



**BERKLEY RENEWABLES INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the Nine Months Ended September 30, 2017 and 2016**

*(Unaudited - Expressed in Canadian Dollars)*

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The condensed consolidated interim financial statements of Berkley Renewables Inc. (the "Company") are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities and reviews the results of the audit and the annual condensed consolidated interim financial statements prior to their approval.

The condensed consolidated interim financial statements as at September 30, 2017 and 2016 and for the periods then ended have not been reviewed and audited.

*"Matt Wayrynen"*  
Matt Wayrynen  
President & CEO  
November 29, 2017

*"Pamela Saulnier"*  
Pamela Saulnier  
Chief Financial Officer  
November 29, 2017

**BERKLEY RENEWABLES INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE INCOME (LOSS)**  
(unaudited)

	Sept. 30, 2017	Dec. 31, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 119,530	\$ 270,313
Trade and other receivables	61,656	-
Due from related parties (Note 13)	3,617,121	3,850,901
Investment classified as fair value through profit or loss (Note 5)	310,185	314,243
Prepaid expenses	15,149	20,263
<b>Total current assets</b>	<b>4,123,641</b>	<b>4,455,720</b>
Other property and equipment (Note 7)	1,491	1,767
<b>Total non-current assets</b>	<b>1,491</b>	<b>1,767</b>
<b>Total assets</b>	<b>\$ 4,125,132</b>	<b>4,457,487</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 423,888	\$ 772,627
Taxes payable	550,245	550,245
Due to related parties (Note 13)	3,958,616	3,430,783
Note payable	70,825	70,825
<b>Total current liabilities</b>	<b>5,003,574</b>	<b>4,824,480</b>
Decommissioning liability (Note 8)	123,890	123,890
<b>Total liabilities</b>	<b>5,127,464</b>	<b>4,948,370</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	15,364,367	15,364,367
Contributed surplus	1,813,300	1,813,300
Deficit	(18,232,383)	(17,735,277)
Accumulated other comprehensive income	(4,058)	-
	(1,058,774)	(557,610)
Non-controlling interest (Note 12)	56,442	66,727
<b>Total shareholders' equity (deficit)</b>	<b>(1,002,332)</b>	<b>(490,883)</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 4,125,132</b>	<b>\$ 4,457,487</b>

Going concern (Note 1)

Approved by the Board of Directors and authorized for issue on November 29, 2017

"Matt Wayrynen"  
Director

"Tyrone Docherty"  
Director

**BERKLEY RENEWABLES INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE INCOME (LOSS)**  
(unaudited)

	For the three months ended Sept. 30, 2017	For the three months ended Sept. 30, 2016	For the nine months ended Sept 30, 2017	For the nine months ended Sept. 30, 2016
<b>Revenue</b>	\$	\$	\$	\$
Consulting revenue	101,587	-	331,871	-
Oil and gas revenue	-	1,403	-	13,832
<b>Net income (loss) from operations</b>	101,587	1,403	331,871	13,832
<b>General and administrative expenses</b>				
General and administrative (Note 17)	293,412	283,095	842,273	736,311
Royalty expense	-	70	-	345
Operating costs	-	1,990	-	8,150
Depletion and accretion	-	144	-	1,431
	293,412	285,299	842,273	746,237
<b>Other income (expenses)</b>				
Unrealized gain (loss) on marketable securities	-	-	-	-
Other income	-	7	13,296	49
	-	-	-	-
<b>Net loss for the period</b>	(191,825)	(283,889)	(497,106)	(732,356)
<b>Other comprehensive loss</b>				
Unrealized (loss) gain on investment	(8,027)	(15,952)	(4,058)	(126,142)
<b>Total comprehensive (loss) income for the period</b>	\$ (199,852)	\$ (299,841)	(501,164)	(858,384)
<b>Net loss attributed to:</b>				
Shareholders of the Company	(117,687)	(274,415)	(486,821)	(698,049)
Non-controlling interest (Note 12)	(74,138)	(9,474)	(10,285)	(34,307)
	(191,825)	(283,889)	(497,106)	(732,356)
<b>Total comprehensive loss attributed to:</b>				
Shareholders of the Company	(125,714)	(290,367)	(490,879)	(824,077)
Non-controlling interest (Note 12)	(74,138)	(9,474)	(10,285)	(34,307)
	(199,852)	(299,841)	(501,164)	(858,384)
<b>Basic and diluted net loss per share (Note 11)</b>	\$ (0.02)	\$ -	\$ (0.05)	\$ (0.05)

The accompanying notes form an integral part of these consolidated financial statements.

**BERKLEY RENEWABLES INC.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

	<i>Note</i>	Share Capital	Equity Portion of Convertible Debenture	Warrants	Contributed Surplus	Deficit	Non- Controlling Interest	Accumulated Other Comprehensive Income	Total
<b>Balance as at December 31, 2015</b>		\$ 15,364,367	\$ -	\$ -	\$ 1,813,300	\$ (17,732,609)	\$ 259,855	\$ (175,373)	\$ (470,460)
Net loss for the period		-	-	-	-	(698,049)	-	-	(698,049)
Unrealized loss on investment	5	-	-	-	-	-	-	(126,142)	(126,142)
Non-controlling interest	12	-	-	-	-	-	(34,307)	-	(34,307)
<b>Balance as at September 30, 2016</b>		\$ 15,364,367	\$ -	\$ -	\$ 1,813,300	\$ (18,430,658)	\$ 225,548	\$ (301,505)	\$ (1,328,958)
<b>Balance as at December 31, 2016</b>		\$ 15,364,367	\$ -	\$ -	\$ 1,813,300	\$ (17,735,277)	\$ 66,727	\$ -	\$ (490,883)
Net loss for the period		-	-	-	-	(497,106)	-	-	(497,106)
Unrealized gain on investment	5	-	-	-	-	-	-	(4,058)	(4,058)
Non-controlling interest	12	-	-	-	-	-	(10,285)	-	(10,285)
<b>Balance as at September 30, 2017</b>		\$ 15,364,367	\$ -	\$ -	\$ 1,813,300	\$ (18,232,383)	\$ 56,442	\$ (4,058)	\$ (1,002,332)

*The accompanying notes form an integral part of these consolidated financial statements.*

**BERKLEY RENEWABLES INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

	For the three months ended Sept. 30, 2017	For the three months ended Sept. 30, 2016	For the six months ended Sept. 30, 2017	For the six months ended Sept. 30, 2016
<b>CASH PROVIDED BY (USED IN):</b>				
<b>OPERATING ACTIVITIES</b>				
Net income (loss) for the period	\$ (191,825)	\$ (283,889)	\$ (497,106)	\$ (732,356)
Items not requiring cash in the period				
Depreciation, depletion and accretion (Notes 6, 7 & 8)	29	291	276	1,905
Unrealized gain on investment classified as fair value through profit or loss	(10,105)	(59,747)	(29,254)	(59,747)
	(201,901)	(343,345)	(526,084)	(790,198)
Change in non-cash working capital (Note 14)	(207,647)	(80,402)	(405,281)	(210,281)
Cash provided by (used in) operating activities	(409,548)	(423,747)	(931,365)	(1,000,479)
<b>INVESTING ACTIVITIES</b>				
Proceeds on sale of marketable securities	-	69,900	28,879	92,681
Cash received from investing activities	-	69,900	28,879	92,681
<b>FINANCING ACTIVITIES</b>				
Amounts due from related parties (Note 13)	(101,587)	(244,316)	223,870	200,520
Amounts due to related parties (Note 13)	544,504	559,496	527,833	571,234
Cash (used in) provided by financing activities	442,917	315,180	751,703	771,754
<b>Decrease in cash and cash equivalents</b>	<b>33,369</b>	<b>(38,667)</b>	<b>(150,783)</b>	<b>(136,044)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>86,161</b>	<b>117,205</b>	<b>270,313</b>	<b>214,582</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 119,530</b>	<b>\$ 78,538</b>	<b>\$ 119,530</b>	<b>\$ 78,538</b>

*The accompanying notes form an integral part of these consolidated financial statements.*

**BERKLEY RENEWABLES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine months ended September 30, 2017 and 2016**  
(unaudited)

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

Berkley Renewables Inc. ("Berkley") was created on the amalgamation of Fortune Island Mines Ltd., Kerry Mining Ltd. and Berkley Resources Ltd. under the Company Act (British Columbia) on July 18, 1986. Previously focused on the acquisition, exploration, development and production from petroleum and natural gas interests in Alberta, Canada, Berkley is currently diversifying its strategy into renewable sources of energy, specifically the management and operation of photovoltaic power generation. The address of the registered office is Suite 900, 570 Granville Street, Vancouver, British Columbia, V6C 3P1.

The consolidated financial statements include the financial statements of Berkley Renewables Inc. and the subsidiaries listed in the following table (hereinafter together referred to as the "Company"):

Name	% equity interest			
	Country of Incorporation	Functional Currency	Sept. 30, 2017	Dec. 31, 2016
American Uranium Corp.	US	Canadian Dollars	53%	53%
Solar Flow-Through 2012-I General Partner Ltd.	Canada	Canadian Dollars	95%	95%
Solar Flow-Through 2012-I Management Ltd.	Canada	Canadian Dollars	95%	95%
Solar Flow-Through 2013-I General Partner Ltd.	Canada	Canadian Dollars	95%	95%
Solar Flow-Through 2013-I Management Ltd.	Canada	Canadian Dollars	95%	95%
Solar Flow-Through 2014-I General Partner Ltd.	Canada	Canadian Dollars	95%	95%
Solar Flow-Through 2014-I Management Ltd.	Canada	Canadian Dollars	95%	95%
Solar Flow-Through 2015-I General Partner Ltd.	Canada	Canadian Dollars	95%	95%
Solar Flow-Through 2015-I Management Ltd.	Canada	Canadian Dollars	95%	95%
Solar Flow-Through 2016-I General Partner Ltd.	Canada	Canadian Dollars	95%	95%
Solar Flow-Through 2016-I Management Ltd.	Canada	Canadian Dollars	95%	95%
Solar Flow-Through 2017-I General Partner Ltd.	Canada	Canadian Dollars	83.375%	-
Solar Flow-Through 2017-I Management Ltd.	Canada	Canadian Dollars	83.375%	-

On February 27, 2017, Berkley acquired 833.75 common shares of Solar Flow-Through 2017-I General Partner Ltd. ("SFT2017 GP Ltd.") representing a 83.375% interest as at September 30, 2017. As part of the acquisition, SFT2017 GP Ltd. became a direct subsidiary of Berkley and, as such is consolidated from the date of acquisition.

On February 27, 2017, Berkley acquired 833.75 common shares of Solar Flow-Through 2017-I General Partner Ltd. ("SFT2017 GP Ltd.") representing a 83.375% interest as at September 30, 2017. As part of the acquisition, SFT2017 GP Ltd. became a direct subsidiary of Berkley and as such is consolidated from the date of acquisition.

These consolidated 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 liabilities in the normal course of operations.

The Company has a net loss for the period of \$497,106 and an accumulated deficit of \$18,222,098 as at September 30, 2017. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise additional capital through the issuance of treasury shares or debt and achieve profitable operations in the future. The management of the Company has developed a strategy to address this uncertainty, including additional equity and/or debt financing; however, there are no assurances that any such financing can be obtained on favourable terms, if at all.

**1. Nature of Operations and Going Concern (continued)**

If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, reported revenues and expenses, and the consolidated statement of financial position classifications used.

**2. Basis of Preparation**

***Statement of Compliance with International Financial Reporting Standards***

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting ("IAS 34"). The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements and notes thereto for the fiscal year ended December 31, 2016 which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The policies applied in these condensed interim consolidated financial statements are consistent with the policies disclosed in Notes 2 and 3 of the financial statements for the year ended December 31, 2016 with the exception of new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2017.

The condensed interim consolidated financial statements were authorized for issuance on November 29, 2017 by the Directors of Berkley.

**3. Significant Accounting Estimates and Judgments**

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make, at the end of the reporting period, judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingencies and commitments. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to required estimates are recognized in the year in which the estimate is revised.

Areas requiring a significant degree of estimation and judgment relate to fair value measurements for financial instruments and share based payments, the recognition and valuation of provisions for restoration and environmental liabilities, the recoverability and measurement of deferred tax assets and liabilities, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

The Company makes allowances for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

---



#### **4. Significant Accounting Policies**

Standards and amendments issued but not yet effective up to the date of authorization of these financial statements are as below:

IFRS 9 “Financial Instruments: Classification and Measurement” is a new financial instruments standard effective for annual periods beginning on or after January 1, 2018 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.

IFRS 15, “Revenue from Contracts with Customers” was issued in 2014 and replaces the two main recognition standards IAS 18, “Revenue”, and IAS 11, “Construction Contracts”. The new standard provides a five-step model framework as a core principle upon which an entity recognizes revenue and becomes effective January 1, 2018.

IFRS 16, “Leases” was issued and IAS 17 “Leases” was amended. IFRS 16 specifies how to recognize, measure, present and disclose leases effective for annual period beginning on or after January 1, 2019. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. IAS 17, as revised, now prescribes the accounting policies and disclosures applicable to leases, both for lessees and lessors. The Company is currently assessing the impact of this standard.

#### **5. Investment in RepliCel Life Sciences**

##### ***Available for Sale***

During 2016, the Company sold 874,432 (2015 – 112,548) shares in RepliCel Life Sciences (“Replifel”) for net proceeds of \$94,848 (2015 - \$73,489) and realized a loss in the amount of \$22,034 (2015 – gain of \$31,845) in net income. As the Company no longer has any available for sale financial instruments, accumulated other comprehensive income was recycled to net income as at December 31, 2016, resulting in an aggregate loss of \$123,760.

##### ***Fair value through profit or loss***

On October 28, 2016, the Company purchased 38,467 units in RepliCel for cash consideration of \$20,000. Each unit is comprised of one share and one option to purchase a common share purchase warrant which entitles the Company to acquire one share of RepliCel at an exercise price of \$0.85 per share until the expiry date of October 28, 2018.

On December 28, 2016, the Company purchased 153,846 units in RepliCel for cash consideration of \$80,000. Each unit is comprised of one share and one option to purchase a common share purchase warrant which entitles the Company to acquire one share of RepliCel at an exercise price of \$1.10 per share until the expiry date of October 28, 2018.

The Company recognized an unrealized loss on investment in RepliCel for the nine months ended September 30, 2017 of \$18,969.

---

---

**BERKLEY RENEWABLES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended September 30, 2017 and 2016**  
(unaudited)

---

**6. Petroleum and Natural Gas Interests**

**Cost**

Balance at December 31, 2015	\$	806,129
Change in estimate (Note 8)		(567)
Disposal of P&NG Interests		(805,562)
Balance at December 31, 2016	\$	-
Additions		-
<b>Balance at September 30, 2017</b>	<b>\$</b>	<b>-</b>

**Depletion**

Balance at December 31, 2015	\$	791,977
Depletion		(144)
Disposal of P&NG Interests		(791,833)
Balance at December 31, 2016	\$	-
Depletion		-
<b>Balance at September 30, 2017</b>	<b>\$</b>	<b>-</b>

**Net book value**

At December 31, 2016	\$	-
At September 30, 2017	\$	-

---

**BERKLEY RENEWABLES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the six months ended September 30, 2017 and 2016  
(unaudited)

**7. Other Property and Equipment**

	Computer equipment	Furniture, fixtures and equipment	Leasehold improvements	Total
<b>Cost or deemed cost</b>				
<b>Dec. 2016 and Sept. 30, 2017</b>	<b>\$ 36,724</b>	<b>\$ 9,199</b>	<b>\$ 4,078</b>	<b>\$ 50,001</b>
	Computer equipment	Furniture, fixtures and equipment	Leasehold improvements	Total
<b>Depreciation</b>				
Balance at December 31, 2015	\$ 34,924	\$ 8,622	\$ 4,078	\$ 47,624
Depreciation	141	29	-	170
Balance at December 31, 2016	\$ 35,427	\$ 8,729	\$ 4,078	\$ 48,234
Depreciation	208	68	-	276
<b>Balance at Sept. 30, 2017</b>	<b>\$ 35,635</b>	<b>\$ 8,797</b>	<b>\$ 4,078</b>	<b>\$ 48,510</b>
<b>Net book value</b>				
At December 31, 2016			\$	1,767
<b>At Sept. 30, 2017</b>			<b>\$</b>	<b>1,492</b>

**8. Decommissioning Liability**

The following table presents the reconciliation of the carrying amount of the obligation associated with the decommissioning of the Company's P&NG assets:

	<b>Sept. 30, 2017</b>	Dec. 31, 2016
Balance, beginning of period	<b>\$ 123,890</b>	\$ 151,457
Accretion	-	953
Change in estimates	-	(567)
Disposal of decommissioning liability	-	(27,953)
Balance, end of period	<b>\$ 123,890</b>	\$ 123,890

Berkley estimates the total undiscounted amount of cash flows required to settle its decommissioning liability is approximately \$160,811 (2016 - \$128,055) which will be incurred between 2017 and 2029. The majority of these obligations will be incurred in 2017. An inflation factor of 2% (2016 - 2%) has been applied to the estimated asset retirement cost. Risk-free discount rates of 0.35% - 2.16% (2016 - 0.52% - 2.31%) was used to calculate the fair value of the decommissioning liability.

---

**BERKLEY RENEWABLES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended September 30, 2017 and 2016**  
(unaudited)

---

**9. Notes Payable**

During 2015, the Company entered into a note payable of \$15,700 with a third party. The note payable is non-interest, does not have fixed repayment terms, and is due on demand. During 2016, the Company increased the note payable by an additional \$19,600 with the same party and under the same terms.

During 2016, the Company entered into a note payable for \$35,525 with a third party. The note payable is non-interest bearing, does not have fixed repayment terms, and is due on demand.

**10. Share Capital**

a) Authorized

Unlimited Class A common shares, without par value.

b) Issued

	Number of shares	Amount
Balance as at December 31, 2016	10,411,451	\$ 15,364,367
<b>Balance at September 30, 2017</b>	<b>10,411,451</b>	<b>\$ 15,363,712</b>

The Company had no warrants or stock options outstanding as at September 30, 2017.

**11. Earnings (Loss) Per Share**

Basic income or loss per share amounts are calculated by dividing the net income or loss of the year attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year.

The Company's dilutive instruments consist of common share purchase warrants and stock options.

	Sept. 30, 2017	Dec. 31, 2016
Net income (loss) attributable to shareholders of the company	\$ (486,821)	\$ 172,705
Weighted average shares outstanding	10,411,511	10,410,588
Basic and diluted loss per common share	\$ (0.05)	\$ 0.02

The basic and diluted loss per share amounts are the same as the common share purchase warrants and stock options were excluded from the dilution calculation, as they were anti-dilutive.

---

**BERKLEY RENEWABLES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended September 30, 2017 and 2016**  
(unaudited)

**12. Non-Controlling Interest**

The Company's non-controlling interest in the consolidated statement of financial position was as follows:

	<b>Sept. 30, 2017</b>	<b>Dec. 31, 2016</b>
Blue Star Global Inc. (formerly American Uranium Corporation)	\$ 32,121	\$ 32,121
Solar Flow-Through 2012-I General Partner Ltd	(11,535)	(8,682)
Solar Flow-Through 2012-I Management Ltd.	6,999	(20,641)
Solar Flow-Through 2013-I General Partner Ltd	(2,063)	(1,864)
Solar Flow-Through 2013-I Management Ltd.	14,763	27,588
Solar Flow-Through 2014-I General Partner Ltd.	(21,765)	(20,617)
Solar Flow-Through 2014-I Management Ltd.	71,157	16,880
Solar Flow-Through 2015-I General Partner Ltd.	(2,932)	(1,697)
Solar Flow-Through 2015-I Management Ltd.	42,133	13,925
Solar Flow-Through 2016-I General Partner Ltd.	(2,582)	(1,393)
Solar Flow-Through 2016-I Management Ltd.	(69,854)	31,107
	<b>\$ 56,442</b>	<b>\$ 66,727</b>

**13. Related Party Transactions**

Balances and transactions between Berkley and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions with other related parties are disclosed below:

<b>Due to related parties</b>	<b>Sept. 30, 2017</b>	<b>Dec. 31, 2016</b>
Directors, management and other	(140,604)	(145,104)
Solar High Yield Projects #1 (2012) Ltd.	(1,065,750)	(1,073,421)
Solar Flow-Through 2013 Limited Partnership	(83,929)	(83,929)
Solar Flow-Through Project #1 (2013) Ltd.	(86,901)	(84,500)
Solar Flow-Through 2014 Limited Partnership	(422,329)	(422,329)
Solar Flow-Through (2014) Ltd.	(250,209)	(200,000)
Solar Flow-Through 2015 Limited Partnership	(292,894)	(123,000)
Solar Flow-Through (2015) Ltd.	(275,000)	(275,500)
Solar Flow-Through 2016 Limited Partnership	(990,000)	(835,000)
Solar Flow-Through (2016) Ltd.	(351,000)	(188,000)
	<b>(3,958,616)</b>	<b>(3,430,783)</b>

---

**BERKLEY RENEWABLES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended September 30, 2017 and 2016**  
(unaudited)

---

**13. Related Party Transactions (continued)**

Balances and transactions between Berkley and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions with other related parties are disclosed below:

- a) Due to related parties consists of \$140,604 (2016 - \$104,620) due to Directors of Berkley for Directors fees, consulting fees and expenses.
- b) Berkley takes part in a cost sharing arrangement to reimburse Oniva International Services Corporation ("Oniva"), a private company owned by public companies having common Directors, for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of Berkley, and to pay a percentage fee based on the total overhead and corporate expenses. The agreement may be terminated with one-month notice by either party. Rent, administrative services, office supplies and accounting charges totalling \$67,837 were incurred by the Company to Oniva during the period ended September 30, 2017 (2016 - \$16,675).

Management and consulting fees totalling \$405,000 were paid or accrued to management and their private companies in the period ended September 30, 2017 (2016 - \$282,500).

**Compensation of key management personnel**

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2017 and 2016 consisted of salaries and bonuses, as follows:

	<b>Sept. 30, 2017</b>	<b>Sept. 30, 2016</b>
	<b>\$</b>	<b>\$</b>
Compensation	<b>405,000</b>	282,500
	<b>405,000</b>	282,500

---

**BERKLEY RENEWABLES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended September 30, 2017 and 2016**  
(unaudited)

**14. Supplemental Cash Flow Information**

	Three months ended		Nine months ended	
	Sept. 30, 2017 \$	Sept. 30, 2016 \$	Sept. 30, 2017 \$	Sept. 30, 2016 \$
Change in non-cash working capital items:				
Trade and other receivables	(61,656)	(11,737)	(61,656)	(17,157)
Prepaid expenses	(8,083)	-	5,114	(8,301)
Accounts payable and accrued liabilities	(137,908)	(68,668)	(348,739)	(200,423)
Note receivable		-	-	15,600
<b>Net change in non-cash working capital items</b>	<b>(207,647)</b>	<b>(80,402)</b>	<b>(405,281)</b>	<b>(210,281)</b>

**15. Financial Instruments and Financial Risk Management**

***Fair Values***

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. At September 30, 2017 and December 31, 2016, the Company's financial instruments include cash and cash equivalents, trade and other receivables, due from related parties, marketable securities, investment in RepliCel Life Sciences, accounts payable and accrued liabilities and due to related parties.

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

Berkley classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 - inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets;
- Level 2 - inputs to the valuation methodology included quoted prices for identical assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. 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 marketplace; and,
- Level 3 - inputs to the valuation methodology are not based on observable market data.

Cash and cash equivalents and marketable securities are recorded based on Level 1 of the fair value hierarchy. Investment in RepliCel is recorded based on Level 1 of the fair value hierarchy for shares released from escrow and shares in escrow are recorded based on Level 2 of the fair value hierarchy.

The carrying value of trade and other receivables, due from related parties, accounts payable and accrued liabilities and due to related parties equals fair value due to the short-term nature of these balances.

**15. Financial Instruments and Financial Risk Management (continued)**

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with the risk management policies as set out herein:

***Credit risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of cash and cash equivalents and trade and other receivables represents the maximum credit exposure. A substantial portion of the Company's trade and other receivables are with natural gas and liquids marketers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks. As at September 30, 2017, the maximum credit exposure is the carrying amount of the trade and other receivables of \$nil (2016 – \$3,952). As at September 30, 2017, the Company had cash of \$119,530 (2016 - \$78,538) that is deposited in banks. Management has assessed the risk of loss to be minimal. The Company did not provide for any doubtful accounts nor was it required to write-off any receivables during the nine months ended September 30, 2017 (2016 – \$nil).

***Credit risk (continued)***

Amounts past due by more than 90 days are from Canada Revenue Agency therefore impairment would not be required as the Company expects to receive the full amount from this government agency.

***Liquidity risk***

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company's operating cash requirements are continuously monitored by management. As factors impacting cash requirements change, liquidity risks may necessitate the need for the Company to raise capital by issuing equity. The Company's financial liabilities are comprised of accounts payable and accrued liabilities and due to related parties, which have expected maturities of less than one year.

---



**BERKLEY RENEWABLES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended September 30, 2017 and 2016**  
(unaudited)

**15. Financial Instruments and Financial Risk Management (continued)**

***Market risk***

The significant market risk exposures affecting the financial instruments held by the Company are those related to foreign currency exchange rates and commodity price risk which are explained as follows:

i. Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company enters into transactions denominated in United States currency for which the related expenses and accounts payable balances are subject to exchange rate fluctuations. As at September 30, 2017, the following items are denominated in United States currency:

	<b>September 30, 2017 CAD\$</b>
Cash and cash equivalents	<b>80</b>
Accounts payable and accrued liabilities	<b>-</b>

The Company's foreign exchange sensitivity is in relation to movements of the USD against the Canadian dollar. Based on USD balances as at September 30, 2017, a 5% increase/decrease of the USD against the Canadian dollar would result in an increase/decrease in total comprehensive loss of approximately \$nil (2016 - \$nil).

ii. Commodity price risk

Commodity price risk is the risk that the cash flows and operations of the Company will fluctuate as a result of changes in commodity prices. Significant changes in commodity prices can also impact the Company's ability to raise capital or obtain additional debt financing. Commodity prices for crude oil are impacted by world economic events that dictate the levels of supply and demand.

The Company's financial performance is closely linked to crude oil and natural gas prices. While the Company may employ the use of financial instruments in the future to manage these price exposures, it currently does not have enough producing wells to hedge its production, and its crude oil and natural gas liquids are sold into spot markets. Given production levels, a 10% change in commodity prices would not have a material effect on earnings.

**16. Capital Management**

The Company defines its capital to include the following:

	<b>Sept. 30 , 2017</b>	Dec. 31, 2016
Cash and cash equivalents	<b>\$ 119,530</b>	\$ 270,313
Shareholders' equity	<b>\$ (992,047)</b>	\$ (490,883)

The Company's objective is to maintain access to sources of capital with which to finance its operations. The Company manages its capital structure and makes changes to it in light of changes in economic conditions and the risk characteristics of the underlying investments. The Company will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate in the specific circumstances. At September 30, 2017 and December 31, 2016, the Company was not subjected to any externally imposed capital requirements.

---

**BERKLEY RENEWABLES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the six months ended September 30, 2017 and 2016  
(unaudited)

---

**17. General and Administrative Expenses**

	<b>3 mos. ended Sept. 30, 2017 \$</b>	<b>3 mos. ended Sept. 30, 2016 \$</b>	<b>9 mos. ended Sept. 30, 2017 \$</b>	<b>9 mos. ended Sept. 30, 2016 \$</b>
Management fees	<b>112,500</b>	<b>135,000</b>	<b>405,000</b>	282,500
Professional fees	<b>4,012</b>	<b>37,243</b>	<b>59,662</b>	57,707
Consulting fees	<b>118,678</b>	<b>58,533</b>	<b>247,000</b>	271,772
Administrative, office services and premises	<b>46,016</b>	<b>45,583</b>	<b>99,311</b>	93,355
Depreciation	<b>230</b>	<b>147</b>	<b>474</b>	474
Shareholder information	<b>3,500</b>	<b>5,964</b>	<b>17,000</b>	20,914
Filing and transfer agent fees	<b>8,476</b>	<b>625</b>	<b>13,826</b>	9,588
	<b>293,412</b>	<b>283,095</b>	<b>842,273</b>	736,310

---