

SOFTROCK MINERALS LTD.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 and 2015

(Expressed in Canadian dollars)

Softrock Minerals Ltd.**Financial Statements**

September 30, 2016 and 2015

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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 six months ended September 30, 2016 and 2015.

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 second quarter ended September 30, 2016. 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.

Softrock Minerals Ltd.**Statements of Operations (Loss) and Comprehensive Income (Loss)**

(Expressed in Canadian Dollars)

For the Quarter ended September 30,

	For the three months ended Sept. 30 2016	For the three months ended Sept. 30 2015	For the nine months ended Sept. 30 2016	For the nine months ended Sept.30 2015
For the quarter				
Revenue				
Royalty income	13,965	36,037	32,096	58,604
Interest income				836
	13,965	36,037	32,096	59,440
Expenses				
Operating and transportation	1,122	3,992	6,636	5,881
Professional fees (note 11)	3,269	36	7,621	3,841
General and administrative	3,486	5,295	18,114	24,436
Depreciation and depletion	10,344	3,375	31,032	9,855
	18,221	12,698	63,403	44,013
Net income (loss) before other items	(4,256)	23,339	(31,307)	15,427
Loss per share	0.00	0.00	0.00	0.00
Basic and diluted (note 8(c))				

Softrock Minerals Ltd.

Statements of Financial Position

(Expressed in Canadian Dollars)

	September 30 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$ 16,341	\$ 41,522
Accounts receivable	9,462	4,916
	25,803	46,438
Reclamation deposits	36,198	36,198
Property, plant and equipment (note 5)	37,626	68,658
Exploration and evaluation assets (note 6)	38,698	38,698
	\$ 138,325	\$ 189,992

Liabilities

Current

Accounts payable and accrued liabilities (note 11)	\$ 10,524	\$ 30,884
Decommissioning liabilities (note 7)	51,560	51,560
	62,084	82,444

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)	195,888	195,888
Deficit	(2,906,356)	(2,875,049)
	76,242	107,548
	\$ 138,325	\$ 189,992

Nature of operations and going concern (note 1)

Contingency (note 14)

On behalf of the Board:

(Signed) "Nick Taylor", Director

(Signed) "T. M. M. Bender", 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, 2015	23,759,146	\$2,766,709	\$ 20,000	\$ 195,888	\$(2,875,049)	\$ 107,548
Net (loss) and comprehensive (loss)	-	-	-	-	(30,307)	(30,307)
September 30, 2016	23,759,146	\$2,766,709	\$ 20,000	\$ 195,888	\$(2,905,356)	\$ 77,221

	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
Stock based compensation				3,960		3,960
Net income and comprehensive income	-	-	-	-	(53,581)	(53,581)
December 31, 2015	23,759,146	\$ 2,766,709	\$ 20,000	\$ 195,888	\$(2,875,049)	\$ 107,548

Softrock Minerals Ltd.**Statements of Cash Flows**
(Expressed in Canadian Dollars)

	For the three months ended Sept. 30 2016	For the three months ended Sept. 30 2015	For the nine months ended Sept. 30 2016	For the nine months ended Sept 30 2015
For the quarter				
Cash provided by (used for)				
Operating activities				
Net (loss) income for the period	(4,256)	23,339	(31,307)	15,427
Items not affecting cash				
Depreciation and depletion	10,344	3,120	31,032	9,098
Accretion of decommissioning liabilities		255		765
	6,088	26,714	(275)	25,282
Accounts receivable	(431)	7,624	(4,546)	(6,133)
Accounts payable and accrued liabilities	(6,904)	(0)	(20,360)	(32,600)
	(1,247)	34,338	(25,181)	(13,451)
Financing Activities	0	0	0	0
Investing activities				
Expenditures on plant, properties and equipment	0	0	0	270
Increase (decrease) in cash	(1,247)	34,338	(25,181)	(13,181)
Cash and cash equivalents, beginning of year	17,588	4,882	41,522	52,401
Cash and cash equivalents, end of quarter	16,341	\$ 39,220	16,341	39,220

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

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 Canada. 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 ("GORR") interest from two producing wells located near Grand Forks, and the 2.5% GORR on the Spirit River well in Alberta. At September 30, 2016, the Company had cash of \$ 16,341 (2015 - \$ 39,220) and a working capital surplus of \$ 15,279 (2015 - \$ 51,089). These factors cast significant doubt as to the Company's ability to continue as a going concern.

In addition to any capital raised from new financings, if any, there are 2,000,000 share purchase warrants exercisable at \$0.10 and 160,000 broker warrants exercisable at \$0.07, 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)

September 30, 2016 and 2015

2. Basis of presentation

(a) Statement of compliance

The Company prepares its financial statements 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 August 11, 2016, 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)

September 30, 2016 and 2015

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)

September 30, 2016 and 2015

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)

September 30, 2016 and 2015

3. Significant accounting policies (continued)

Oil and natural gas exploration and evaluation expenditures (continued)

(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)

September 30, 2016 and 2015

3. Significant accounting policies (continued)

Oil and natural gas exploration and evaluation expenditures (continued)

(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)

September 30, 2016 and 2015

3. Significant accounting policies (continued)

Impairment (continued)

(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)

September 30, 2016 and 2015

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)

September 30, 2016 and 2015

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)

September 30, 2016 and 2015

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)

September 30, 2016 and 2015

3. Significant accounting policies (continued)

Accounting standards issued but not yet applied

On January 1, 2015, the Company adopted the following pronouncements as issued by the IASB. The adoption of these standards did not have a material impact on Company's financial statements.

IFRS 3 Business Combination

This IFRS now requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date. This amendment also clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 2 Share-based Payment

The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.

IAS 24 Related Party Disclosures

The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

IFRS 8 Operating Segments

The amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of segment assets is only required if segment assets are reported regularly.

IFRS 13 Fair Value Measurement

This amendment clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation. This amendment also clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

IAS 16 Property, Plant and Equipment

The amendment clarifies the requirements for the revaluation method to address concerns about the calculation of the accumulated depreciation or amortization at the date of the revaluation.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

3. Significant accounting policies (continued)

Change in accounting policies (continued)

IAS 40 Investment Property

The amendment clarifies that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgment is based on the guidance in IFRS 3.

Accounting pronouncements not yet adopted

The following accounting standards and amendments are effective for future periods. The impact of the adoption of the following pronouncements are currently being evaluated.

IFRS 5 Non current Assets Held for Sale and Discontinued Operations

The amendment clarifies circumstances in which an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and in circumstances which an entity no longer meets the criteria for held for distribution.

This standard is effective for reporting periods beginning on or after January 1, 2016.

IFRS 7 Financial Instruments

The amendment clarifies the applicability of the amendments to IFRS 7 Disclosure—Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

This amendment is effective for reporting periods beginning on or after January 1, 2016.

IAS 19 Employee Benefits

The amendment clarifies the application of the requirements of IAS 19 Employee Benefits (2011) on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency.

This standard is effective for reporting periods beginning on or after January 1, 2016.

IAS 34 Interim Financial Reporting

The amendment clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' and requires a cross reference.

This amendment is effective for reporting periods beginning on or after January 1, 2016.

IAS 27 Separate Financial Statements

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

This amendment is effective for reporting periods beginning on or after January 1, 2016.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

3. Significant accounting policies (continued)

Change in accounting policies (continued)

IFRS 11 Joint Arrangements

These amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to: (a) apply all of the business combinations accounting principles in IFRS 3 and other IFRS standards, except for those principles that conflict with the guidance in IFRS 11; and (b) disclose the information required by IFRS 3 and other IFRS standards for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).

These amendments are effective for reporting periods beginning on or after January 1, 2016.

Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)

These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

These amendments are effective for reporting periods beginning on or after January 1, 2017.

IFRS 9 Financial Instruments

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

This standard is effective for reporting periods beginning on or after January 1, 2018.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

3. Significant accounting policies (continued)

Change in accounting policies (continued)

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

This standard is effective for reporting periods beginning on or after January 1, 2019.

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, 2015 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.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

4. Significant accounting estimates and judgments (continued)

(a) Oil and gas reserves and resources (continued)

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.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

4. Significant accounting estimates and judgments (continued)

(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 and value in use. 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 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

	September 30, 2016		
	Cost	Accumulated depletion	Net book value
Petroleum, natural gas and mineral properties	\$ 1,198,708	\$ 1,134,884	\$ 63,824
Furniture, fixtures and office equipment	51,225	51,225	-
	<u>\$ 1,249,933</u>	<u>\$ 1,186,109</u>	<u>\$ 63,824</u>

	December 31, 2015		
	Cost	Accumulated depletion	Net book value
Petroleum and natural gas properties	\$ 1,169,785	\$ 1,101,127	\$ 68,658
Furniture, fixtures and office equipment	51,225	51,225	-
	<u>\$ 1,221,010</u>	<u>\$ 1,152,352</u>	<u>\$ 68,658</u>

The Company's ceiling test calculation, performed at September 30, 2016 did not result in an impairment loss.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

5. Property, plant and equipment (continued)

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	65.00	75.00	81.00	85.00

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, 2015	\$ 36,198	\$ 2,500	\$ 38,698
Balance June 30, 2016	36,198	2,500	38,698

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, 2015, the Company acquired new mineral permits covering 36,644 hectares for \$2,500.

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 June 30, 2016, the Company estimates the total undiscounted amount of cash flows required to settle its liability to be approximately \$37,900. The liability was determined using an average risk-free rates ranging from 0.48% to 1.40% (2014 - 1.10%) and an inflation rate of 2.00% (2014 - 2.00%).

	2016	2015
Balance, beginning of year	\$ 51,560	\$ 14,597
Liabilities incurred	-	36,198
Accretion	-	765
Balance, June 30	\$ 51,560	\$ 51,560

Accretion expense is included in finance expense in the Statements of Operations (Loss) and Comprehensive Income (Loss).

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

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

	2016		2015	
	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, June 30	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:

	2016	2015
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.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

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.

		2016		2015
	Stock options	Weighted average exercise price (\$)	Stock options	Weighted average exercise price (\$)
Outstanding, beginning of year	1,200,000	0.05	1,500,000	0.10
Issued	-	-	200,000	0.05
Expiry	-	-	(500,000)	0.10
Outstanding, September 30,	1,200,000	0.05	1,200,000	0.05

The stock options granted during the year ended December 31, 2015 were for a period of 5 years and were valued using a volatility of 163.79% and a risk free interest rate at 0.74%. All options vested on issuance and were issued when the stock price was trading at \$0.015.

The following table summarizes information about stock options outstanding and exercisable at September 30, 2016

Number outstanding at September 30 2016	Weighted average remaining contractual life (years)	Number exercisable at September 30, 2016	Exercise price (\$)
1,000,000	2.38	1,000,000	0.05
200,000	4.20	200,000	0.05

(e) Broker warrants

A summary of the status of the broker warrants as of September 30, 2016 and 2015 and changes during the quarters then ended is presented as follows:

		2016		2015
	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, September 30	160,000	0.07	160,000	0.07

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

8. Share capital (continued)

(f) Common share purchase warrants

A summary of the status of the common share purchase warrants as of September 30, 2016 and 2015 and changes during the years then ended is presented as follows:

	2016		2015	
	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, September 30	2,000,000	0.10	2,000,000	0.10

As of September 30, 2016, 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 September 30, 2016 and 2015 and the changes during the years then ended is presented below:

	2016		2015	
Balance, beginning of year	\$ 195,888	\$ 191,928		
Stock-based compensation (note 8 (d))	-	3,960		
Balance, September 30,	\$ 195,888	\$ 195,888		

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

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:

	2016	2015
Income (Loss) before income taxes	\$ (53,581)	\$ (53,581)
Enacted income tax rate	26.01%	26.01%
Expected income tax (recovery)	\$ (14,000)	\$ (14,000)
Increase (decrease) in taxes resulting from:		
Stock-based compensation	1,000	1,000
Other	-	-
Change in enacted tax rates	(40,000)	(40,000)
Change in unrecognized tax benefits	53,000	53,000
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 September 30, 2016 and 2015 are as follows:

As at June 30	2016	2015
Non-capital losses	\$ 237,000	\$ 237,000
Decommissioning liabilities	4,000	4,000
Property, plant and equipment	309,000	309,000
Capital loss	2,000	2,000
Share issue costs	2,000	2,000
Total gross deferred tax assets	554,000	554,000
Unrecognized deferred tax assets	(554,000)	(554,000)
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.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

10. Income taxes (continued)

(c) Tax pools

As at September 30, 2016, the Company has available for deduction, the following total tax pools against future taxable income, and the approximate amounts:

Operating loss carry forwards	\$	877,000
Share issue costs		6,000
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:

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	185,000
2035	13,000

\$ 870,000

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:

	2016	2015
For accounting services	\$ 3,145	\$ 3,150

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

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 September 30, 2016 and 2015, 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 additional equity and/or enter into joint venture arrangements in 2016

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

iv) Fair value of financial instruments

The Company's financial instruments as at September 30, 2016 and 2015 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 September 30, 2016 and 2015, cash and cash equivalents have been classified as Level 1 based on the fair value measurements disclosed in Note 3 to the financial statements.

Softrock Minerals Ltd.

Notes to the Financial Statements (Expressed in Canadian Dollars)

September 30, 2016 and 2015

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 September 30, 2016, the Company had a working capital of \$ 15,279 and shareholders' equity of \$ 76,242

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.