

Softrock Minerals Ltd.

Financial Statements

December 31, 2014 and 2013

(Expressed in Canadian dollars)

Softrock Minerals Ltd.**Financial Statements**

December 31, 2014 and 2013

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Independent Auditor's Report

To the Shareholders of Softrock Minerals Ltd.

We have audited the accompanying financial statements of Softrock Minerals Ltd., which comprise the statements of financial position as at December 31, 2014 and 2013 and the statements of operations (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Softrock Minerals Ltd. as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Calgary, Canada
April 21, 2015


Chartered Accountants

Softrock Minerals Ltd.**Statements of Operations (Loss) and Comprehensive Income (Loss)**
(Expressed in Canadian Dollars)

For the years ended December 31,	2014	2013
Revenue		
Royalty income	\$ 26,642	\$ 28,787
Expenses		
Operating and transportation	6,359	2,419
Professional fees (note 11)	36,328	36,474
General and administrative	35,936	39,631
Depreciation and depletion	12,480	12,508
Stock based compensation	18,000	-
Finance expense (note 7)	1,000	1,200
	110,103	92,232
Net loss before other items	(83,461)	(63,445)
Other items		
Impairment on exploration and evaluation assets (note 6)	(3,750)	(5,000)
Gain on exploration and evaluation assets (note 6)	-	151,027
Net (loss) and comprehensive income (loss) for the year	\$ (87,211)	\$ 82,582
Loss per share		
Basic and diluted (note 8(c))	\$ (0.00)	\$ (0.00)

Softrock Minerals Ltd.

Statements of Financial Position (Expressed in Canadian Dollars)

	December 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents	\$ 52,401	\$ 130,235
Accounts receivable	5,736	9,607
	58,137	139,842
Property, plant and equipment (note 5)	110,031	122,511
Exploration and evaluation assets (note 6)	36,198	3,750
	\$ 204,366	\$ 266,103

Liabilities

Current		
Accounts payable and accrued liabilities (note 11)	\$ 32,600	\$ 26,126
Decommissioning liabilities (note 7)	14,597	13,597
	47,197	39,723

Shareholders' equity

Share capital (note 8 (b))	2,766,709	2,766,709
Warrants (note 8 (f))	20,000	20,000
Contributed surplus (note 9)	191,928	173,928
Deficit	(2,821,468)	(2,734,257)
	157,169	226,380
	\$ 204,366	\$ 266,103

Nature of operations and going concern (note 1) Contingency (note 14)

On behalf of the Board:

_____, Director

_____, Director

Softrock Minerals Ltd.

Statements of Changes in Equity (Expressed in Canadian Dollars)

	Number of shares	Share capital	Warrants	Contributed surplus	Deficit	Total shareholders' equity
December 31, 2013	23,759,146	\$ 2,766,709	\$ 20,000	\$ 173,928	\$(2,734,257)	\$ 226,380
Stock-based compensation				18,000		18,000
Net (loss) and comprehensive (loss)	-	-	-	-	(87,211)	(87,211)
December 31, 2014	23,759,146	\$2,766,709	\$ 20,000	\$ 191,928	\$(2,821,468)	\$ 157,169

	Number of shares	Share capital	Warrants	Contributed surplus	Deficit	Total shareholders' equity
December 31, 2012	23,759,146	\$ 2,766,709	\$ 20,000	\$ 173,928	\$(2,816,839)	\$ 143,798
Net income and comprehensive income	-	-	-	-	82,582	82,582
December 31, 2013	23,759,146	\$ 2,766,709	\$ 20,000	\$ 173,928	\$(2,734,257)	\$ 226,380

Softrock Minerals Ltd.**Statements of Cash Flows**

(Expressed in Canadian Dollars)

For the years ended December 31,	2014	2013
Cash provided by (used for)		
Operating activities		
Net (loss) income for the year	\$ (87,211)	\$ 82,582
Items not affecting cash		
Depreciation and depletion	12,480	12,508
Stock-based compensation	18,000	-
Gain on exploration and evaluation assets	-	(151,027)
Accretion of decommissioning liabilities (note 7)	1,000	1,200
Impairment on exploration and evaluation assets	3,750	5,000
	(51,981)	(49,737)
Changes in non-cash working capital items		
Accounts receivable	3,871	3,639
Accounts payable and accrued liabilities	6,474	(37,185)
	(41,636)	83,283
Investing activities		
Expenditures on exploration and evaluation assets	(36,198)	(625)
Proceeds on disposition of exploration and evaluation assets	-	200,000
	(36,198)	199,375
Increase (decrease) in cash	(77,834)	116,092
Cash and cash equivalents, beginning of year	130,235	14,143
Cash and cash equivalents, end of year	\$ 52,401	\$ 130,235

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

December 31, 2014 and December 31, 2013

1. Nature of operations and going concern

Softrock Minerals Ltd., (the "Company") 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 and gas exploration and development in Western Canada and Quebec. It is in initial stages of acquiring mineral claims in Alberta for the exploration and development of resources.

The registered and head office address of the Company is 1010, 825 - 8th Avenue SW, Calgary, Alberta T2P 2T3.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

The Company's ability to maintain its current level of operations is dependent on its ability to generate sufficient cash to fund its strategic business plan. To date, the Company has no ongoing source of significant revenue other than its 3% gross overriding royalty interest from two producing wells located near Grand Forks, Alberta. At December 31, 2014, the Company had cash of \$52,401 (2013 - \$130,235) and a working capital surplus of \$25,537 (2013 - 113,716). These factors cast significant doubt as to the Company's ability to continue as a going concern.

During the year ended December 31, 2012, the Company was able to raise through private placements gross proceeds of \$140,000. During the year ended December 31, 2013 to fund ongoing operations, the Company farmed out its interest in petroleum and natural gas rights for \$200,000 cash, a commitment to drill one well and retained a 2.5% gross overriding royalty on future production. In addition to any capital raised from new financings, if any, there are 2,000,000 share purchase warrants exercisable at \$0.10 expiring March 2017. Each share purchase warrant is exercisable into one common share.

While Management believes the Company has sufficient cash to discharge its obligations in the normal course of operations for the short-term, future operations will continue to be dependent upon the successful ongoing exploration and development of the Company's mineral property interests and/or raising of sufficient capital, and the corresponding generation of future cash flows. Management believes the going concern assumption is appropriate for these financial statements. The Company's ability to continue as a going concern on a longer term basis depends on its ability to successfully raise additional financing for further exploration activity and development or to enter into profitable operations.

While the Company has been successful to date in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. If the going concern assumption were not appropriate for these financial statements, adjustments might be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the statement of financial position classifications used.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

December 31, 2014 and December 31, 2013

2. Basis of presentation

(a) Statement of compliance

The Company prepares its financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of financial statements as issued by the International Accounting Standards Board, and applicable International Accounting Standards ("IAS").

The policies applied in these financial statements are based on IFRS issued and outstanding as of April 21, 2015, the date the Board of Directors approved the statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as detailed in the Company's accounting policies disclosed in Note 3. The accounting policies described in Note 3 have been applied consistently to all periods presented in these financial statements.

(c) Functional and reporting currencies

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgment

The timely preparation of 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 at the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant accounting estimates and judgments used in the preparation of the financial statements are described in note 4.

3. Significant accounting policies

Revenue

Revenue from the sale of natural gas, oil and natural gas liquids is recognized based on volumes delivered to customers at contractual delivery points and rates. Revenue is measured net of royalties.

Revenue is recognized when persuasive evidence exists that the significant risks and rewards have been transferred to the customer and the amount of revenue can be measured reliably, and when recovery of the consideration is probable. Recognition occurs upon delivery.

Tariffs and tolls charged to other entities for use of pipelines and facilities owned by the Company are recognized as revenue as they accrue in accordance with the terms of the service or tariff and tolling agreement.

Royalty income is recognized on operating lease rights as it accrues in accordance with the terms of the overriding royalty agreements.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

December 31, 2014 and December 31, 2013

3. Significant accounting policies (continued)

Revenue (continued)

The costs associated with the delivery, including operating and maintenance costs, transportation, and production-based royalty expenses are recognized in the same period in which the related revenue is earned and recorded.

Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts and short-term deposits that are redeemable at any time without penalty. Cash and cash equivalents are designated as fair value through profit or loss and are carried at Level 1 fair value measurement.

Income taxes

The Company follows the liability method of accounting for income taxes whereby deferred income taxes are recorded for unused tax losses, tax credits and the effect of differences between the accounting and income tax basis of an asset or liability. Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates at the statement of financial position date that are anticipated to apply to taxable income in the years in which temporary differences are anticipated to be recovered or settled. Changes to these balances are recognized in income in the period which they occur. Investment tax credits are recorded as an offset to the related expenditures. Deferred income tax assets are recognized to the extent that it is probable that there will be taxable profits against which deductible temporary differences can be utilized.

Mineral exploration and evaluation expenditures

Pre-exploration costs

Pre-exploration costs are expenditures in the period in which they are incurred.

Exploration and evaluation expenditures

Exploration expenditures are expensed as incurred until an economic feasibility study has established the presence of proven and probable reserves, at which time exploration expenditures incurred on the property thereafter are capitalized.

Costs relating to the acquisition and claim maintenance of mineral properties, including option payments and annual fees to maintain the property in good standing, are capitalized as intangible assets and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company assesses its capitalized mineral property costs for indications of impairment on a regular basis and when events and circumstances indicate a risk of impairment. A property is written down or written off when the Company determines that an impairment of value has occurred or when exploration results indicate that no further work is warranted.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, or title may be affected by undetected defects.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

December 31, 2014 and December 31, 2013

3. Significant accounting policies (continued)

Oil and natural gas exploration and evaluation expenditures

(i) Recognition and measurement

Costs of exploring for and evaluating oil and natural gas properties are initially capitalized within exploration and evaluation assets. Such exploration and evaluation costs may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing, directly attributable overhead and administration expenses and the projected costs of retiring the assets (if any), but do not include exploration or evaluation costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to net income or loss as they are incurred.

Exploration and evaluation assets are not amortized, but are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the net book value exceeds the recoverable amount. These assets are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. If an area or exploration well is no longer considered commercially viable, the assets may be transferred to intangible assets when it meets the recognition criteria for intangible assets. Not proceeding with development of the asset is an impairment indicator, and as a result of the decision impairment testing would be performed.

When management determines with reasonable certainty that an exploration and evaluation asset will be developed, as evidenced by the classification of proved or probable reserves and the appropriate internal and external approvals, the asset is first tested for impairment and then reclassified to property, plant and equipment.

Items of property, plant and equipment are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. When significant parts of an item of property, plant and equipment, including oil and natural gas interests, have different useful lives, they are accounted for as separate items.

The costs to acquire developed or producing oil and gas properties and to develop oil and gas properties, including completing geological and geophysical surveys and drilling development wells, and the costs to construct and install dedicated infrastructure such as wellhead equipment and supporting assets, are capitalized as oil and gas properties within property plant and equipment.

The costs of major inspection, overhaul and work-over activities that maintain property, plant and equipment and benefit future years of operations are capitalized. Similar recurring planned maintenance managed on shorter intervals is expensed. Replacements outside major inspection, overhaul or work-overs are capitalized when it is probable that future economic benefits will flow to the Company and the associated net book value of the replaced asset is derecognized.

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, and intangible exploration assets, are determined by comparing the proceeds from disposal with its net book value and are recognized within "other income" or "other expenses" in net income or loss.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

December 31, 2014 and December 31, 2013

3. Significant accounting policies (continued)

Oil and natural gas exploration and evaluation expenditures

(i) Recognition and measurement (continued)

Borrowing costs incurred for the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the assets for their intended use or sale. All other borrowing costs are recognized in net income or loss using the effective interest method. Capitalization of borrowing costs ceases when the asset is in the location and condition necessary for it to be capable of operating as intended. Capitalization of borrowing costs is suspended when the construction of an asset is ceased for extended periods.

The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Company's borrowings during the year.

(ii) Depletion and depreciation

The net book value of development or production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves.

Proved and probable reserves are estimated annually by independent reserve engineers and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a more than 50% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proved and probable. The equivalent statistical probability for the proved component is 90%.

Such reserves may be considered economically producible if management has the intention of developing and producing them and such intention is based upon:

- a reasonable assessment of the future economics of such production;
- a reasonable expectation that there is a market for all or substantially all the expected oil and natural gas production;
- evidence that necessary production, transmission and transportation facilities are available or can be made available; and
- availability of capital to develop reserves.

Reserves may only be considered proved and probable if supported by either actual production or a conclusive formation test. The area of reservoir considered proved includes (a) that portion delineated by drilling and defined by gas-oil and/or oil-water contacts, if any, or both, and (b) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geophysical, geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of oil and natural gas controls the lower proved limit of the reservoir.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

December 31, 2014 and December 31, 2013

3. Significant accounting policies (continued)

Oil and natural gas exploration and evaluation expenditures

(ii) Depletion and depreciation (continued)

Reserves which can be produced economically through application of unproved recovery techniques (such as fluid injection) are only included in the proved and probable classification when successfully tested by a pilot project, the operation of an installed program in the reservoir or other reasonable evidence (such as, experience of the same techniques on similar reservoirs or reservoir simulation studies) provides support for the engineering analysis on which the project or program was based.

Other equipment

For other equipment, depreciation is recognized in net income or loss on a declining balance basis over its estimated useful life at rates varying from 20% to 100%. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed annually.

Impairment

(i) Non-financial assets

The net book value of the Company's non-financial assets, other than exploration and evaluation assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Exploration and evaluation assets are assessed for impairment when they are reclassified to property, plant and equipment and also if facts and circumstances suggest that the net book value exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

In assessing fair value less cost to sell, the fair value reflects the price a market participant would be willing to pay to acquire the asset or CGU less selling costs to complete the transaction. Fair value is generally determined based on recent transactions, crown land sales and other market metrics.

Exploration and evaluation assets are allocated to the CGUs on a geographical basis when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to oil and natural gas interests in property, plant and equipment.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

December 31, 2014 and December 31, 2013

3. Significant accounting policies (continued)

Impairment

(i) Non-financial assets (continued)

An impairment loss is recognized if the net book value of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income or loss. Impairment losses recognized in respect of CGUs reduce the net book value of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognized in prior years is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's net book value does not exceed the net book value that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(ii) Financial assets

A financial asset, other than a financial asset designated as fair value through profit and loss, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its net book value, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in net income or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized and is recognized in net income or loss.

Assets held for sale

Assets and liabilities are classified as held for sale if their net book values are expected to be recovered through a disposition rather than through continuing use. The assets or disposal groups are measured at the lower of their net book value and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in net income or loss. Assets classified as held for sale are not depreciated, depleted or amortized.

Joint venture contributions

Joint venture contributions related to exploration and evaluation assets are applied to reduce the related carrying cost such that the accounts reflect only the Company's interest in such activities.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

December 31, 2014 and December 31, 2013

3. Significant accounting policies (continued)

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Basic and diluted per share amounts

Basic per share amounts are calculated by dividing net income or loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share amounts are calculated by adjusting the net income or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise, warrants, and share options granted to employees.

Financial instruments

Financial assets and liabilities designated as fair value through profit or loss ("FVTPL") are measured at fair value with changes in those fair values recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value, with changes in those fair values recognized in other comprehensive income. Financial assets classified as held to maturity, loans and other receivables and financial liabilities are measured at amortized cost using the effective interest method.

Derivatives are classified as FVTPL and are measured at their fair value. Gains or losses related to periodic revaluation are recorded in profit or loss.

Fair value measurements are classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Quoted prices are available in active markets. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in an active market 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 market place.

Level 3: Valuation at this level are those inputs for the asset or liability that are not based on observable market data.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

December 31, 2014 and December 31, 2013

3. Significant accounting policies (continued)

Financial instruments (continued)

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

Transaction costs associated with FVTPL and available-for-sale financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

The Company classifies cash as fair value through profit or loss, accounts receivable as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

Share-based compensation

(i) Stock option awards

Share-based compensation is recorded in net income or loss for all options granted on a graded basis over the vesting period of the option with a corresponding increase recorded as contributed surplus. Compensation expense is based on the estimated fair values of the options at the time of the grant as determined using a Black-Scholes option pricing model. The Company incorporates an estimated forfeiture rate when determining compensation expense for stock options that will not vest.

Upon the exercise of the stock options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase in share capital. In the event that vested options expire, previously recognized compensation expense associated with such stock options is not reversed.

Equity-settled stock based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(ii) Stock unit awards

Stock unit awards are only payable in cash. Obligations are accrued based on the vesting period of the stock unit awards using the market value of the Company's common shares. The obligations are revalued each reporting period based on the change in the fair value of the Company's common shares and the number of vested stock unit awards outstanding. The Company reduces the liability when the units are surrendered for cash.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial asset or liability. The Company's common shares, warrants, options and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

December 31, 2014 and December 31, 2013

3. Significant accounting policies (continued)

Valuation of equity instruments issued in private placements

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements are determined to be the more easily measurable component and as such are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any is allocated to the attached warrants and is recorded as such.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. Provisions are not recognized for future operating losses. Further details on specific provisions are as follows:

(i) Decommissioning liabilities

The Company recognizes the estimated liability associated with decommissioning at the time the asset is acquired and the liability is incurred. The estimated present value of the future payments of the decommissioning liability is recorded as a long term liability, with a corresponding increase in the net book value of property, plant and equipment. Amounts are discounted using the risk-free rate. The capitalized amount is depleted on a unit-of-production method over the life of proved and probable reserves. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to net income or loss in the period. The liability can also increase or decrease due to changes in the estimates of timing of cash flows, changes to the risk-free rate or changes in the original estimated undiscounted cost. The change in the provision as a result of these changes is capitalized in the net book value of the related asset. Actual costs incurred upon settlement of decommissioning liabilities are charged against the decommissioning liability to the extent of the liability recorded.

(ii) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net costs of continuing with the contract.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

December 31, 2014 and December 31, 2013

3. Significant accounting policies (continued)

Accounting standards issued but not yet applied

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2015 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the consolidated financial statements.

- i) IFRS 9 - Financial Instruments: is intended to replace IAS 39 Financial Instruments: Recognition and Measurement and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. For financial liabilities designated at fair value through profit or loss, a Company can recognize the portion of the change in fair value related to the change in the Company's own credit risk through other comprehensive income (loss) rather than profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management is currently assessing the potential impact of the adoption of IFRS 9 on the Company's financial statements.

4. Significant accounting estimates and judgments

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 and judgments 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, 2014 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

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4. Significant accounting estimates and judgments (continued)

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.

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4. Significant accounting estimates and judgments (continued)

(f) Share-based compensation

Expenses recorded for share-based compensation is 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.

5. Property, plant and equipment

	December 31, 2014		
	Cost	Accumulated depletion	Net book value
Petroleum and natural gas properties	\$ 1,169,785	\$ 1,059,754	\$ 110,031
Furniture, fixtures and office equipment	51,225	51,225	-
	\$ 1,221,010	\$ 1,110,979	\$ 110,031

	December 31, 2013		
	Cost	Accumulated depletion	Net book value
Petroleum and natural gas properties	\$ 1,169,785	\$ 1,047,274	\$ 122,511
Furniture, fixtures and office equipment	51,225	51,225	-
	\$ 1,221,010	\$ 1,098,499	\$ 122,511

The Company's ceiling test calculation, performed at December 31, 2014 and 2013 did not result in an impairment loss.

The Company used the following benchmark reference prices (\$/STB) for the years 2015 to 2018 adjusted for commodity differentials and transportation specific to the Company:

	2015	2016	2017	2018
WTI	67.00	78.00	85.00	90.00

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6. Exploration and evaluation assets

The following table reconciles the Company's exploration and evaluation assets:

Cost	Oil and gas properties	Mineral Properties	Total
Balance, December 31, 2012	\$ 48,973	\$ 8,125	\$ 57,098
Disposition of oil and gas properties	(48,973)	-	(48,973)
Additions	-	625	625
Impairment on mineral properties	-	(5,000)	(5,000)
Balance, December 31, 2013	-	3,750	3,750
Additions, net	36,198	-	36,198
Impairment on mineral properties	-	(3,750)	(3,750)
Balance, December 31, 2014	\$ 36,198	\$ -	\$ 36,198

The Company, as part of its impairment analysis evaluates its oil and natural gas and mineral evaluation and exploration assets based on management's thresholds of whether a property is technically feasible and potential commercial viability exists. An impairment provision has been recorded for the year ended December 31, 2013 on the mineral properties representing the value of the expired mineral permits of \$5,000. During the year ended December 31, 2014, an additional impairment of \$3,750 was recorded representing the expiry of the remaining mineral permits as the Company decided to not renew its outstanding potash permits.

During the year ended December 31, 2012, the Company acquired 50% petroleum and natural gas ("P&NG") rights interest with 30 months crown lease in the Spirit River area of Northern Alberta in the Charlie Lake for \$48,973 paid in cash. During the year ended December 31, 2013, the Company farmed out its 50% interest for total gross proceeds of \$200,000 resulting in a gain of \$151,027. The Company received a commitment to drill one well and retained a 2.5% gross over-riding royalty on future production, with a commitment from the buyer to drill and complete a horizontal well which has since been completed.

During the year ended December 31, 2014, the Company acquired a 95% working interest in a Cardium shut-in oil well in Ferrier, Alberta on a 160 acre Crown parcel subject to its share of a 3% GORR. The Company farmed out 50% of its interest to a joint venture partner in exchange for the partner covering 2/3 of all future exploration costs. As part of the acquisition, the Company was required to provide a cash security of \$108,593 to the Alberta Energy Regulator of which the Company's portion of \$36,198 is recorded above.

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7. Decommissioning liabilities

The Company's decommissioning liabilities result from working interests in oil and natural gas assets including well sites, gathering systems and processing facilities. As at December 31, 2014, the Company estimates the total undiscounted amount of cash flows required to settle its liability to be approximately \$14,597. The liability was determined using an average risk-free rate of 1.10% (2013 - 1.10%) and an inflation rate of 2.00% (2013 - 2.00%).

		2014		2013
Balance, beginning of year	\$	13,597	\$	12,397
Accretion		1,000		1,200
Balance, end of year	\$	14,597	\$	13,597

Accretion expense is included in finance expense in the Statements of Loss and, Comprehensive Loss.

8. Share capital

(a) Authorized

Unlimited number of:

Common shares without nominal or par value

First and second preferred shares issuable in series

(b) Common shares

		2014		2013	
	Number of shares	Amount	Number of shares	Amount	
Balance, beginning of year	23,759,146	\$ 2,766,709	23,759,146	\$ 2,766,709	
Balance, end of year	23,759,146	\$ 2,766,709	23,759,146	\$ 2,766,709	

(c) Per share amounts

The following table summarizes the weighted average common shares used in calculating comprehensive income (loss) per common share:

	2014	2013
Basic and diluted	23,759,146	23,759,146

Diluted weighted average common shares outstanding are equal to basic as dilutive instruments are not in the money.

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December 31, 2014 and December 31, 2013

8. Share capital (continued)

(d) 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.

		2014		2013
	Stock options	Weighted average exercise price (\$)	Stock options	Weighted average exercise price (\$)
Outstanding, beginning of year	500,000	0.10	1,800,000	0.10
Issued	1,000,000	0.05	-	-
Expiry	-	-	(1,300,000)	(0.10)
Outstanding, end of year	1,500,000	0.07	500,000	0.10

The stock options granted during the year ended December 31, 2014 were for a period of 5 years and were valued using a volatility of 168.18% and a risk free interest rate at 1.64%. All options vested on issuance and were issued when the stock price was trading at \$0.02.

The following table summarizes information about stock options outstanding and exercisable at December 31, 2014:

Number outstanding at December 31, 2014	Weighted average remaining contractual life (years)	Number exercisable at December 31, 2014	Exercise price (\$)
500,000	0.81	500,000	0.10
1,000,000	4.13	1,000,000	0.05

(e) Broker warrants

A summary of the status of the broker warrants as of December 31, 2014 and 2013 and changes during the years then ended is presented as follows:

		2014		2013
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
Outstanding, beginning of year	160,000	0.07	160,000	0.07
Outstanding, end of year	160,000	0.07	160,000	0.07

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8. Share capital (continued)

(f) Common share purchase warrants

A summary of the status of the common share purchase warrants as of December 31, 2014 and 2013 and changes during the years then ended is presented as follows:

	2014		2013	
Balance, beginning of year	\$	20,000	\$	20,000
Balance, end of year	\$	20,000	\$	20,000

	2014		2013	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
Outstanding, beginning of year	2,000,000	0.10	2,000,000	0.10
Outstanding, end of year	2,000,000	0.10	2,000,000	0.10

As of December 31, 2014, the 2,000,000 warrants are outstanding and expire on March 6, 2017.

9. Contributed surplus

A summary of the status of contributed surplus as of December 31, 2014 and 2013 and the changes during the years then ended is presented below:

	2014		2013	
Balance, beginning of year	\$	173,928	\$	173,928
Stock-based compensation (note 8 (d))		18,000		-
Balance, end of year	\$	191,928	\$	173,928

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10. Income taxes

(a) Deferred income tax recovery

The provision for income tax reflects an effective income tax rate which differs from federal and provincial statutory income tax rates. The main difference is as follows:

	2014	2013
Income (Loss) before income taxes	\$ (87,211)	\$ 82,582
Enacted income tax rate	25.0%	25.0%
Expected income tax (recovery)	\$ (22,000)	\$ 21,000
Increase (decrease) in taxes resulting from:		
Stock-based compensation	4,000	-
Other	1,000	2,000
Change in unrecognized tax benefits	17,000	(23,000)
Deferred income tax (recovery)	\$ -	\$ -

(b) Components of the net deferred tax asset (liability)

Temporary differences and carry forwards that give rise to deferred tax assets as of December 31, 2014 and 2013 are as follows:

As at December 31,	2014	2013
Non-capital losses	\$ 216,000	\$ 172,000
Decommissioning liabilities	4,000	3,000
Property, plant and equipment	276,000	303,000
Capital loss	2,000	2,000
Share issue costs	3,000	4,000
Total gross deferred tax assets	501,000	484,000
Unrecognized deferred tax assets	(501,000)	(484,000)
Net deferred tax assets	\$ -	\$ -

The unrecognized deferred tax assets offset the gross deferred tax assets for which there is no assurance of recovery. The unrecognized deferred tax assets are evaluated considering positive and negative evidence about whether the deferred tax assets will be realized. At the time of evaluation, the amount is either increased or reduced.

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10. Income taxes (continued)

(c) Tax pools

As at December 31, 2014, the Company has available for deduction, the following total tax pools against future taxable income, and the approximate amounts:

Operating loss carry forwards	\$	863,000
Share issue costs		12,000
Canadian exploration expenditures		222,000
Foreign exploration and development expenditures		934,000
Capital loss		18,000
Capital cost allowances		58,000

The availability of deduction of the operating loss carry forwards against future taxable income expires as follows:

2015	\$	7,000
2026		7,000
2027		212,000
2028		80,000
2029		63,000
2030		74,000
2031		96,000
2032		87,000
2033		53,000
2034		184,000

\$ 863,000

11. Related party transactions

The Company has entered into transactions with related parties in the normal course of business, which were valued at the exchange amount established and agreed to by the related parties. During the year, the related party transactions were as follows:

The Company paid to its directors and officers, either directly, or indirectly, the following amounts:

	2014	2013
For accounting services	\$ 4,650	\$ 6,338
Stock-based compensation	18,000	-
Interest on short-term debt	-	900

Interest on short-term debt was paid to the President of the Company on repayment of the \$20,000 loan provided to the Company in April 2013. The loan and interest was repaid in full by December 31, 2013 with the interest included in general and administrative expenses for the year ended December 31, 2013.

At December 31, 2014, \$1,200 (2013 - \$2,222) was included in accounts payable and accrued liabilities.

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12. Financial 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 operators 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, 2014 and 2013, 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.

The Company successfully raised \$140,000 from private placements completed in February 2012 and the Management is planning to use this fund for working capital requirements and for capital expenditures. In addition, in 2013, the Company sold its interest in a joint venture oil and gas property for \$200,000. Management believes there is the opportunity for the Company to raise additional equity and/or enter into joint venture arrangements in 2015.

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, 2014 and 2013 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.

At December 31, 2014 and 2013, cash and cash equivalents have been classified as Level 1 based on the fair value measurements disclosed in note 3 to the financial statements.

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December 31, 2014 and December 31, 2013

13. Risk management and capital management

The Company is a junior oil and gas and mineral exploration 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 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, 2014, the Company had a working capital of \$25,537 and shareholders' equity of \$204,366

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.

14. 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.