

**Softrock Minerals Ltd.**

**Financial Statements**

**March 31, 2015 and 2014**

**(Expressed in Canadian dollars)**

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**Softrock Minerals Ltd.****Financial Statements**

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**March 31, 2015 and 2014**

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## **NOTICE TO READER**

### ***Responsibility for Financial Statements***

The accompanying financial statements for Softrock Minerals Ltd. (“Softrock” or the “Company”) have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The most significant of these accounting principals have been set out in these financial statements

Only changes in accounting information have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent on future events. Therefore estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

### **Auditor Involvement**

The Auditor of Softrock Minerals Ltd. has not performed a review of the comparative financial statements for the three months ended March 31, 2015 and 2014.

### **Notice**

These interim period financial statements should be read in conjunction with the audited annual financial statements and the accompanying notes of the Company as at and for the quarter ended March 31, 2015. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim period presented.

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

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<b>For the quarter ended March 31,</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>		
Royalty income	\$ 2,920	\$ 6,642
Interest income	836	
	<b>3,756</b>	<b>6,642</b>
<b>Expenses</b>		
Operating and transportation	2,047	0
Professional fees (note 11)	2,776	2,400
General and administrative	10,494	7,510
Depreciation and depletion	3,375	3,495
	<b>18,692</b>	<b>13,405</b>
<b>Net loss before other items</b>	<b>(14,936)</b>	<b>(6,763)</b>
<b>Net (loss) and comprehensive income (loss) for the quarter</b>	<b>\$ (14,936)</b>	<b>\$ 6,763</b>
<b>Loss per share</b>		
Basic and diluted (note 8(c))	\$ (0.00)	\$ (0.00)

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## Softrock Minerals Ltd.

### Statements of Financial Position (Expressed in Canadian Dollars)

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	March 31, 2015	December 31, 2014
<b>Assets</b>		
Cash and cash equivalents	\$ 10,106	\$ 52,401
Accounts receivable	3,871	5,736
	<b>13,977</b>	<b>58,137</b>
Property, plant and equipment (note 5)	<b>109,525</b>	110,031
Exploration and evaluation assets (note 6)	<b>33,329</b>	36,198
	<b>\$ 156,831</b>	<b>\$ 204,366</b>

### Liabilities

<b>Current</b>		
Accounts payable and accrued liabilities (note 11)	\$ 0	32,600
<b>Decommissioning liabilities (note 7)</b>	<b>14,597</b>	14,597
	<b>14,597</b>	<b>47,197</b>

### 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	191,928
Deficit	<b>(2,836,404)</b>	<b>(2,821,468)</b>
	<b>142,234</b>	<b>157,169</b>
	<b>\$ 156,831</b>	<b>\$ 204,366</b>

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

On behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

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**Softrock Minerals Ltd.****Statements of Changes in Equity**  
(Expressed in Canadian Dollars)

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	Number of shares	Share capital	Warrants	Contributed surplus	Deficit	Total shareholders' equity
December 31, 2014	23,759,146	\$ 2,766,709	\$ 20,000	\$ 191,928	\$(2,821,468)	\$ 157,169
Net (loss) and comprehensive (loss)	-	-	-	-	(14,936)	(14,936)
March 31, 2015	23,759,146	\$2,766,709	\$ 20,000	\$ 191,928	\$(2,836,404)	\$ 142,234

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	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
Net income and comprehensive income	-	-	-	-	(6,763)	(6,763)
March 31, 2014	23,759,146	\$ 2,766,709	\$ 20,000	\$ 173,928	\$(2,741,020)	\$ 219,617

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

(Expressed in Canadian Dollars)

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<b>For the quarter ended March 31,</b>	<b>2015</b>	<b>2014</b>
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Net (loss) income for the year	\$ (14,936)	(6,763)
Items not affecting cash		
Depreciation and depletion	3,120	3,195
Accretion of decommissioning liabilities (note 7)	255	300
	<b>(11,561)</b>	<b>(3,268)</b>
Changes in non-cash working capital items		
Accounts receivable	1,866	175
Accounts payable and accrued liabilities	(32,600)	(26,126)
	<b>(42,295)</b>	<b>(29,219)</b>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	0	(36,198)
<b>Increase (decrease) in cash</b>	<b>(42,295)</b>	<b>(65,417)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>52,401</b>	<b>130,235</b>
<b>Cash and cash equivalents, end of quarter</b>	<b>\$ 10,106</b>	<b>\$ 64,818</b>

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# Softrock Minerals Ltd.

## Notes to the Financial Statements (Expressed in Canadian Dollars)

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March 31, 2015

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### 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 - 8<sup>th</sup> 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 March 31, 2015, the Company had cash of \$10,106 (2013 - \$64,818) and a working capital surplus of \$13,977 (2013 - 74,250). These factors cast significant doubt as to the Company's ability to continue as a going concern.

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.

### 2. Basis of presentation

These unaudited interim financial statements for the three months ended March 31, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), and applicable International Accounting Standards ("IAS").

These unaudited interim financial statements were approved and authorized by the Board of Directors on May 26, 2015



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## Softrock Minerals Ltd.

### Notes to the Financial Statements (Expressed in Canadian Dollars)

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March 31, 2015

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#### 3. Significant accounting policies

The significant accounting policies used in the preparation of these unaudited interim financial statements are described in note 3 of the audited financial statements for the year ended December 31, 2014. There have been no changes to the Company's accounting policies since December 31, 2014

#### Recent accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company.

IFRS 9, Financial Instruments, was issued in November 2009 as the first step in its project to replace IAS 39 Financial Instruments, Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets. An effective date for adoption has not yet been determined. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Company is currently assessing the impact of this standard on the 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, oil and gas reserves and resources, exploration and evaluation costs, decommissioning liabilities and other liabilities and deferred taxes.

#### 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	-
	<b>\$ 1,221,010</b>	<b>\$ 1,110,979</b>	<b>\$ 110,031</b>

  

	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	-
	<b>\$ 1,221,010</b>	<b>\$ 1,098,499</b>	<b>\$ 122,511</b>

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## Softrock Minerals Ltd.

### Notes to the Financial Statements (Expressed in Canadian Dollars)

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**March 31, 2015**

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The Company's ceiling test calculation, performed at December 31, 2014 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, 2014	\$ 36,198	\$ 0	\$ 36,198
Disposition of oil and gas properties	(2,869)	-	(2,869)
Balance, March 31, 2015	33,329	0	33,329

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. During the year ended December 31, 2014, an 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, 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.

#### 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%).

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## Softrock Minerals Ltd.

### Notes to the Financial Statements (Expressed in Canadian Dollars)

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March 31, 2015

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		2015		2014
<b>Balance, beginning of year</b>	<b>\$</b>	<b>13,597</b>	<b>\$</b>	12,397
Accretion		<b>1,000</b>		1,200
<b>Balance, end of quarter</b>	<b>\$</b>	<b>14,597</b>	<b>\$</b>	13,597

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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

	2015		2014	
	Number of shares	Amount	Number of shares	Amount
<b>Balance, beginning of year</b>	<b>23,759,146</b>	<b>\$ 2,766,709</b>	23,759,146	\$ 2,766,709
<b>Balance, end of quarter</b>	<b>23,759,146</b>	<b>\$ 2,766,709</b>	23,759,146	\$ 2,766,709

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##### (c) Per share amounts

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

	2015	2014
Basic and diluted	<b>23,759,146</b>	23,759,146

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

#### 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,

## Softrock Minerals Ltd.

### Notes to the Financial Statements (Expressed in Canadian Dollars)

March 31, 2015

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 (\$)
<b>Outstanding, beginning of year</b>	<b>500,000</b>	<b>0.10</b>	1,800,000	0.10
Issued	1,000,000	0.05	-	-
Expiry	-	-	(1,300,000)	(0.10)
<b>Outstanding, end of year</b>	<b>1,500,000</b>	<b>0.07</b>	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 March 31, 2015

Number outstanding at March 31, 2015	Weighted average remaining contractual life (years)	Number exercisable at March 31, 2015	Exercise price (\$)
500,000	0.50	500,000	0.10
1,000,000	3.88	1,000,000	0.05

#### (e) Broker warrants

A summary of the status of the broker warrants as of March 31, 2015 and 2014 and changes during the years then ended is presented as follows:

	2015		2014	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
<b>Outstanding, beginning of year</b>	<b>160,000</b>	<b>0.07</b>	160,000	0.07
<b>Outstanding, end of quarter</b>	<b>160,000</b>	<b>0.07</b>	160,000	0.07

#### 8. Share capital (continued)

##### (f) Common share purchase warrants

A summary of the status of the common share purchase warrants as of March 31, 2015 and 2014 and changes during the periods then ended is presented as follows:

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## Softrock Minerals Ltd.

### Notes to the Financial Statements (Expressed in Canadian Dollars)

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March 31, 2015

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	2015		2014	
<b>Balance, beginning of year</b>	\$	20,000	\$	20,000
<b>Balance, end of year</b>	\$	20,000	\$	20,000

	2015		2014	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
<b>Outstanding, beginning of year</b>	2,000,000	0.10	2,000,000	0.10
<b>Outstanding, end of year</b>	2,000,000	0.10	2,000,000	0.10

As of March 31, 2015, 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 March 31, 2015 and 2014 and the changes during the years then ended is presented below:

	2015		2014	
<b>Balance, beginning of year</b>	\$	191,928	\$	173,928
Stock-based compensation (note 8 (d))		0		18,000
<b>Balance, end of year</b>	\$	191,928	\$	191,928

#### 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:

	2015		2014	
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)
<b>Deferred income tax (recovery)</b>	\$	-	\$	-

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## Softrock Minerals Ltd.

### Notes to the Financial Statements (Expressed in Canadian Dollars)

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March 31, 2015

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

Temporary differences and carry forwards that give rise to deferred tax assets as of March 31, 2015 and 2014 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)
<b>Net deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

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.

#### (c) Tax pools

As at March 31, 2015, 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
	<b>\$ 863,000</b>

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## 11. Related party transactions

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## Softrock Minerals Ltd.

### Notes to the Financial Statements (Expressed in Canadian Dollars)

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**March 31, 2015**

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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:

	2015	2014
For accounting services	\$ 1,200	\$ 1,850
Stock-based compensation	0	18,000

At December 31, 2014, \$1,200 (2014 - \$1,850) was included in accounts payable and accrued liabilities.

#### 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.

Management believes there is the opportunity for the Company to raise equity and/or enter into joint venture arrangements in 2015.

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

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## **Softrock Minerals Ltd.**

### **Notes to the Financial Statements** (Expressed in Canadian Dollars)

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**March 31, 2015**

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**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 March 31, 2015 and 2014, cash and cash equivalents have been classified as Level 1 based on the fair value measurements disclosed in note 3 to the financial statements.

**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 March 31, 2015, the Company had a working capital of \$13,977 and shareholders' equity of \$142,234

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.