
SOFTROCK MINERALS LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2006

DATED APRIL 30, 2007

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 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 disclosure.

TABLE OF CONTENTS

ITEM 1 -	Overview	2
ITEM 2 -	Selected Annual Information	3
ITEM 3 -	Results of Operations	3
ITEM 4 -	Summary of Quarterly Results	3
ITEM 5 -	Liquidity	4
ITEM 6 -	Capital Resources	4
ITEM 7 -	The Off-Balance Sheet Arrangements	5
ITEM 8 -	Transactions with Related Parties	5
ITEM 9 -	Risk Factors	6
ITEM 10 -	Proposed Transactions	7
ITEM 11 -	Changes In Accounting Policies	7
ITEM 12 -	Financial Instruments and Other Instruments	7
ITEM 13 -	Other MD&A Requirements	7
ITEM 14 -	Disclosure	6

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 auditor was changed because they were no longer in this line of auditing, but the company is fortunate in having some of the individuals from the former association continuing to look after us under the name of mackay.ca

The highlight of the year for the company and as can be seen on page 4 (Statement of Operations and Deficit) is the fruition of a deal we made back in 2003 where we sold petroleum and natural gas lands in Saskatchewan to a buyer for \$190,000 and two million shares of the buyer to be held in trust until, if and when, the buyer had recovered twice its purchase and subsequent development expenses. This has happened, and the auditors have valued the two million free and tradeable shares the company received at \$400,000. Subsequent to the date of this report we sold 500,000 shares on the TSX-V for \$125,000. It is the intention of your directors to hold a major part of the remaining 1,500,000 shares as an investment. As the 2006 end of the year audit shows, the conclusion of this transaction increased the company’s taxable income to \$47,011 from a deficit of \$107,006 in 2005.

The audited Financial Statement for 2006 also show that the 3% gross overriding royalty on three oil wells in the Grand Forks area of southern Alberta that have been producing for the Company the last thirteen years, yielded a net of \$37,336 in 2006 as compared to \$50,303 in 2005. Most of the decline is due to lower crude oil prices rather than production decline.

The company’s two wells, in which we have a 30% working interest, in the Manitou Lake area of Western Saskatchewan yielded \$43,781 during 2006, compared to nil last year. Before other offsets can be drilled we have to solve an increasing formation water problem . A 3D seismic program is being carried out with partners to help us determine what other locations may be viable for drilling.

An examination of the 2006 audited year-end financial statements shows increased expenditures, largely due to drilling in West Saskatchewan, of \$427,405 in 06 compared to \$169,334 in 05. The receipt of the shares from the aforementioned 2003 sales agreement results in Softrock having a net income for the year of \$150,511 versus a loss in 2005 of \$74,506. A further examination of the statements show that fees and administration expenses were kept in line, \$105,870 in 2006 vs \$87,661 in 2005 The assets increased from \$127,097 to \$678,943 in the past year largely due to further drilling and testing in Western Saskatchewan..

The audited financial statement also shows that the company issued 3,249,999 new shares during 2006 for \$283,397, an average of \$0.09 per share, increasing the number of shares outstanding to 16,429,446

Softrock continues to pursue the acquisition of an oil and gas exploration and development concession in Africa, Asia or South America.

ITEM 2 SELECTED ANNUAL INFORMATION

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

	2006	2005	2004
Net Revenues	\$74,416	\$50,303	\$40,555
Net Income	\$150,511	\$(74,506)	\$(145,082)
Total Assets	\$678,943	\$127,097	\$ 139,811
Long Term Liabilities	\$34,000	\$71,500	-0-
Earnings per share	\$0.01	\$(0.008)	\$(0.012)
Cash Dividends per Share	-0-	-0-	-0-

The Company is a junior exploration company with revenue generating properties that have increased in 2006.

The income and 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 West Central Saskatchewan (Heavy Oil)

Softrock's thirty percent interest in two test wells drilled and completed. The first in Lsd 9, Section 31, Township 44, Range 27 west of the third meridian in western Saskatchewan and the second Lsd 4-5-45-23W3, one-half mile away, both off-setting Sparky heavy oil production with approximately three meters of oil pay in the Cretaceous Sparky zone were put on pump test. During the summer the oil content of the first declined from 70% to 5% necessitating a larger pump, another tank and upgrading the road to haul the salt water away. Part of the equipment at 9-31 was moved to 4-5 in the autumn, but here too the water content is over the 90% range . Further engineering studies are being made, and comparisons with other high water content wells as to whether a large volume pump may suck a higher percentage of oil.

Greencastle Resources Properties (Saskatchewan oil and gas)

As per Note 3 in the audited year end financial statements of the Company, Greencastle Resources Ltd. (formerly Vergene Capital) ("Greencastle") has completed the \$750,000 initial drilling commitment they gave Softrock (along with \$190,000 cash and two million escrowed common shares) for Softrock's seven Saskatchewan oil and gas leases. The shares have been released.

ITEM 4 SUMMARY OF QUARTERLY RESULTS

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

	Dec 31 <u>2004</u>	March 31 <u>2005</u>	June 30 <u>2005</u>	Sept 30 <u>2005</u>	Dec 31 <u>2005</u>
Net Revenues	\$18,193	\$10,209	\$7,848	\$16,348	\$15,898
Net income (loss)	\$(116,349)	\$ (2,467)	\$(93,818)	\$ (9,082)	\$30,861
Loss/share: basic and diluted	(0.01)	0.00	(0.01)	0.00	(0.01)

	Mar. 31 2006	June 30 2006	Sept 30 2006	Dec 31 2006
Net Revenues	\$26,014	\$10,568	\$20,049	\$17,785
Net income (loss)	\$(30,324)	\$(35,717)	\$(15,038)	\$231,590
Loss/share: basic and diluted	0.00	0.00	0.00	0.01

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.

ITEM 5 LIQUIDITY

The Company's primary source of cash flow is from the issuance of its own securities plus proceeds from sale of investments. The Company's working capital deficiency at December 31, 2006, was \$78,684.

Subject to the availability of capital, the Company tentatively plans to spend \$150,000 during the remainder of 2007 on exploration and drilling heavy to medium gravity oil in western Saskatchewan and eastern Alberta.

It is not possible to estimate what an agreement with a group in a foreign country might entail financially.

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 September, 2006, the Company had the following capital commitments for fiscal 2007 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 \$50,000

The Company estimates that it requires approximately \$26,000 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.

TRANSACTIONS WITH RELATED PARTIES

During the year, the Company entered into the following transactions with related parties not otherwise disclosed in these financial statements:

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

	<u>2006</u>	2005
<u>For accounting services</u>	\$ 3,750	\$ 3,500
<u>For interest on debentures</u>	2,545	1,254

The above transactions were in the normal course of operations and were recorded at the exchange value which was the amount of consideration established and agreed to by the related parties.

- (b) At the end of the year, the amounts due to related parties included in accounts payable and accrued liabilities were as follows:

	<u>2006</u>	2005
<u>Due to a director</u>	\$ 736	\$ 1,254
<u>Due to a company controlled by a director</u>	1,250	1,000
	\$ 1,986	\$ 2,254

The amounts due to directors of the Company are unsecured and without interest. The amounts will be paid in the normal course of operations.

ITEM 8 RISK FACTORS

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 oil and gas properties. There is no assurance that capital will be available when needed, if at all. It is expected that such additional capital would be raised through the issuance of additional equity that will result in dilution to the Company's shareholders.

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

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

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

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

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

ITEM 9 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 10 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 11 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 12 OTHER MD&A REQUIREMENTS

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

As of the date of this filing, the Company has 16,429,446 common shares issued and outstanding. In addition, the Company has the following convertible securities outstanding:

Type	Quantity	Exercise Price	Expiry Date
Options	550,000	\$0.10	October 02, 2008
	550,000	\$0.20	June 23, 2008
	<hr/>		
	1,100,000		
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Warrants	75,000	\$0.14	May10, 2008
	1,000,000	\$0.14	Feb 21, 2008
	200,000	\$0.35	Aug 30,2008
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	1,275,000		
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ITEM 14 CONTROLS

Disclosure Controls and Procedures:

The Company evaluated the effectiveness and design of its disclosure controls and procedures for the period ended December 31, 2006, and based on this evaluation, Management and the Audit Committee members have determined that these controls to be effective.

The Company's financial reporting procedures and practices have enabled the certification of the Company's annual filings in compliance with Multilateral Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings".

Management and directors are aware that given the few number of consultants involved in the design of internal controls over financial reporting that in-house expertise to deal with complex taxation, accounting and reporting issues may not always be sufficient. The Company strives to obtain outside assistance and advise on new accounting pronouncements and complex reporting issues, which is common with Company's of a similar size.

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

Respectfully Submitted

Honourable Nick Taylor, President and Chief Executive Officer