SOFTROCK MINERALS LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED

DECEMBER 31, 2011

SOFTROCK MINERALS LTD.

Management Discussion and Analysis
For The Year Ended December 31, 2011

Dated April 25, 2012

The following discussion of the financial condition, changes in financial condition and results of operations of Softrock Minerals Ltd. ("Softrock" or the "Corporation") for the year December 31, 2011 should be read in conjunction with the audited financial statements of the Corporation which have been prepared in accordance with International Financial Reporting Standards consistently applied (unless noted otherwise).

FORWARD-LOOKING INFORMATION

This Management Discussion and Analysis contains "forward-looking information" relating to Softrock within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact included herein are forward-looking information. Generally forward-looking information may be identified by the use of forward-looking terminology such as "plans" "expects" or "does not expect", "proposed", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would or might occur or be achieved. This forward-looking information reflects Softrock's current beliefs and it is based on information currently available to the Company and on assumptions the Company believes are reasonable.

Forward-looking information includes unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance or activities of the Company to be materially different from those expected or implied by such forward-looking information. Such risks and other factors may include but are not limited to: the development of Softrock; general business, economic, competitive, commodity prices, political and social uncertainties, lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting operations and exploration, timing and availability of external financing on acceptable terms, lack of qualified, skilled labour or loss of key individuals. Although Management has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information except in accordance with applicable securities laws.

OVERVIEW

Softrock Minerals Ltd. is a public company incorporated under the Alberta Business Corporations Act with its shares traded on the TSX Venture Exchange.

Softrock Minerals Ltd. carries on the business of oil, gas and mineral exploration and development in Western Canada. Softrock also monitors activity and geological highlights in Eastern Canada and West Africa This year Softrock received final documentation from the Alberta Government for eight Metallic and Industrial Minerals Permits in Northern Alberta totalling 181,594 acres acquired primarily for the exploration and development of potash and lithium. This will be added to the 23,040 ac parcel already held by the corporation in the same area.

Looking ahead to the first quarter of 2012, when the company completed a $140,000 private placement, the company will complete its geological and geophysical studies to the point where it is applying for four more permits and negotiating with a drilling company for its first two holes.

The general economic climate for small explorers such as Softrock is steadily improving. It is a bit depressing that the high oil, potash and lithium prices is not showing some signs that this optimistic scenario is starting to be reflected in the capital markets upon which Softrock depends for expansion.

The three wells in the Grand Forks area of Southern Alberta in which the Company has a 3% gross overriding royalty produced a net $32,609. During the year, the waterflood in the area is taking hold to the extent that our independent engineer's study at year end indicated total gross proved and probable reserves had expanded from 125,000 bbls to 133,000 bbls and our share reserves from 3,735 bbls to 3,984 bbls.

Softrock continues to pursue the acquisition of oil, gas, and mineral exploration and development concessions in Canada, Africa, Asia and South America.

RESULTS OF OPERATIONS

Minhik (West Central Alberta)

Softrock has a 20% working interest in PFM Minhik 7-35-44-4W5 acquired through paying 20% of the drilling and completion costs from surface to the base of the Cretaceous (Manville). The interest in the 640 ac Crown lease is subject to its proportionate share of a 13% GORR. Also acquired in the same farm-in is the same interest in a suspended Edmonton formation gas well (coal bed methane - Horseshoe Canyon formation) which has been completed at 64 MCF per day in LSD 11 of the same section.

Production casing was set on the 7-35 and perforation and swab tests indicate it is an Ostracod B (Lower Manville) oil well in the 30 BOPD range. Logs also indicate more oil pay in the Ostracod A and a number of gas zones in the Glauconitic, Colorado and Belly River, as well as horizontal drilling oil/gas possibilities in the Viking and Cardium zones. We are negotiating with the operator who has the other 80%, as to future drilling and development.

Manitou Lake (West Central Saskatchewan)

The Company has a thirty percent interest in two wells in western Saskatchewan that have been drilled, completed with approximately three meters of oil pay in the Cretaceous Sparky zone in each well. The wells are currently suspended. The two wells are in Lsd 9, Sec. 31, Twp 44, Rge 27 W3M and Lsd 4, Sec 5, Twp 45, Rge 27 W3M, one-half mile away, both off-setting Sparky heavy oil production.

The company has negotiated a farm out of their interest in 9-31 whereby a group is spending Softrock's 30 % share of new pumps and equipment to receive a 15 % interest in the well (one – half of Softrock's share). After some initial oil production the well went to water and is now standing suspended.

Potash Lithium and Rare Earths (North Alberta)

The company's Alberta mineral permits cover all the above minerals plus other interesting possibilities such as iron ore and diamonds. A geochemical survey has been completed which along with regional subsurface geology indicates the company's nine permits are in excellent locations. Work proceeded in this quarter on obtaining drill-cutting samples and sample logs from holes drilled for oil and gas in the area. This plus an in depth analysis of a number of radioactive drill hole logs in the area helped to pinpoint our first deep core holes on the prospects. This work also pointed the way to three or four more areas that the company may stake early next year. The company has contacted a deep core hole contractor that has experience drilling potash beds in Saskatchewan to see whether a hole could be drilled this summer or autumn.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following table sets forth, for each quarter ended on the date indicated, information relating to the Company's revenue, net loss and loss per common share as prepared under Canadian generally accepted accounting principles. As can be seen, results are stable giving your directors time and stability to examine the number of opportunities that are coming to the fore.

	Revenue	Net Income (loss)	Loss/Share
March 31, 2010	8,497	(7,359)	0.00
June 30, 2010	7,930	(5,698)	0.00
September 30, 2010	7,651	(4,544)	0.00
December 31, 2010	4,769	(92,067)	0.00
March 31, 2011	7,494	(7,252)	0.00
June 30, 2011	9,863	(1,083)	0.00
September 30, 2011	5,841	(12,488)	0.00
December 31, 2011	9,410	(82,283)	0.00

For further financial information, please refer to the Company's audited financial statements that have been filed on SEDAR and our website www.softrockminerals.com.

LIQUIDITY

The Company has incurred recurring operating losses and had working capital deficit of $34,543 as at December 31, 2011 which has been improved with an underwriting of $140,000 during the first quarter of 2012. The Company's ability to continue as a going concern and to recover the recorded costs for property and equipment is dependent upon the ability to raise sufficient capital either through debt or equity issues, through the sale of marketable securities, to achieve profitable operations or to find a joint venture partner. The outcome of these matters cannot be predicted at this time.

The timing and ability to fulfill these objectives will depend on the liquidity of the financial markets as well as the acceptance of investors to finance resource based junior companies, in addition to the results of the Company's development and exploration programs and the acquisition of additional projects.

CAPITAL RESOURCES

The Company estimates that it requires approximately $13,000 per quarter for administration.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

RISKS AND UNCERTAINTIES

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to explore and develop its properties. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company will require new capital to continue to operate its business and to continue with exploration on its petroleum and mineral properties. There is no assurance that capital will be available when needed, if at all. It is expected that such additional capital would be raised through the issuance of additional equity that will result in dilution to the Company's shareholders.

Oil, gas and mining exploration involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that commercial quantities of oil, natural gas or minerals will be discovered by the Company. Hazards such as fire, explosions, blowouts, cratering and spills could result in considerable damage to property, people and/or the environment. Although the Company will maintain liability insurance which it considers adequate, the nature of the risks is such that incurred costs could have a materially adverse effect upon the Company’s financial condition.

The operations of the Company may require licenses and permits from various local, provincial and federal governmental authorities, as the case may be. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, and development operations at its projects.

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any products discovered. The prices of oil, natural gas and minerals have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

The oil gas and mineral industries are intensely competitive. The Company competes with many companies possessing greater financial and technical resources than itself for the acquisition, development and exploration of oil and gas properties and mineral interests as well as for the recruitment and retention of qualified employees, contractors and consultants.

The Company's operations are subject to environmental regulations promulgated by local, provincial and federal government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances produced in association with certain oil and gas industry operations, such as seepage from tailing disposal areas, or sulphur and non-potable water emissions which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, and fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The Company does not have a long track record or production or operating history upon which investors may rely. Consequently, investors will have to rely on the expertise of the Company's management. The Company’s history of earnings and return on investment is erratic, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

ON GOING TRANSACTIONS

The company intends on proceeding with continued geological and geophysical studies on its Alberta Potash Permits at an estimated cost of about $50,000 followed by one or two test holes which could cost an additional eight or nine hundred thousand dollars. It is intended to meet this cost by additional underwriting and/or bringing in a partner.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The timely preparation of the financial statements requires that management make estimates and assumptions, and use judgment regarding assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates used in the preparation of the financial statements include, but are not limited to, those areas discussed below.

(a) Oil and gas reserves and resources

Certain depletion, depreciation, impairment and decommissioning and restoration charges are measured based on the Company's estimate of oil and gas reserves and resources. The estimation of reserves and resources is an inherently complex process and involves the exercise of professional judgment. Reserves and resources have been evaluated at December 31, 2011 by independent petroleum consultants in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. The reserves and resources estimates are based on the definitions and guidelines contained in the Canadian Oil and Gas Evaluation Handbook.

Oil and gas reserves and resources estimates are based on a range of geological, technical and economic factors, including projected future rates of production, estimated commodity prices, engineering dates, and the timing and amount of future expenditures, all of which are subject to uncertainty. Assumptions reflect market and regulatory conditions existing at each annual reporting date, which could differ significantly from other points in time throughout the year, or future periods. Changes in market and regulatory conditions and assumptions can materially impact the estimation of net reserves.

(b) Exploration and evaluation costs

Certain exploration and evaluation costs are initially capitalized with the intent to establish commercially viable reserves. The Company is required to make estimates and judgments about the future events and circumstances regarding the economic viability of extracting the underlying resources. The costs are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. Unsuccessful drilling, or changes to project economics, resource quantities, expected production techniques, production costs and required capital expenditures, are important factors when making this determination. If a judgment is made that the extraction of resources is not viable, the associated exploration and evaluation costs are impaired and charged to net income or loss.

(c) Decommissioning liabilities and other provisions

The Company recognizes liabilities for the future decommissioning and restoration of property, plant and equipment. These provisions are based on estimated costs, which take into account the anticipated method and extent of restoration, technological advances and the possible future use of the site. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technology, operating experience and

prices. The expected timing of future decommissioning and restoration may change due to certain factors, including reserve life. Changes to assumptions related to future expected costs, discount rates and timing may have a material impact on the amounts presented. Other provisions are recognized in the period in which it becomes probable that there will be a future cash outflow.

(d) Deferred taxes

Deferred tax assets are recognized when it is considered probable that unused tax losses, tax credits and deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the Company's estimate, the ability of the Company to realize the deferred tax asset could be impacted.

Deferred tax liabilities are recognized for taxable temporary differences. The Company records a provision for the amount that is expected to be settled, which requires the application of judgment as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the Company's estimate of the likelihood of a future outflow, the expected settlement amount, and the tax laws in the jurisdiction which the Company operates.

(e) Impairment of assets

The allocation of assets into cash generating units ("CGU's") requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors the operations.

The recoverable amounts of CGU's and individual assets have been determined based on the higher of fair value less costs to sell. The key assumptions the Company uses in estimating future cash flows for recoverable amounts are anticipated future commodity prices, expected production volumes and future operating and development costs. Changes to these assumptions will affect the recoverable amounts of CGU's and individual assets and may then require a material adjustment to their related net book value.

(f) Share-based payment

Expenses recorded for share-based payments are based on the historical volatility of the Company's share price which may not be indicative of the future volatility. Accordingly, those amounts are subject to measurement uncertainty.

CHANGES IN ACCOUNTING POLICIES

International financial reporting standards ("IFRS")

IFRS transition exemptions

The Company has reviewed IFRS 1 - First Time Adoption of International Financial Reporting Standards. IFRS 1 requires the presentation of comparative information at January 1, 2010 transition date and subsequent comparative periods as well as the consistent and retrospective application of IFRS accounting policies. To assist with the transition, the provisions of IFRS 1 allow for certain mandatory and optional exemptions for first-time adopters to alleviate the retrospective application of all IFRSs. The Company has applied the following exemptions to full retrospective application of IFRS in accordance with IFRS 1:

Deemed cost of property, plant and equipment

The Company has elected to apply the exemption under IFRS 1 allowing the measurement of oil and gas assets at the date of transition to IFRS to be determined based on the amounts disclosed under the full cost method of accounting in accordance with Canadian GAAP.

Decommissioning liabilities

The exemption provided in IFRS 1 from the full retrospective application of IFRS 1 has been applied and the difference between the net book values of the Company's decommissioning liabilities as measured under IFRS and their net book values under Canadian GAAP as of January 1, 2010 has been recognized directly in opening deficit.

Share-based payments

The Company has elected not to apply IFRS 2, share-based payments to equity instruments granted after November 7, 2002, that have not vested by the transition date.

Borrowing costs

The Company has applied the borrowing cost exemption in IFRS 1. It has applied the requirement of IAS 23 to borrowing costs relating to qualifying assets on a prospective basis from the date of transition to IFRS.

Business combinations

IFRS 1 allows an entity to use IFRS rules for business combinations on a prospective basis rather than restating all business combinations.

Mandatory exceptions to retrospective application

Hindsight was not used to create or revise estimates and accordingly the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

The remaining IFRS 1 exemptions were not applicable or material to the preparation of the Company's Statement of Financial Position at the date of transition on January 1, 2010.

Reconciliation of assets, liabilities and shareholders' equity

The following reconciliations present the adjustments made to the Company's Canadian GAAP financial results of operations and financial position to comply with IFRS. A summary of the significant accounting policy changes and applicable exemptions are discussed following the reconciliations.

		December 31, 2010			January 1, 2010		
	Notes	**Canadian GAAP**	**Adj**	**IFRS**	**Canadian GAAP**	**Adj**	**IFRS**
ASSETS							
Current							
Cash and equivalents		$ 18,057	$ -	$ 18,057	$ 125,626	$ -	$ 125,626
Accounts receivable		8,214	-	8,214	8,802	-	8,802
		26,271	-	26,271	134,428	-	134,428
Mineral property interests		-	-	-	1,875	-	1,875
Property, plant and equipment		161,538	(2,943)	158,595	169,474	-	169,474
		$ 187,809	$ (2,943)	$ 184,866	$ 305,777	$ -	$ 305,777
LIABILITIES							
Current							
Accounts payable and accrued liabilities		$ 39,538	$ -	$ 39,538	$ 78,506	$ -	$ 78,506
Other current liabilities		-	-	-	-	4,375	4,375
		39,538	-	39,538	78,506	4,375	82,881
Decommissioning liability		10,297	-	10,297	9,297	-	9,297
		49,835	-	49,835	87,803	4,375	92,178
SHAREHOLDERS' EQUITY							
Share capital		2,536,234	59,125	2,595,359	2,536,234	59,125	2,595,359
Contributed surplus		159,243	-	159,243	131,873	-	131,873
Deficit		(2,557,503)	(62,068)	(2,619,571)	(2,450,133)	(63,500)	(2,513,633)
		137,974	(2,943)	135,031	217,974	(4,375)	213,599
		$ 187,809	$ -	$ 184,866	$ 305,777	$ -	$ 305,777

Reconciliation of net loss and comprehensive loss

		Year ended December 31, 2010		
	Notes	**Canadian GAAP**	**Adj**	**IFRS**
Revenue				
Royalty income		$ 28,847	$ -	$ 28,847
Expenses				
Operating and exploration		7,658	-	7,658
Professional fees		39,836	-	39,836
General and administrative		42,342	-	42,342
Depreciation and depletion		11,976	2,943	14,919
Exploration		4,160	-	4,160
Stock-based compensation		27,370	-	27,370
Write-down of mineral property interests		1,875	-	1,875
Finance costs		1,000	-	1,000
		136,217	2,943	139,160
Loss before taxes		(107,370)	(2,943)	(110,313)
Deferred income tax recovery		-	4,375	4,375
Net loss and comprehensive loss		$ (107,370)	$ 1,432	$ (105,938)

Explanation of significant adjustments

Decommissioning provision:

Under Canadian GAAP, increases in the estimated cash flows were discounted using the current credit-adjusted risk-free rate while downward revisions in the estimated cash flows were discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized. Under IFRS, estimated cash flows are discounted using the risk-free rate that exists at the date of the statement of financial position.

In accordance with IFRS 1, the Company elected to re-measure its decommissioning provision at the IFRS transition date and has estimated the related asset by discounting the liability to the date in which the liability arose and recalculated the accumulated depreciation and depletion under IFRS. Adjustments at the IFRS transition date are immaterial and no adjustment will be recorded to opening deficit. Adjustments arising as a result of changes in the interest rate during 2010 period have been recorded to property, plant and equipment. The impact of these changes on accretion is immaterial and no adjustments have been reflected as a change in finance costs.

Exploration and evaluation assets and property, plant and equipment

Under Canadian GAAP, the Company applied the full cost method of accounting for oil and gas exploration, development, and production activities. Under the full cost method, all costs associated with these activities were capitalized. Under IFRS, the Company elected an IFRS 1 exemption whereby the Canadian GAAP full cost pool was measured upon transition to IFRS as follows:

- exploration and evaluation assets were reclassified from the full cost pool to exploration and evaluation assets at the amount that was recorded under Canadian GAAP;

- non-oil and gas assets (corporate assets) were reclassified from the full cost pool to property, plant and equipment; and

- the remaining full cost pool was allocated to the producing/development assets and components pro rata using reserve values.

The Company's exploration and evaluation assets consist of its 20% working interest in one section of Crown lease land in Minhik area of Alberta. In addition, the Company has the same interest in the same section in a shut-in Edmonton gas well.

The Company's exploration assets have been impaired in previous years given results of shut-in well and lack of further exploration by joint venture partner on Minhik Property. Accordingly, no value has been assigned to the Company's Exploration and Evaluation assets on transition.

Corporate assets were also adjusted out of the full cost pool as these were considered non-oil and gas related costs and therefore not subject to the application of the deemed cost exemption. Corporate assets were evaluated for impairment and subsequently recorded at its net book value in property, plant and equipment.

The Company's corporate assets consist of office furniture, computer hardware and software and are fully amortized at transition.

The Company's remaining full cost pool was allocated to the producing assets and components pro rata using reserve values. In the case of the Company, the full amount of the full cost pool has been allocated to the Company's 3% GORR interest as it is its only CGU.

The Company's producing assets were assessed for impairment on transition under IFRS.

The company's producing assets consists of a 3% GORR (gross overriding royalty) held in three (3) producing Grand Forks AB oil wells.

Impairments

Under Canadian GAAP, an item of property, plant and equipment is deemed recoverable if the undiscounted future cash flows exceed the net book value of the asset group. Under IFRS, recoverability of property, plant and equipment is based on the higher of fair value less costs to sell and value in use of the CGU.

The Company did not record an impairment on its only CGU on the IFRS transition date as the recoverable amount using 2P and 10% discounted exceeded the carrying amount of the producing assets. Under IFRS, the Company evaluated these assets for indicators of impairment at each reporting period - no impairments were identified relation to its only CGU.

Depletion and depreciation

Under IFRS, the Company adopted a policy of depleting its producing and developed oil and gas assets on a unit of production basis over estimated proved plus probable reserves. The depletion policy under Canadian GAAP was based on units of production over proved reserves. Under Canadian GAAP, depletion was calculated using all of Canada as a single cost centre. IFRS requires depletion and depreciation to be calculated based on individual components (ie. fields or combinations thereof) or CGU's. Under IFRS, the Company has designated that depletion will be based on proved plus probable reserves based on the CGU's.

Share-based payments

Under Canadian GAAP, the Company recognized an expense related to share-based payments on a straight-line basis through the date of full vesting and did not incorporate a forfeiture multiplier. Under IFRS, the Company is required to recognize the expense over the individual vesting periods for the graded vesting awards and estimate a forfeiture rate.

The Company's share-based payment transactions relate to stock options granted to directors which vest immediately. Forfeiture rates are set at 0% as it is assumed by management that all options will be held by directors until maturity.

Based on the above there is no impact to the financial statements on transition to IFRS.

Flow-through shares

Under Canadian GAAP, proceeds from flow-through shares are recorded to share capital. When the tax benefits have been renounced to the flow-through shareholder, the Company records a reduction in share capital with a corresponding increase in the deferred tax liability. Under IFRS, share capital for flow-through shares issued is recorded to share capital at the quoted value of the shares at the date of issuance. The difference between the quoted value and the gross proceeds received on the issuance of the shares is recorded as a liability. The tax cost resulting deduction renouncements, less any proceeds received in excess of the quoted value of the shares, must be included in the determination of the tax expense. The Company's had issuances of flow-through shares was in 2009 and 2006 resulting in the difference being applied

as an increase to share capital with an offset to opening deficit on the IFRS transition date for 2006 issuance and an decrease to share capital and increase in liability for the 2009 issuance.

Accounting standards issued but not yet applied

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2013 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the consolidated financial statements.

i. IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

ii. IFRS 10 – Consolidation replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements and requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

iii. IFRS 11 – Joint Arrangements requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas joint operations, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. IFRS 11 supersedes IAS 31 Interests in Joint Ventures, and SIC-13 Jointly Controlled Entities—Non-monetary Contributions by Venturers.

iv. IFRS 12 – Disclosure of Interest in Other Entities establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces additional disclosures addressing the nature of, and risks associated with, an entity's interests in other entities.

v. IFRS 13 – Fair Value Measurement is a comprehensive standard that defines fair value, requires disclosure about fair value measurement and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

vi. IAS 27 – Separate Financial Statement addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements

vii. IAS 28 – Investments in Associates and Joint Ventures has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

viii. IAS 1 – Presentation of Financial Statements amendment requires components of other comprehensive income (OCI) to be separately presented between those that may be reclassified to income and those that will not. The amendments are effective for annual periods beginning on or after July 1, 2012.

ix. IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after July 1, 2012.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company is exposed to normal financial risks inherent within the oil and gas industry, including credit risk, interest rate risk and liquidity risk. The nature of the financial risks and the Company's strategy for managing these risks has not changed significantly from the prior year. The Company does not utilize derivative instruments to manage risks.

i) Credit risk

Credit risk is the risk a third party fails to meet its contractual obligations that could result in the Company incurring a loss. The Company's accounts receivable are primarily with joint venture partners and Canadian federal government. Receivables from joint venture partners arise from the Company's ownership of a gross overriding royalty on certain oil and gas interests. Receivables from Canadian federal government arise from input tax credits for Goods and Services taxes. As at December 31, 2011, 2010, and January 1, 2010 there were no allowances for doubtful accounts as all amounts receivable were current.

ii) Interest rate risk

The Company is not exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations as the Company does not maintain any cash equivalents or debt subject to interest.

iii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities. The Company has no liabilities, other than routine current accounts payable, incurred in the normal course of business.

In 2010, the Company used proceeds from private placements completed in December, 2009 to meet its working capital requirements in 2010. Subsequent to year-end, the Company successfully raised $140,000 from private placements completed in February 2012 and the Management is planning to use this fund to minimum working capital requirements for next twelve months (approximately $55,000) and to capital expenditure. The Management believes there is the opportunity for the Company to raise additional equity and/or enter into joint venture arrangements in 2012.

The outcome of these matters cannot be determined at this time.

iv) Fair value of financial instruments

The Company's financial instruments as at December 31, 2011 include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The fair values of accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to their short terms to maturity.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an on-going basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

At December 31, 2011, 2010 and January 1, 2010, cash and cash equivalents have been classified as Level 1.

RELATED PARTY TRANSACTIONS

During the year, the Company entered into the following transactions with related parties The Company paid to its directors and officers, either directly, or indirectly, the following amounts:

	2011	2010
For accounting services	$ 4,675	$ 5,488
For geological services	1,500	-

At December 31, 2011, $1,500 (2010 - $1,500) was included in accounts payable and accrued liabilities.

COMMON STOCK, STOCK OPTIONS AND WARRANTS

As of the date of this filing, the Company has 21,759,146 common shares issued and outstanding, 1,800,000 Options issued and exercisable.

Please note website www.softrockminerals.com for further details on the history of the corporate share transactions.

Authorized

Unlimited number of:
Common shares without nominal or par value
First and second preferred shares issuable in series

Common shares

Balance at beginning of year	20,934,446	$2,595,359
Issued	824,700	80,898
Balance at end of year	21,759,146	$2,676,257

Stock options

Under the Company's stock option plan, the Company may grant options to employees, officers and directors up to 10% of its issued and outstanding common stock. In addition, the aggregate number of shares so reserved for issuance to any one person shall not exceed 5% of the issued and outstanding shares. Under the plan, options are exercisable upon issuance and an option's maximum term is five years.

Stock options outstanding and exercisable at December 31, 2011: 1,800,000 with a weighted average contractual life of 2.45 years.

Warrants

A summary of the status of the common share purchase warrants as of December 31, 2011, and changes during the year is presented as follows:

Date	Number of warrants	Exercise price $	Expiry date
December 17, 2009	2,380,000	0.10	December 17, 2011
Exercised	720,000	0.10	
Expired	1,660,000		
Broker Warrants Dec. 17, 2009	236,500	0.05	December 17, 2011
Exercised	104,700	0.05	
Expired	131,800	0.10	
Exercisable, end of year	0		

RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Company is a junior oil and gas company and considers items included in shareholders' equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

The Company's risk management is coordinated by the officers of the Company, in close cooperation with the members of the board of directors. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company’s overall strategy remains unchanged from 2010.

The Company currently receives royalty income from a gross overriding royalty held. Revenues are not sufficient to meet ongoing obligations and meet future exploration commitments in respect of its property, plant and equipment. In order to fund future projects and pay for administrative costs, the Company is required to raise additional funds as needed in the equity markets and/or rely on advances from directors. As at December 31, 2011, the Company had a working capital deficiency of $34,542 and shareholders’ equity of $99,162. Subsequent to year-end, the Company successfully raised $140,000 from private placements completed in February 2012 and the Management is planning to use this fund to meet its minimum working capital requirements for the next twelve months and for capital expenditures. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to develop, sell or option its property, plant and equipment and its ability to borrow or raise additional financing from equity markets. The outcome of these events is not determinable at this time.

The Company is not subject to any externally imposed capital requirements.

DISCLOSURE CONTROLS AND PROCEDURES

The Company evaluated the effectiveness and design of its disclosure controls and procedures for the year ended December 31, 2011, and based on these evaluations, Management and the Audit Committee members have determined these controls to be effective. The Company’s financial reporting procedures and practices have enabled the certification of the Company’s annual filings in compliance with Multilateral Instrument 52-109 “Certification of Disclosure in Issuers’ Annual and Interim Filings”.

Management and directors are aware that given the few number of consultants involved in the design of internal controls over financial reporting that in-house expertise to deal with complex taxation, accounting and reporting issues may not always be sufficient. The Company

strives to obtain outside assistance and advice on new accounting pronouncements and complex reporting issues, which is common with Company's of a similar size.

There have been no changes to the Company's internal control over financial reporting during the most recent period that would have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CONTINGENCY

Environmental regulations

The Company's activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing in Canada and generally are becoming more restrictive. The Company believes its operations comply in all material respects with all applicable laws and regulations.

SUBSEQUENT EVENT

In February 2012, the Company raised gross proceeds of $140,000 from private placement. The Company issued 2,000,000 units. Each unit consists of one common shares and one common share purchase warrant at a price of $0.10 per share for a period of five years.

OTHER MD&A REQUIREMENTS

Additional information relating to the Company, including its audited annual financial statements, its unaudited quarterly financial statements and related management's discussion and analysis for each period is available on SEDAR at www.sedar.com.

Respectfully Submitted

Nick Taylor

The Honourable Nick Taylor,
President and Chief Executive Officer