,671	205,385
Net Income (Loss) per share	(409,924) (0.01)	(1,345,604) (0.03)	(435,117) (0.01)
Working Capital (deficiency)	(641,745)	(91,000)	142,507
Oil & Gas Properties	840,790	514,105	1,347,654
Long Term Liabilities	Nil	Nil	Nil
Shareholders' Equity			
Dollar Amount	\$ 140,408	\$ 387,083	\$ 1,542,266
Number of Securities ⁽¹⁾	45,614,530	45,262,363	43,758,792

(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.

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.

Summary of Quarterly Results

		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
2006	Total Revenue	150,811	228,986	205,098	192,560
	Net Income (loss)	7,868 ⁽¹⁾	(234,176) ⁽²⁾	(40,487) ⁽³⁾	(167,322) ⁽⁴⁾
	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 loss	(73,191)	(91,248) ⁽⁵⁾	(118,920) ⁽⁶⁾	(1,062,245) ⁽⁷⁾
	Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)
2008	Total Revenue	81,637	146,865	150,855	290,353
	Net Income (loss)	(50,652) ⁽⁸⁾	(72,117) ⁽⁹⁾	63,124	(350,279)
	Basic and diluted income (loss) per share	(0.01)	(0.01)	0.01	(0.01)

During the quarter, the Company recorded stock based compensation expenses of (1) \$9,540, (2) \$204,400, (3) \$6,889, (4) \$20,731, (5) \$12,636, (6) \$25,703, (7) \$8,332, (8) \$9,980, (9) \$28,269.

Results of Operations

The Company does not operate the Mission River project, located in the State of Texas, which is currently its main source of revenue. The Company owns a 10% working interest in the project which is subject to a 25% royalty interest. Currently there are 12 wells on production with 2 wells producing oil and the remainder producing gas. Revenue from the project has been negatively impacted by the downward pressure on oil and gas prices. The Company does not expect a significant increase in prices during the next year and this will continue to impact revenue.

Fourth Quarter Ended December 31, 2008

Production: Production increased significantly in the third quarter as a result of wells coming on stream from the four well drilling program in Mission River. During the three month period ended December 31, 2008, the Company recorded gross revenues of \$290,353 compared with \$60,853 in 2007.

Expenses: Well operating expenses increased significantly in the third quarter due to costs associated with the new wells from the four well drilling program in Mission River. Operating expenses were \$102,878 compared with \$18,696 in the previous year.

Depletion Expenses: In the previous year, there was an increase in depletion expense, a non-cash charge to operations resulting from an adjustment to reserve estimates on the US oil and gas properties; this depletion expense adjustment resulted in the Company recording depletion expenses of \$1,233,325 in 2007 compared to \$132,371 in 2008.

Administration Expenses: The Company is continuing to maintain very modest administration expenses and these expenses were consistent with previous quarters. There was no stock based compensation expense recorded in 2008 compared to \$8,332 in 2007.

Year Ended December 31, 2008

Production: Production began to increase after the first quarter of the year as a result of increased production from the Mission River project. Although production from the Lenox project, a 2 well oil project, declined over the year, the Company expects production from the four well drilling program in Mission River to increase so as to offset declines in Lenox. Although the Company continues to generate some revenue from Lenox, production is no longer considered to be material and no reserves were assigned to the Lenox project

at year end. During fiscal 2008, the Company recorded gross revenues of \$669,710 compared with \$392,534 in 2007.

Currency Fluctuations: Oil and gas revenue and operating costs fluctuate with changes in the exchange rate between the Canadian and US dollar as all revenue producing properties are located in the United States. The Company converts its US revenues and expenses using an average of the monthly Bank of Canada rate exchange rates.

Expenses: Well operating expenses increased during the year due to operating expenses associated with the new wells from the four well drilling program in Mission River. Well operating expenses were \$169,080 compared with \$94,912 in the previous year.

Depletion Expenses: In the previous year, there was an increase in depletion expense, a non-cash charge to operations resulting from an adjustment to reserve estimates on the Mission River project. This depletion expense adjustment resulted in the Company recording depletion expenses of \$250,148 compared with \$1,233,325 in 2007.

Administration Expenses: The Company is continuing to maintain very modest administration expenses and these expenses were consistent with the previous year except for the \$100,000 charge for property investigation arising out of a proposed gas project in California and the non-cash financing fee of \$106,000 attributed to the issuance of loan bonus warrants. General and administration expenses before non-cash expenses and property investigation costs were \$342,383 compared with \$347,180 for the same period in 2007. Included in General and administration expenses are interest expenses paid in fiscal 2008 of \$29,739 (\$2,337 in 2007).

Stock based compensation expenses recorded in 2008 were very similar to those incurred in 2007. The Company recorded a non-cash charge for stock-based compensation pertaining to the grant of stock options of \$38,249 compared to \$46,671 in 2007. The inclusion of this expense is based on Canadian accounting policies that require the Company to include an “estimate of the grant date fair value” of stock options as a compensation expense.

The Company paid or accrued to the President of the Company management fees of US\$6,000 per month; an amount that has not increased over the preceding two years. At the end of the year, the President of the Company had accrued but unpaid management fees and expenses of US\$64,374.

The Company has recognized a financing fee of \$106,000 (non-cash expense) relating to 4,400,000 warrants granted subsequent the December 31, 2008 in connection with the increased credit facility. The warrants have been valued using the Black-Scholes option pricing model with an expected volatility of 128%, a risk free interest rate of 1.37 %, an expected life of 2 years and an expected dividend yield of 0%.

Capital: The Company, with the assistance of the operator of the Mission River project, has established a credit facility with the Texas Community Bank in Texas, USA of US\$450,000. These funds were used to pay the Company’s share of the drilling costs of the new Mission River four well program. Each well cost the Company approximately US\$110,000 for its share of the drilling expenses. The loan bears interest at the Lender’s Commercial Prime Floating Rate plus one-half percent, matures on August 15, 2009, and is secured by the Company’s interests in the Mission River property in Texas, USA. During fiscal 2008 the Company paid \$28,921 in interest costs on the loan.

Outlook: The Company does not intend to participate in further drilling at the Mission River project. This will result in revenues remaining flat for the upcoming year unless another project comes on stream. The Waubuno project in Ontario will require at least \$100,000 to complete in the event a production decision is made. The ability of the Company to explore its oil and gas properties and the future profitability of the Company are directly related to the market price of oil and gas. The Company expects little change in current oil and gas prices but will continue to monitor prices to determine the appropriate course of action to be taken by the Company.

Working Capital Deficiency

The Company's working capital deficiency is primarily due to the credit facility established with its US bank to fund the four well drilling program in Mission River. This loan of US\$450,000 matures on August 15, 2009. The Company expects to renew the loan for another 12 month period. The loan is secured by the Company's interests in the Mission River property in Texas, USA.

Liquidity

The Company expects to extend its current credit facility with its US bank for another year when it comes due in the third quarter. Cash flow from operations will be used to reduce the amount of the loan over the next 12 months in a manner consistent with current G&A expenses. The Company cannot undertake any additional projects without additional financing or joint ventures.

The Company is currently reviewing all of its holdings with a view to selling or farming out current projects. In the event that the credit facility is not extended, it will be necessary for the Company to sell one or more of its projects and the Company will not be able 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 and has no present intention of paying dividends on its common shares.

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.

Outstanding Share Data

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

Common shares	45,614,530
Stock options	2,750,000
Warrants	6,233,500

(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.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is primarily held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist mainly of GST receivable due from the Federal Government of Canada and balances due from the sale of its share of oil and gas relating to its oil and gas properties. Management believes that the credit risk concentration with respect to financial instruments included in receivables is minimal.

Currency risk

Cash held in foreign currencies other than the Canadian dollar is subject to currency risk. The Company is exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company does not use derivative instruments or foreign exchange contracts to hedge against gains or losses arising from foreign exchange fluctuations.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is a very limited interest rate risk as the Company holds no interest bearing financial obligations or assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its oil and properties and the future profitability of the Company are directly related to the market price of oil and gas. The Company monitors oil and gas prices to determine the appropriate course of action to be taken by the Company.

Risk Management

The Company's largest non-monetary assets are its oil and gas properties in the U.S.A. The Company has established a credit facility and has a loan payable in the U.S.A. The Company could accordingly be at risk of foreign currency fluctuations. The Company relies on consultants for the management of its oil and gas properties and for legal and accounting matters.

Capital Management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through public and/or private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Disclosure Controls & Procedures

The roles of CEO and CFO are fulfilled by the Company's President. He has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded based on his evaluation that they are sufficiently effective to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations. The Company recognizes that a weakness exists in respect of the segregation of duties as a result of having a limited number of accounting staff both at head office and at the foreign subsidiary. He also concluded that considering the size and stage of development of the Company, the issue does not currently warrant the hiring of additional accounting staff to correct the lack of segregation of duties at this time.

Changes in Accounting Policy

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the CICA. 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.

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.

Recent Accounting Pronouncements

Mining Exploration Costs

On March 27, 2009, the CICA approved EIC-174 “Mining Exploration Costs.” This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

This standard will be effective for the Company beginning on April 1, 2009. The Company is currently evaluating the impact of adopting this standard in 2009.

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. The Company is monitoring the impact of the transition on its business practices, systems and internal controls over financial reporting. A detailed analysis of the difference between IFRS and the Company's accounting policies as well as an assessment of the impact of various alternatives is underway. Changes in accounting policies are likely and may materially impact the Company's financial statements. 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.

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, 2008, the Company granted 4,400,000 bonus warrants to Mantle Resources LLC as fees in connection with a credit facility. Each warrant is exercisable for one common share at a price of \$0.05 per share expiring January 28, 2011. The expiry date can be reduced to January 28, 2010 upon the occurrence of certain events. The proceeds from the warrants will be used solely for either the payment of accrued interest and principal of the loan and, if the loan is in good standing, for any costs or expenses of certain new wells in Texas.