

**SOFTROCK MINERALS LTD.  
FINANCIAL STATEMENTS**

**FOR THE FIRST QUARTER ENDING  
March 31, 2007**

UNAUDITED

**NOTICE TO SHAREHOLDERS**

**Responsibility for Financial Statements**

The accompanying financial statements for Softrock Minerals Ltd. ("Softrock" or the "Company") have been prepared by management in accordance with Canadian generally accepted accounting principals consistently applied. The most significant of these accounting principals have been set out in the Company's December 31, 2006 audited 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 upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

**Auditor Involvement**

The Auditor of Softrock Minerals Ltd. has not performed a review of the comparative financial statements for the three months ended March 31, 2007 and 2006

**SOFTROCK MINERALS LTD.  
BALANCE SHEETS**

	March 31 2007 <u>UNAUDITED</u> \$	December 31 2006 <u>AUDITED</u> \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	9,356	19,188
Accounts receivable	<u>6,950</u>	<u>7,281</u>
	16,306	26,469
Investment in marketable securities	400,000	400,000
Future income tax asset		103,500
Oil and gas properties	<u>148,864</u>	<u>148,974</u>
	<u>565,170</u>	<u>678,943</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	69,409	71,153
Debenture	<u>34,736</u>	<u>34,000</u>
	104,145	105,153
<b>Long Term Debt</b>		
Asset retirement obligation	<u>9,812</u>	<u>9,812</u>
	113,957	114,965
<b>SHAREHOLDERS EQUITY</b>		
Share capital	2,353,122	2,353,122
Warrants	79,936	79,936
Contributed surplus	88,139	88,139
Deficit	<u>(2,069,984)</u>	<u>(1,957,219)</u>
	<u>451,213</u>	<u>563,973</u>
	<u>565,170</u>	<u>678,943</u>
<b>Approved by the Board:</b>		
<u>(signed) "Nicholas Taylor"</u>		
 <u>(signed) "Thomas M. M. Bender"</u>		

**SOFTROCK MINERALS LTD.**  
**STATEMENT OF LOSSES AND DEFICIT**  
( UNAUDITED )

	Three Months Ended March 31	
	2007	2006
	\$	\$
<b>REVENUE</b>		
Oil and gas income	1,821	12,642
Royalty income	8,026	10,928
Oil and gas operating expense	<u>(8,293)</u>	<u>(26,882)</u>
	1,554	(3,312)
<b>EXPENSES</b>		
Accounting and audit	0	1,100
Rent	1,455	1,940
Corporate expense	5,944	8,175
General and administrative expense (net of recoveries)	(282)	4,177
Consultants	<u>3,702</u>	<u>11,620</u>
	10,819	27,012
Net income (loss)	(9,265)	(30,324)
Deficit – beginning of period	1,957,219	2107,730
Future income tax asset adjustment	103,500	
Deficit – end of period	2,069,984	2,138,054

**SOFTROCK MINERALS LTD.**  
**STATEMENT OF CASH FLOW**  
( UNAUDITED )

	\$	\$
<b>Cash provided by (used for) operating activities</b>		
Net income (loss)	(9,265)	(30,324)
<b>Adjustments to reconcile net income to net cash</b>		
Oil and gas depletion	110	0
Future income tax asset	103,500	0
Accounts receivable	331	(3,956)
Accounts payable	<u>(1,008)</u>	<u>(12,750)</u>
	93,668	(47,030)
<b>Financing activities</b>		
Issue common stock for cash	0	221,000
Share issue costs	0	(20,000)
Future income tax asset adjustment	<u>(103,500)</u>	
	(103,500)	201,000
<b>Investing activities</b>		
Investment in oil and gas properties	<u>0</u>	<u>(2,125)</u>
	0	(2,125)
Increase (decrease) in cash	(9,832)	151,845
Cash at beginning of period	19,188	32,756
Cash at end of period	9,356	184,601

**SOFTROCK MINERALS LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**Note 1 Nature of Operations and Going Concern**

Softrock Minerals Ltd. (the "Company") is a public company incorporated under the *Business Corporations Act* (Alberta). Its common shares are traded on the TSX Venture Exchange. The Company has carried on the business of oil, gas, and mineral exploration and development in Western Canada. Currently the Company is in the exploration stage with respect to its working interest properties.

These financial statements do not give effect to any adjustments which could be necessary should the Company be unable to continue as a going concern and be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

**Note 2 Significant Accounting Policies**

The financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles applied on a consistent basis within reasonable limits of materiality and within the framework of the accounting policies summarized below. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The presentation of financial data is based on accounting principals and practices consistent with those used in the preparation of the annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principals has been condensed or omitted.

*These interim period financial statements should be read in conjunction with the audited financial statements and the accompanying notes in the Company's latest annual filing. 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.*

**a) Oil and gas properties**

The Company follows the full cost method of accounting for oil and gas properties. Under this method, all costs relative to the exploration for and development of oil and gas reserves are capitalized into cost centres on a country by country basis. Capitalized costs include lease acquisitions, geological and geophysical costs, lease rentals on non-producing properties, costs of drilling productive and non-productive wells and plant and production equipment costs. General and administrative costs are not capitalized, except to the extent of the Company's working interest in operated capital expenditure programs to which overhead fees have been charged under standard industry operating agreements. Overhead fees are not charged on 100 percent owned projects. Proceeds received from disposals of oil and gas properties and equipment are credited against capitalized costs unless the disposal would alter the rate of depletion and depreciation by more than 20 percent, in which case a gain or loss on disposal is recorded.

Depletion of oil and gas properties and depreciation of plant and production equipment are provided on the unit of production method based on total proven reserves before royalties as estimated by the Company's independent engineers. Natural gas sales and reserves are converted to equivalent units of crude oil using their relative energy content. Corporate assets are depreciated over their useful life using the declining balance method.

The Company applies a ceiling test to capitalized oil and gas property costs to ensure that such costs do not exceed the estimated future net revenues from production of proven reserves at prices and operating costs in effect at the balance sheet date, plus the cost of unevaluated properties less management's estimate of impairment. The test also provides for estimated future administrative overhead, financing costs and taxes.

**b) Joint interest operations**

The Company's exploration and production activities are conducted jointly with others. These financial statements reflect only the Company's proportionate interest in such activities.

**Note 3 Investment in marketable securities**

Marketable securities are carried at the lower of cost or quoted market value on a specific stock basis. When market value of a security is below its cost, any unrealized loss is charged to income. Cost has been determined at estimated fair value at the time of receipt of the marketable securities.

The Company completed a transaction in 2003 whereby they purchased seven crown oil and gas leases in Saskatchewan and disposed of these leases to Greencastle Resources Inc. in July 2003 for a cash payment of \$190,000 and 2,000,000 in escrowed common shares of Greencastle and a commitment to drill cretaceous test wells in 2004 to a minimum of \$750,000. 1,000,000 of the escrowed shares were released to the Company in September 2006, and the remaining 1,000,000 shares were released to the Company in March 2007 after Greencastle recovered double its capital costs from the properties.

One million of the Greencastle shares have been deposited with a brokerage house to be disposed of in accordance with management directives and the other million are being kept for investment purposes

Subsequent to quarter end the Company disposed of 500,000 common shares at \$0.25 per share for gross proceeds of \$125,000.

**Note 4 Property, Plant and Equipment**

	Mar. 31, 2007		
	Cost	Accumulated depreciation	Net book value
Petroleum and natural gas properties	\$ 866,242	\$ 758,664	\$ 107,578
Production equipment	78,474	48,356	30,118
Asset retirement costs	9,267	2,648	6,619
Furniture, fixtures and office equipment	51,225	46,676	4,549
	<u>\$ 1,005,208</u>	<u>\$ 856,344</u>	<u>\$ 148,864</u>
	Dec. 31, 2006		
	Cost	Accumulated depreciation	Net book value
Petroleum and natural gas properties	\$ 866,242	\$ 758,554	\$ 107,688
Production equipment	78,474	48,356	30,118
Asset retirement costs	9,267	2,648	6,619
Furniture, fixtures and office equipment	51,225	46,676	4,549
	<u>\$ 1,005,208</u>	<u>\$ 856,234</u>	<u>\$ 148,974</u>



	2006	2005
Balance, beginning of year	\$ -	\$ -
Liabilities incurred	9,267	-
Accretion expense	545	-
<b>Balance, end of quarter</b>	<b>\$ 9,812</b>	<b>\$ -</b>

Revisions are a result of updated reserve life as calculated by the independent reserves evaluator and updated future cost assumptions.

## Note 7 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:

	Mar. 31, 2007		Dec. 31, 2006	
Balance, beginning of year	16,429,446	\$2,353,122	16,429,446	\$2,353,122
Balance, end of period	16,429,446	\$2,353,122	16,429,446	\$2,353,122,

### c) Private placements

There were no private placements completed during the first quarter of 2007.

### d) Stock options

Under the Company's stock option plan, the Company may grant options to employees, officers and directors to acquire, in the aggregate, up to 10% of the Company's issued and outstanding common shares. 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, the options have a maximum term of five years.

The Company did not grant any options in 2007. A summary of the status of the Company's outstanding stock options at March 31, 2007 and December 31, 2006 and changes during the year is presented as follows:

	March 31, 2007		Dec. 31, 2006	
	Stock Options	Weighted Average Exercise Price (\$)	Stock Options	Weighted Average Exercise Price (\$)
Outstanding, beginning of year	1,100,000	0.15	550,000	0.10
Granted, and fully vested			550,000	0.20
Outstanding end of period	1,100,000	0.15	1,100,000	0.15

The following table summarizes information about stock options outstanding and exercisable at March 31, 2007:

Number outstanding at March 31, 2007	Options outstanding		Options exercisable	
	Weighted average remaining contractual life (years)		Number exercisable at March 31, 2007	Exercise price (\$)
550,000	1.50		550,000	0.10
550,000	1.25		550,000	0.20
1,100,000			1,100,000	

e) **Warrants**

A summary of the status of the common share purchase warrants as of March 31, 2007, and changes during the period is presented as follows:

	2007		2006	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
Outstanding, beginning of year	1,275,000	0.17	1,000,000	0.10
Issued	0		1,508,333	0.17
Exercised	0		(233,333)	0.13
Expired	0		(1,000,000)	0.10
Outstanding, end of period	1,275,000	0.17	1,275,000	0.17

The following table summarizes information about warrants outstanding and exercisable at March 31, 2007:

Date	Number of warrants	Exercise price (\$)	Expiry date
May 10, 2006	75,000	0.14	May 10, 2008
February 21, 2006	1,000,000	0.14	February 21, 2008
August 30, 2006	200,000	0.35	August 30, 2008
Exercisable, end of period	1,275,000		

**Note 8 Contributed Surplus**

A summary of the status of contributed surplus as of March 31, 2007 and changes during the quarter is presented below:

	2007	2006
Balance, beginning of year	\$ 88,139	\$ 26,870
Stock based compensation		61,269
Balance, end of quarter	\$ 88,139	\$ 88,139

**Note 9 Commitments and Contingencies**  
**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.

**Note 10 - Financial Instruments**

**Credit risk**

A substantial portion of the Company's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risk. The Company's customers are subject to an internal credit review to minimize risk of non-payment. The carrying value of accounts receivable reflects management's assessment of the credit risk associated with these customers.

**Fair value of financial assets and liabilities**

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. The Company's financial instruments consist of cash, accounts receivable and accounts payable. The fair value of financial instruments is not estimated by management to be materially different from the carrying value.

**Note 11 Related party transactions**

As of March 31, 2007 the amounts due to related parties included in accounts payable and accrued liabilities were as follows:

Due to a director	\$	736
Due to a company controlled by a director		1,250
		<hr/>
	\$	1,986
		<hr/>

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