

**SOFTROCK MINERALS LTD.
FINANCIAL STATEMENTS**

**FOR THE SECOND QUARTER ENDING
June 30, 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 Auditors of Softrock Minerals Ltd. has not performed a review of the comparative financial statements for the three and six months ended June 30, 2007 and 2006

**SOFTROCK MINERALS LTD.
BALANCE SHEETS**

	June 30, 2007 UNAUDITED	Dec. 31, 2006 AUDITED
ASSETS		
Current		
Cash	212,874	19,188
Accounts receivable	<u>7,139</u>	<u>7,281</u>
	220,013	26,469
Investment in marketable securities	200,000	400,000
Future income tax asset		103,500
Oil and gas properties	<u>137,360</u>	<u>148,974</u>
	<u>557,373</u>	<u>678,943</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	60,743	71,153
Debenture		<u>34,000</u>
	<u>60,743</u>	105,153
Long Term Debt		
Asset retirement obligation	<u>9,812</u>	<u>9,812</u>
	70,555	114,965
SHAREHOLDERS EQUITY		
Share capital	2,356,122	2,356,122
Contributed surplus	164,075	165,075
Deficit	<u>-2,033,379</u>	<u>-1,957,219</u>
	<u>486,818</u>	<u>563,978</u>
	<u>557,373</u>	<u>678,943</u>

Approved by the Board:

(signed) "Nicholas Taylor"

(signed) "Thomas M. M. Bender"

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

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
REVENUE				
Oil and gas income	10,443	10,568	20,590	36,582
Royalty expense		830	300	3,274
Oil and gas operating expense	<u>38,514</u>	<u>5,098</u>	<u>46,807</u>	<u>31,980</u>
	- 28,071	4,640	- 26,517	1,328
Gain on disposal of marketable securities	73,730		73,730	
Interest income	<u>10</u>		<u>10</u>	
	45,669	4,640	47,223	1,328
EXPENSES				
Accounting and audit	500	900	500	2000
Rent	1,940	2,910	2,425	4,850
Corporate expense	1,127	5,509	7,071	13,684
General and administrative expense (net of recoveries)	3,427	191	4,005	4,369
Consultants	2,070	10,847	5,772	27,595
Depletion and amortization			110	
Stock based compensation		<u>20,000</u>		<u>20,000</u>
	9,064	40,357	19,883	72,498
Net income (-) loss	36,605	- 35,717	27,340	- 71,170
Deficit – beginning of period	2,069,984	2,143,183	2,060,719	2,107,730
Deficit – end of period	2,033,379	2,178,900	2,033,379	2,178,900

SOFTROCK MINERALS LTD.
STATEMENT OF CASH FLOW
(UNAUDITED)

Cash provided by (used for) operating activities				
Net income (-) loss	36,605	- 40,846	27,340	- 71,170
Adjustments to reconcile net income to net cash				
Marketable securities	200,000		200,000	
Debenture	- 34,000		- 34,000	
Stock based compensation		20,000		20,000
Future income tax asset			103,500	
Accounts receivable	- 188	- 306	143	- 4,262
Accounts payable	<u>- 9,402</u>	<u>- 15,938</u>	<u>- 10,410</u>	<u>- 28,688</u>
	193,015	- 37,090	286,573	- 84,120
Financing activities				
Issue common stock		30,333		231,333
Subscriptions receivable	- 1,000	100,000	- 1,000	100,000
Future income tax asset adjustment			- 103,500	
	- 1,000	130,333	- 104,500	331,333
Investing activities				
Investment in oil and gas properties	<u>11,503</u>	<u>- 122,064</u>	<u>11,613</u>	<u>- 124,189</u>
Increase (decrease) in cash	203,518	- 28,821	193,686	123,024
Cash at beginning of period	<u>9,356</u>	<u>184,601</u>	<u>19,188</u>	<u>32,756</u>
Cash at end of period	212,874	155,780	212,874	155,780

SOFTROCK MINERALS LTD.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 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 sold for net proceeds of \$273,730 and the other million shares (June 30, close \$280,000) are kept in the Company's treasury, to be disposed of in accordance with management directives

Note 4 Property, Plant and Equipment

	June 30, 2007		
	Cost	Accumulated depreciation	Net book value
Petroleum and natural gas properties	\$ 854,848	\$ 758,774	\$ 96,074
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>\$ 993,814</u>	<u>\$ 856,454</u>	<u>\$ 137,360</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>

Note 5 Debenture

On August 31, 2005, the Corporation issued \$77,000 in convertible debentures. The debentures mature August 31, 2007 and bear interest at 5% per year. The Company repaid the balance of the debenture and accrued interest on August 31, 2007.

Note 6 Asset Retirement Obligations ("ARO s")

The Corporation's ARO results from working interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. As at June 30, 2007, the Corporation estimates the total undiscounted amount of cash flows required to settle its asset retirement obligation over the

next three years to be approximately \$11,673 (2005 - \$nil). The amount has been discounted using a credit-adjusted risk-free interest rate of 8% and an inflation rate of 2%.

A reconciliation of the ARO is provided below:

	2007		2006	
Balance, beginning of year	\$	9,812	\$	-
Liabilities incurred				9,267
Accretion expense				545
Balance, end of quarter	\$	9,812	\$	9,812

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:

	June 30, 2007		Dec. 31, 2006	
Balance, beginning of year	16,429,446	\$2,356,122	16,429,446	\$2,356,122
Balance, end of period	16,429,446	\$2,356,122	16,429,446	\$2,356,122,

c) Private placements

There were no private placements completed during the first half 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 June 30, 2007 and December 31, 2006 and changes during the year is presented as follows:

	June 30, 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 June 30, 2007:

Number outstanding at June 30, 2007	Options outstanding		Options exercisable	
	Weighted average remaining contractual life (years)	Number exercisable at June 30, 2007	Exercise price (\$)	
550,000	1.25	550,000	0.10	
550,000	1.00	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 June 30, 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 June 30, 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 June 30, 2007 and changes during the quarter is presented below:

	2007	2006
Balance, beginning of year	165,075	\$ 26,870
Stock based compensation		61,269
Warrants	- 1,000	76,936
Balance, end of quarter	\$ 164,075	\$165,075

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.