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**SOFTROCK MINERALS LTD.**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**DATED APRIL 28 2005**

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**Disclosure Regarding Forward-Looking Statements**

This Management Discussion and Analysis contains forward-looking statements that include risks and uncertainties. Some factors that could cause actual results to differ materially from those indicated in such forward-looking statements include changes in the prevailing price of resources, commodities and unforeseen difficulties in mining and oil and gas operations, which would affect future revenue and costs of production. Other factors that could affect actual results are uncertainties pertaining to government regulations and the changes within the capital markets. Other risks may be detailed from time to time in Softrock Minerals Ltd's public disclosures.

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## **ITEM 1 - OVERVIEW**

Softrock Minerals Ltd. (the “Company” or “Softrock”) is a resource company with all its interests now in oil and gas exploration. The 3% gross overriding royalty on three oilwells in the Grand Forks area of southern Alberta that have been producing for The Company the last ten years are still yielding a net of approximately \$3,500 per month. This is due primarily to increased oil prices but also an improvement in production techniques.

In addition, during the last quarter of 2005, the Company’s A-9 third quarter discovery well in which the company’s interest is 30% went on production in October at about 60 BOPD but has increased steadily to approximately 150 BOPD at the time of writing.

The Softrock led group has been successful in tying up another three to five more locations and will be spudding the first offset in the second quarter of 2006.

The success of this venture with its probable follow-ups has caused the company to close a two million share private placement flow-through in February, 2006 at 10 cents per share to yield the treasury \$180,000 after finders’ fees.

Softrock continued to pursue during the last quarter the possibility of acquiring an oil exploration and development concession in Africa. To that end the president and two consultants flew to New York in September to meet the Prime Minister and other officials of one country, and agents of a second and third. Results are difficult to quantify but the country whose Prime Minister we met advanced negotiation to the stage of proposing a program, the second was dropped because of geological reasons, and the third is in the very initial stages of negotiation. We are also looking at possibilities with a partner in an Asiatic country

An examination of the 2005 year end-statements shows little change in income over last year and a sharp decline in cash on hand to \$37,644 from \$134,810 a year-ago due to \$80,896 spent on drilling, completing, and equipping our (spending 40% to get 30%) share in SSEC Manito A9—31-44-27W3M. On all further tests Softrock will be spending 30% to get 30%.

General administrative and exploration expense decreased from \$150,082 in 2004 to \$114,974 due to savings in consultants and legal costs; moreover, the loss before income taxes was reduced from \$150,082 in 2004 to \$114,974 in 2005.

There were no common share subscriptions or warrants or option conversions during the quarter, but a small \$77,000 convertible debenture was issued in September 2005.

## **ITEM 2 - SELECTED ANNUAL INFORMATION**

The following table sets out selected financial information of the Company for the past three years. The Company financial year end is December 31.

	<b>2005</b>	<b>2004</b>	<b>2003</b>
Net Revenues	\$50,303	\$40,555	\$65,428
Net Income	\$(74,506)	\$(145,082)	\$(52,885)
Total Assets	\$127,097	\$ 139,811	\$105,164
Long Term Liabilities	\$71,500	0	0
Earnings per share	\$(0.008)	\$(0.012)	\$(0.005)
Cash Dividends per Share	0	0	0

The Company is a junior exploration company with revenue generating properties that has increased in 2005.

The losses recorded during the past three years are in line with expectations.

For further audited annual financial information, please refer to the Company's audited financial statements that have been filed on SEDAR.

## **ITEM 3 - RESULTS OF OPERATIONS**

### **Manitou Lake Property in Western Saskatchewan (Heavy Oil)**

Softrock participated for forty percent to earn thirty percent in a test well drilled and completed by the Silver Strand Energy Corporation in the A quadrant of Lsd 9, Section 31, Township 44, Range 27 west of the third meridian in western Saskatchewan off-setting Sparky heavy oil production. Logs show three meters of oil pay in the Cretaceous Sparky zone. Due to wet weather and the drilling boom shortage of equipment the well was not brought on production until October 15. In the beginning, it averaged 10 to 12 cubic meters of oil per day (60 to 72 BOPD) with no water, but has increased to 25 cubic meters of oil with widely varying amounts of water. The Softrock group has also been successful after reworking the seismic and geology in acquiring an option on another four or more locations.

### **Greencastle Resources Properties (Saskatchewan Oil and Gas)**

As per Note 7(ii) in the audited year end statements Greencastle Resources Ltd (formerly Vergene Capital) have completed the \$750,000 initial drilling commitment they gave Softrock along with \$90,000 cash and two million escrowed common shares in 2003 for Softrock's seven Saskatchewan oil and gas leases. Their expenditure to the end of 2004 has totalled \$848,585.22. They were joined by partners in February 2005 and to date the properties have yielded three oilwells, one gaswell, one shut-in gas well and one shut-in oilwell as well as one dryhole. It is too early to say whether Greencastle will recover or double their investment upon which Softrock's share release from escrow depends. However, it is worth noting that Greencastle

noted in their year end MDA net income from the project is now about \$25,000 per month and \$ were recovered in 2005.

#### **ITEM 4 - SUMMARY OF QUARTERLY RESULTS**

The following table sets forth, for each quarter ended on the date indicated, information relating to the Corporation's revenue, net loss and loss per common share as prepared under generally accepted accounting principles in Canada.

	<b>Sept 30 2004</b>	<b>Dec 31 2004</b>	<b>Mar 31 2005</b>	<b>June 30 2005</b>	<b>Sept 30 2005</b>	<b>Dec 31 2005</b>
Revenues	\$18,475	\$18,193	\$10,209	\$2,848	\$2,348	\$11,671
Net loss	\$(5,996)	\$(116,349)	\$(12,467)	\$(11,544)	\$(3,045)	\$(18,626)
Loss/share: basic and diluted	\$0.00	\$0.00	\$(0.011)	\$0.00	\$0.00	\$(0.008)

	<b>June 30 2004</b>	<b>Mar 31 2004</b>	<b>Dec 31 2003</b>	<b>Sept 30 2003</b>
Revenues	\$10,695	\$3,192	\$8,261	\$58,505
Net loss	\$(11,544)	\$(11,103)	\$(86,630)	\$36,299
Loss/share: basic and diluted	\$0.00	\$0.00	\$(0.01)	\$0.00

	<b>June 30 2003</b>	<b>Mar 31 2003</b>	<b>Dec 31 2002</b>
Revenues	\$8,235	\$6,949	\$17,150
Net loss	\$(4,547)	\$(10,500)	\$(13,180)
Loss/share: basic and diluted	\$0.00	\$0.00	\$0.00

The results from operations recorded during the period mentioned above are in line with expectations

For further quarterly financial information, please refer to the Company's unaudited financial statements that have been filed on SEDAR and our [website www.softrockminerals.com](http://www.softrockminerals.com).

#### **ITEM 5 - LIQUIDITY**

The Company's primary source of cash flow is from the issuance of its own security. The Company's working capital ratio was at zero as at Sept 30, 2005, with working capital at \$(8,960). The company issued on Sept 30, 2005, \$77,000 in 5 year 5% debentures secured against its gross override producing properties which have been valued at \$123,000, discounted at 10% by Trimble Engineering Associates as of Dec 31, 2005 and reported on SEDAR. The debentures can be converted at anytime before maturity (Sept 30, 2010) into Softrock shares at \$0.09.

The Company tentatively plans to spend \$350,000 on exploration and drilling heavy to medium gravity oil in Western Saskatchewan and Eastern Alberta during 2005 depending on the capital markets both private and public.

It is not possible to guess what an agreement with a country in Africa or Asia might entail. The timing and ability to fulfill these objectives will depend on the liquidity of the financial markets as well as the acceptance of investors to finance resource based junior companies, in addition to the results of the Company's development and exploration programs and the acquisition of additional projects.

#### **ITEM 6 - CAPITAL RESOURCES**

As of April 15, 2006, the Company had the following capital commitments for fiscal 2006 if it wanted to earn under all its options. Where possible, and if warranted, and if there is a strain on capital available, partners could be brought in to mitigate costs.

##### **Oil and Gas Projects**

Western Saskatchewan	\$180,000
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Working Capital	\$(10,960)
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The company estimates that it requires approximately \$12,000 per quarter for administration.

#### **ITEM 7 - THE OFF BALANCE SHEET ARRANGEMENTS**

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

#### **ITEM 8 - TRANSACTIONS WITH RELATED PARTIES**

There were no transactions with related parties during the third quarter.

#### **ITEM 9 - RISK FACTORS**

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, there are no known bodies of commercial ore on any the mineral properties in which the Company holds interest and the proposed exploration program is an exploratory search for ore. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company has limited experience in the development and operation of mines and has relied on and may continue to rely upon consultants and others for exploration and operating expertise. The economics of

developing gold and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced.

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

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

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

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

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

The Company's operations are subject to environmental regulations promulgated by local, provincial and federal government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances produced in association with certain mining and oil industry operations, such as seepage from tailing disposal areas, or sulphur and non-potable water emissions which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of

environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, and fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

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

The Company does not have a track record of operating history upon which investors may rely. Consequently, investors will have to rely on the expertise of the Company's management. Further, practically all the Company's properties are in the exploration stage and are not commercially viable at this time. The Company does not have a history of earnings or the provision of return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

#### **ITEM 10 - PROPOSED TRANSACTIONS**

The Company has not entered into any significant transaction, nor is it currently reviewing any significant transactions, which require board approval, shareholder approval or regulatory approval that has not been discussed within this MD&A.

#### **ITEM 11 - CHANGES IN ACCOUNTING POLICIES**

The Company has not changed any of its accounting policies, nor does it expect that any recent new accounting pronouncements shall have any material impact on the financial condition or results of operations.

#### **ITEM 12 - FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company is not involved in any hedging program, nor is it a party to any financial instruments that may have an impact on its financial position.

### **ITEM 13 - OTHER MD&A REQUIREMENTS**

Additional information relating to the Company, including its Audited Annual Financial Statements, its unaudited Quarterly Financial Statements and related Management Discussion and Analysis for each period is available on SEDAR at [www.sedar.com](http://www.sedar.com)

Softrock held its annual general meeting of the shareholders June 24, 2005 for shareholders of record May 17, 2005 at the Ramada Hotel at 708-8 Ave SW, Calgary. The 2004 Board was re-elected and all stock options extended. Subsequently Denis Gagnon was re-appointed Secretary and the Honourable Nick Taylor, President and CEO.

As of the date of this filing, the Company has 15,179,447 common shares issued and outstanding. In addition, the Company has the following convertible securities outstanding:

<b>Type</b>	<b>Quantity</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Options	550,000	\$0.100	October 02, 2008
Warrants	427,778	\$0.13	September 30, 2009
Convertible Debentures	77-5%-5year \$1,000 units	Conv @ \$0.09	September 30, 2007

Respectfully Submitted

Honourable Nick Taylor President and CEO