



**BERKLEY RENEWABLES INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the Three Months Ended March 31, 2015 and 2014**

*(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 March 31, 2015 and 2014 and for the periods then ended have not been reviewed and audited.

*"Matt Wayrynen"*  
Matt Wayrynen  
President & CEO  
June 1, 2015

*"Pamela Saulnier"*  
Pamela Saulnier  
Chief Financial Officer  
June 1, 2015

**BERKLEY RENEWABLES INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(unaudited)

	March 31, 2015	December 31, 2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 157,852	\$ 328,418
Trade and other receivables (Note 16)	23,839	15,918
Due from related parties (Note 14)	1,835,502	1,787,333
<b>Total current assets</b>	<b>2,017,193</b>	<b>2,131,669</b>
Investment in RepliCel Life Sciences (Note 5)	562,579	365,183
Petroleum and natural gas interests (Note 6)	105,673	108,615
Other property and equipment (Note 7)	2,967	3,195
<b>Total non-current assets</b>	<b>671,219</b>	<b>476,993</b>
<b>Total assets</b>	<b>\$ 2,688,412</b>	<b>2,608,662</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 885,732	\$ 857,116
Taxes payable	401,563	401,563
Due to related parties (Note 14)	1,072,289	1,047,254
<b>Total current liabilities</b>	<b>2,359,584</b>	<b>2,305,933</b>
Convertible debenture (Note 9)	47,910	47,910
Decommissioning liability (Note 8)	149,821	148,976
<b>Total liabilities</b>	<b>2,557,315</b>	<b>2,502,819</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	15,363,712	15,356,712
Warrants (Note 11)	-	4,815
Contributed surplus	1,813,955	1,809,140
Equity portion of convertible debentures	2,521	2,521
Deficit	(17,406,285)	(17,270,708)
Accumulated other comprehensive income	126,955	(70,441)
	(99,142)	(167,961)
Non-controlling interest (Note 13)	230,239	273,804
<b>Total shareholders' equity</b>	<b>131,097</b>	<b>105,843</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,688,412</b>	<b>\$ 2,608,662</b>

Going concern (Note 1)

Approved by the Board of Directors and authorized for issue on June 1, 2015

"Matt Wayrynen"  
Director

"Tyrone Docherty"  
Director

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

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

	For the three months ended March 31, 2015	For the three months ended March 31, 2014
<b>Revenue</b>	\$ 4,430	\$ 10,353
<b>Operating expenses</b>		
Royalty expense	241	695
Operating costs	7,559	8,578
Depletion and accretion (Notes 6 & 8)	3,790	2,963
<b>Net income (loss) from operations</b>	<b>(7,160)</b>	<b>(1,883)</b>
<b>General and administrative expenses</b>		
Management fees (Note 14)	91,875	96,675
Professional fees	3,210	1,408
Consulting fees	60,965	38,333
Administrative, office services and premises	9,667	21,339
Depreciation (Note 7)	228	284
Shareholder information	10,566	5,100
Filing and transfer agent fees	2,631	3,572
	179,142	166,711
<b>Other income (expenses)</b>		
Unrealized gain (loss) on marketable securities	-	768
Other income	-	(271)
	-	497
<b>Net loss for the period</b>	<b>(186,302)</b>	<b>(168,097)</b>
<b>Other comprehensive loss</b>		
Unrealized (loss) gain on investment	197,396	212,168
<b>Total comprehensive (loss) income for the period</b>	<b>\$ 11,094</b>	<b>\$ 44,071</b>
<b>Net loss attributed to:</b>		
Owners of the parent	(142,737)	(142,242)
Non-controlling interest (Note 13)	(43,565)	(25,855)
	(186,302)	(168,097)
<b>Total comprehensive loss attributed to:</b>		
Owners of the parent	32,471	69,926
Non-controlling interest (Note 13)	(43,565)	(25,855)
	11,094	44,071
<b>Basic and diluted net loss per share (Note 12)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>

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

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

	Note	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, 2013</b>		\$ 15,356,712	\$ -	\$ 80,942	\$ 1,733,013	\$ (16,768,510)	\$ 354,859	\$ 23,436	\$ 780,452
Net loss for the period		-	-	-	-	(142,242)	-	-	(142,242)
Unrealized gain on investment		-	-	-	-	-	-	212,168	212,168
Non-controlling interest		-	-	-	-	-	(25,855)	-	(25,855)
<b>Balance as at March 31, 2014</b>		\$ 15,356,712	\$ -	\$ 80,942	\$ 1,733,013	\$ (16,910,752)	\$ 329,004	\$ 235,604	\$ 824,523
<b>Balance as at December 31, 2014</b>		\$ 15,356,712	\$ 2,521	\$ 4,815	\$ 1,809,140	\$ (17,270,708)	\$ 273,804	\$ (70,441)	\$ 105,843
Exercised warrants		7,000	-	-	-	-	-	-	7,000
Expired warrants		-	-	(4,815)	4,815	-	-	-	-
Net loss for the period		-	-	-	-	(135,577)	-	-	(135,577)
Unrealized loss on investment	5	-	-	-	-	-	-	197,396	197,396
Non-controlling interest	14	-	-	-	-	-	(43,565)	-	(43,565)
<b>Balance as at March 31, 2015</b>		\$ 15,363,712	\$ 2,521	\$ -	\$ 1,813,955	\$ (17,406,285)	\$ 230,239	\$ 126,955	\$ 131,097

*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 March 31, 2015	For the three months ended March 31, 2014
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (186,302)	\$ (168,097)
Items not requiring cash in the period		
Depreciation, depletion and accretion (Notes 6, 7 & 8)	4,018	3,671
Unrealized (gain) loss on marketable securities	-	(768)
	(182,284)	(165,194)
Change in non-cash working capital (Note 15)	24,271	64,438
Cash provided by (used in) operating activities	(158,013)	(100,756)
<b>FINANCING ACTIVITIES</b>		
Warrants exercised	7,000	-
Advances from related parties (Note 14)	28,616	3,500
Advances to related parties (Note 14)	(48,169)	-
Cash (used in) provided by financing activities	(12,553)	-
<b>Decrease in cash and cash equivalents</b>	(170,566)	(97,256)
<b>Cash and cash equivalents, beginning of period</b>	328,418	138,647
<b>Cash and cash equivalents, end of period</b>	\$ 157,852	\$ 41,391

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

**BERKLEY RENEWABLES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three months ended March 31, 2015 and 2014**  
(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 900, 570 Granville Street, Vancouver, British Columbia, V6C 3P1.

On July 8, 2010, Berkley acquired a 53% interest in American Uranium Corporation ("AUC"). The results of American Uranium Corporation's operations have been included in these consolidated financial statements since that date. American Uranium Corporation is an exploration-stage company engaged in the acquisition and exploration of mineral property interests in the United States.

On November 7, 2011, Berkley acquired 501 common shares of Solar Flow-Through 2012-I Management Ltd. ("SFT2012") representing a 51% interest. As part of the acquisition, SFT2012 became a direct subsidiary of Berkley. On September 24, 2012, Berkley acquired an additional 449 common shares in SFT2012 for a total interest of 95% as at December 31, 2013 and March 31, 2014.

On November 7, 2011, Berkley acquired 501 common shares of Solar Flow-Through 2012-I General Partner Ltd. ("SFT2012 GP Ltd.") representing a 51% interest. As part of the acquisition, SFT2012 GP Ltd. became a direct subsidiary of Berkley. On September 24, 2012, Berkley acquired an additional 449 common shares in SFT2012 GP Ltd. for a total interest of 95% as at December 31, 2013 and March 31, 2014.

On April 12, 2013, Berkley acquired 950 common shares of Solar Flow-Through 2013-I Management Ltd. ("SFT2013") representing a 95% interest as at December 31, 2013. As part of the acquisition, SFT2013 became a direct subsidiary of Berkley.

On April 12, 2013, Berkley acquired 950 common shares of Solar Flow-Through 2013-I General Partner Ltd. ("SFT2013 GP Ltd.") representing a 95% interest as at December 31, 2013. As part of the acquisition, SFT2013 GP Ltd. became a direct subsidiary of Berkley.

On September 3, 2014, Berkley acquired 950 common shares of Solar Flow-Through 2014-I Management Ltd. ("SFT2014") representing a 95% interest as at December 31, 2014. As part of the acquisition, SFT2014 became a direct subsidiary of Berkley.

On September 3, 2014, Berkley acquired 950 common shares of Solar Flow-Through 2014-I General Partner Ltd. ("SFT2014 GP Ltd.") representing a 95% interest as at December 31, 2014. As part of the acquisition, SFT2014 GP Ltd. became a direct subsidiary of Berkley.

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	Mar. 31, 2014	Dec. 31, 2013
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%

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**BERKLEY RENEWABLES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three months ended March 31, 2015 and 2014**  
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**1. Nature of Operations and Going Concern (continued)**

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 \$186,302 and an accumulated deficit of \$17,406,285 as at March 31, 2015. 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.

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.

The consolidated financial statements were authorized for issuance on June 1, 2015 by the Directors of Berkley.

**2. Basis of Preparation**

***Statement of Compliance***

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). 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, 2014.

The Company has followed the same accounting policies and methods of computation used in Berkley's consolidated financial statements for the fiscal year ended December 31, 2014, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective January 1, 2015. In addition, certain disclosures that are required to be included in annual financial statements are not included in these interim financial statements. Therefore, these condensed interim consolidated financial statements should be read in conjunction with the aforementioned.

The condensed interim consolidated financial statements are presented in Canadian dollars ("Cdn").

**3. Significant Accounting Estimates and Judgments**

The preparation of the Company's condensed interim consolidated financial statements 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.

The key estimates and judgements concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below. Readers are cautioned that the following list is not exhaustive and other items may also be affected by estimates and judgements.



### **3. Significant Accounting Estimates and Judgments (continued)**

#### **Significant judgments**

##### *CGU determination*

The Company's assets are aggregated into cash-generating units (CGU's) based on their ability to generate largely independent cash flows. These CGU's are used for impairment testing. CGU's are determined by similar geological structure, shared infrastructure and geographical proximity.

#### **Significant estimates and assumptions**

##### *Impairment of non-financial assets*

The Company assesses its P&NG and E&E assets for possible impairment if there are events or changes in circumstances that indicate the carrying values of the assets may not be recoverable. Such indicators include changes in the Company's business plans, changes in commodity prices, evidence of physical damage and significant downward revisions to estimated recoverable volumes or increases in estimated future development expenditures. The assessment for impairment for P&NG and E&E assets involves comparing the carrying value of the CGU with the higher of value in use and fair value less costs to sell. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional supply-and-demand conditions for crude oil, natural gas and liquids. Impairment is recognized in earnings in the period in which carrying amount exceeded the recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

##### *Share-based payment transactions*

The Company follows the fair value method to record share-based payment expense with respect to options granted. The fair value of each option granted is estimated based on the date of grant and a provision for the cost is provided for with a corresponding credit to reserves in shareholders' equity over the vesting period of the option agreement. Forfeitures are estimated for each tranche, and adjusted as required to reflect actual forfeitures that have occurred in the period. In order to record share-based payment expense, the Company estimates the fair value of share options granted using assumptions related to interest rates, expected lives of the options, volatility of the underlying security, forfeitures and expected dividend yields.

##### *Income taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable earnings will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable earnings together with future tax planning strategies.

**3. Significant Accounting Estimates and Judgments (continued)**

**Significant estimates and assumptions (continued)**

*Useful lives of property and equipment*

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the non-current assets.

*Allowance for doubtful debts*

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.

*Fair value of financial instruments*

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Trade and other receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

*Decommissioning liabilities and accretion*

The amounts recorded for decommissioning liabilities and the related accretion expenses are based on estimates of the costs to abandon and reclaim the wells and facilities and the estimated time period in which these costs are expected to be incurred in the future. In determining the fair value of the decommissioning liabilities, assumptions and estimates are made in relation to discount rates, the expected cost for the reclamation, the expected cost to recover the asset and the expected timing of those costs. The Company's operations are affected by federal, provincial and local laws and regulations concerning environmental protection. The Company's provisions for future site restoration and reclamation are based on known requirements. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

*Depletion and depreciation*

Amounts recorded for depreciation are based on estimates including economic life of the asset and residual values of the asset at the end of its economic life. Depletion of resource assets is measured over the life of proved and probable reserves on a unit-of production basis and commences when the wells are substantively complete and after commercial production has begun. Reserve estimates and the associated future capital can have a significant impact on earnings, as these are key components to the calculation of depletion. A downward revision in the reserve estimate or an upward revision to future capital would result in increased depletion, reduced earnings and reduced carrying value of petroleum and natural gas property assets.

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

These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as described in Note 3 of the consolidated financial statements for the fiscal year ended December 31, 2014. Standards issued but effective for annual period beginning after January 1, 2014 are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date.

- i) IAS 1, "Presentation of Financial Statements": In December 2014, the IASB issued amendments to IAS 1, clarifying guidance on the concepts of materiality and aggregation of items in the consolidated financial statements, the use and presentation of subtotals in the statement of loss and comprehensive loss, and providing additional flexibility in the structure and disclosures of the consolidated financial statements to enhance understandability. The amendments to IAS may be applied immediately, and become mandatory for annual periods beginning on or after January 1, 2016. The Company is currently evaluating the impact of the standard on its consolidated financial statements.
- ii) IFRS 9, "Financial Instruments": In July 2014, the IASB completed the final elements of IFRS 9. The standard supersedes earlier version of IFRS 9 and completes the IASB's project to replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, as single 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The standard will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is currently evaluating the impact of the standard on its consolidated financial statements.
- iii) IFRS 11, "Joint Arrangements": In May 2014, the IASB issued amendments to IFRS 11 to address the accounting for acquisitions of interests in joint operations. The amendments address how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business. IFRS 11, as amended, now requires that such transactions be accounted for using the principles related to business combinations accounting, as outlined in IFRS 3 "Business Combinations". The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with earlier adoption permitted. The Company is currently evaluating the impact of the standard on its consolidated financial statements.
- iv) IFRS 15, "Revenue from Contract with Customers": The IASB issued the standard to replace IAS 18 which establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for the annual periods beginning on January 1, 2018, with the required retrospective application and earlier adoption permitted. The Company is currently evaluating the impact of the standard in its consolidated financial statements.
- v) IAS 16, "Property, Plant and Equipment" and IAS 38, "Intangible Assets". In May 2014, the IASB issued amendments to IAS 16 and IAS 38 to clarify acceptable methods of depreciation and amortization. The amended IAS 16 eliminates the use of a revenue-based depreciation method for items of property, plant and equipment. Similarly, amendments to IAS 38 eliminate the use of a revenue-based amortization model for intangible assets except in certain circumstances. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with earlier adoption permitted. The Company is currently evaluating the impact of the standard on its consolidated financial statements.

**BERKLEY RENEWABLES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**5. Investment in RepliCel Life Sciences**

During 2010, Berkley acquired 400,000 common shares of Trichoscience Innovations Inc. ("Trichoscience") at a price of \$1.00 per share. On May 9, 2011, Trichoscience became a wholly-owned subsidiary of RepliCel Life Sciences ("RepliCel"). Each outstanding share of Trichoscience was exchanged for 2.2953 common shares of RepliCel, plus 459,160 Class B preferred shares and 459,160 Class C convertible preferred shares. The Class B preferred shares were extinguished and during 2014 the Class C convertible preferred shares were converted at a 5:1 ratio into 91,832 common shares of RepliCel. The common shares were being held in escrow and have been released at 15% per quarter beginning January 1, 2012.

As at March 31, 2015, all 986,980 shares have been released from escrow (2014 – 918,120) and have been valued at RepliCel's trading price at the reporting date.

**6. Petroleum and Natural Gas Interests**

**Cost or deemed cost**

Balance at December 31, 2013	\$	799,731
Change in estimate (Note 8)		5,305
Balance at December 31, 2014	\$	805,036
Additions		-
<b>Balance at March 31, 2015</b>	<b>\$</b>	<b>805,036</b>

**Depletion**

Balance at December 31, 2013	\$	663,400
Depletion		9,934
Impairment		23,087
Balance at December 31, 2014	\$	696,421
Depletion		2,942
<b>Balance at March 31, 2015</b>	<b>\$</b>	<b>699,363</b>

**Net book value**

At December 31, 2014	\$	108,615
At March 31, 2015	\$	105,673

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**7. Other Property and Equipment**

	Computer equipment	Furniture, fixtures and equipment	Leasehold improvements	Total
<b>Cost or deemed cost</b>				
<b>December 2014 and March 31, 2015</b>	<b>\$ 36,724</b>	<b>\$ 9,199</b>	<b>\$ 4,078</b>	<b>\$ 50,001</b>
<b>Depreciation</b>				
Balance at December 31, 2013	\$ 33,562	\$ 8,373	\$ 4,078	\$ 46,013
Depreciation	675	118	-	793
Balance at December 31, 2014	\$ 33,805	\$ 8,414	\$ 4,078	\$ 46,806
Depreciation	192	36	-	228
<b>Balance at March 31, 2015</b>	<b>\$ 33,997</b>	<b>\$ 8,450</b>	<b>\$ 4,078</b>	<b>\$ 47,034</b>
<b>Net book value</b>				
At December 31, 2014			\$	3,195
<b>At March 31, 2015</b>			<b>\$</b>	<b>2,967</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>March 31, 2015</b>	Dec. 31, 2014
Balance, beginning of period	<b>\$ 139,596</b>	\$ 139,596
Accretion	<b>845</b>	4,075
Change in estimates	-	5,305
Balance, end of period	<b>\$ 149,821</b>	\$ 148,976

Berkley estimates the total undiscounted amount of cash flows required to settle its decommissioning liability is approximately \$160,811 (2014 - \$158,035) which will be incurred between 2017 and 2029. The majority of these obligations will be incurred in 2017. An inflation factor of 1.5% (2014 - 1.5%) has been applied to the estimated asset retirement cost. Risk-free discount rates of 1.34% - 2.96% (2013 - 1.69% - 2.96%) was used to calculate the fair value of the decommissioning liability.

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**9. Convertible Debenture**

During 2014, the Company issued a convertible debenture (the "Debenture") for an aggregate principal amount of \$100,000. The Debenture bears interest at 10% per annum payable monthly commencing on February 14, 2014. The Debenture is convertible at the option of the holder into fully paid into Units consisting of one common shares and one common share purchase warrant at a deemed price of \$0.15 per Unit. Each common share purchase warrant shall be exercisable at a price of \$0.30 per warrant for a period of two years following the date of conversion. The Debenture matures on February 14, 2017. On November 2014, the Company paid \$55,250 towards to the principle of the debenture; therefore, total principal \$47,250 is to be repaid as at February 14, 2017.

The debenture has been classified as debt, net of the value of the conversion feature at the date of issue which has been classified as part of shareholders' equity. The liability portion is measured at amortized cost and will accrete up to the principal balance at maturity using the effective interest method. The accretion and the interest paid are expensed in the consolidated statement of loss and comprehensive loss. The value of the conversion feature was determined at the time of issue as the difference between the principle value of the Debenture and the discounted cash flows assuming a rate of 14%.

**10. Share Capital**

a) Authorized

Unlimited Class A common shares, without par value.

b) Issued

	Number of shares		Amount
Balance as at December 31, 2014	10,376,451	\$	15,356,367
Warrants exercised (i)	35,000		7,000
<b>Balance at March 31, 2015</b>	<b>10,411,451</b>	<b>\$</b>	<b>15,363,712</b>

- i. On January 9, 2014, 35,000 warrants were exercised for gross proceeds of \$7,000.

**11. Warrants**

The following table summarizes information about warrants outstanding as at:

	March 31, 2015		December 31, 2014	
	Number of Shares Subject to Warrants	Exercise price range	Number of Shares Subject to Warrants	Exercise price range
Balance outstanding, beginning of period	257,500	\$0.20	2,550,000	\$0.20
Exercised	(35,000)	\$0.20	-	-
Expired	(222,500)	\$0.20	(2,292,500)	\$0.20
Balance outstanding, end of period	-	-	257,500	\$0.20

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**12. 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.

	<b>March 31, 2015</b>	Dec. 31, 2014
Net loss attributable to owners of the parent	\$ (142,737)	\$ (142,242)
Weighted average shares outstanding	10,411,511	10,376,451
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)

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.

**13. Non-Controlling Interest**

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

	<b>March 31, 2015</b>	Dec. 31, 2013
American Uranium Corp.	\$ 228,056	\$ 248,073
Solar Flow-Through 2012-I General Partner Ltd	(6,736)	(6,736)
Solar Flow-Through 2012-I Management Ltd.	(21,773)	(17,150)
Solar Flow-Through 2013-I General Partner Ltd	(369)	(369)
Solar Flow-Through 2013-I Management Ltd.	29,842	46,003
Solar Flow-Through 2014-I General Partner Ltd.	(19,053)	(19,053)
Solar Flow-Through 2014-I Management Ltd.	20,272	23,036
	<b>\$ 230,239</b>	<b>\$ 273,804</b>

The Company's non-controlling interests included in the consolidated statement of loss and comprehensive loss were as follows:

	<b>March 31, 2015</b>	March 31, 2013
American Uranium Corp.	\$ (19,987)	\$ (24,805)
Solar Flow-Through 2012-I General Partner Ltd	-	(72)
Solar Flow-Through 2012-I Management Ltd.	(4,653)	-
Solar Flow-Through 2013-I General Partner Ltd	-	-
Solar Flow-Through 2013-I Management Ltd.	(16,161)	-
Solar Flow-Through 2014-I General Partner Ltd.	-	-
Solar Flow-Through 2015-I Management Ltd.	(2,764)	-
	<b>\$ (43,565)</b>	<b>\$ (25,855)</b>

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**14. 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>March 31, 2015</b>	<b>December 31, 2014</b>
Directors (fees and expenses)	(92,139)	(67,104)
Solar Flow-Through 2012 Limited Partner	(341,490)	(341,490)
Solar High Yield Projects #1 (2012) Ltd.	(174,144)	(174,144)
Solar Flow-Through 2013 Limited Partner	(80,928)	(80,928)
Solar Flow-Through Project #1 (2013) Ltd.	(9,843)	(9,843)
Solar Flow-Through 2014 Limited Partnership	(373,745)	(373,745)
	<b>(1,072,289)</b>	<b>(1,047,254)</b>

<b>Due from related parties</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Solar Flow-Through 2012 Limited Partner	299,000	274,000
Solar High Yield Projects #1 (2012) Ltd.	524,632	524,632
Solar Flow-Through 2013 Limited Partner	450,017	426,848
Solar Flow-Through Project #1 (2013) Ltd.	440,000	440,000
Solar Flow-Through 2014 Limited Partnership	121,853	121,853
	<b>1,835,502</b>	<b>1,787,333</b>

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 \$92,139 (2013 - \$35,000) 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 \$4,399 were incurred by the Company to Oniva during the period ended March 31, 2015 (2014 - \$22,461).

Management and consulting fees totalling \$91,875 were paid or accrued to management and their private companies in the period ended March 31, 2015 (2014 - \$96,675).

Related party transactions were in the normal course of operations and have been measured at fair value, are non-interest bearing and are due on demand.



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

**Compensation of key management personnel**

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2015 and 2014 consisted of salaries and bonuses, as follows:

	<b>March 31, 2015 \$</b>	<b>March 31, 2014 \$</b>
Compensation	<b>91,875</b>	96,675
	<b>91,875</b>	96,675

**15. Supplemental Cash Flow Information**

	<b>March 31, 2015 \$</b>	<b>March 31, 2014 \$</b>
Change in non-cash working capital items:		
Trade and other receivables	<b>(7,921)</b>	10,908
Prepaid expenses	-	(8,000)
Accounts payable and accrued liabilities	<b>32,192</b>	61,530
Net change in non-cash working capital items	<b>24,271</b>	64,438

**16. 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 March 31, 2015 and December 31, 2014, 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.

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

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.

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 March 31, 2015, the maximum credit exposure is the carrying amount of the trade and other receivables of \$23,839 (2014 – \$89,194). As at March 31, 2015, the Company had cash of \$157,852 (2014 - \$41,391) that is deposited in banks. Management has assessed the risk of loss to be minimal. As at March 31, 2015, the Company's receivables consisted of \$19,409 from joint venture partners and other trade receivables (2014 - \$87,633) and \$4,430 (2014 - \$1,561) of revenue receivable from petroleum and natural gas marketers. The Company did not provide for any doubtful accounts nor was it required to write-off any receivables during the three months ended March 31, 2015 (2014 – nil).

The Company considers its trade and other receivables to be aged as follows:

	<b>March 31, 2015</b>
Past due by less than 30 days	<b>\$ 4,736</b>
Past due by less than 90 days	<b>9,227</b>
Past due by more than 90 days	<b>6,876</b>
	<b>\$ 23,839</b>

## 16. Financial Instruments and Financial Risk Management (continued)

### *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.

### *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 March 31, 2015, the following items are denominated in United States currency:

	<b>March 31, 2014 CAD\$</b>
Cash and cash equivalents	<b>256</b>
Accounts payable and accrued liabilities	<b>120,772</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 March 31, 2015, a 5% increase/decrease of the USD against the Canadian dollar would result in an increase/decrease in total comprehensive loss of approximately \$6,051.

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.

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**17. Capital Management**

The Company defines its capital to include the following:

	<b>March 31, 2015</b>	Dec. 31, 2014
Cash and cash equivalents	<b>\$ 157,852</b>	\$ 328,418
Shareholders' equity	<b>\$ 131,097</b>	\$ 105,843

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 March 31, 2015 and December 31, 2014, the Company was not subjected to any externally imposed capital requirements.

**18. Operating Segments**

For management purposes, the Company is organized into divisions based on their products and services provided. Management monitors the operating results of each division separately for the purpose of making decisions about resource allocation and performance assessment.

The Corporation has two reportable operating segments as follows:

- The oil and gas division is involved in the development and production of oil and natural gas from petroleum and natural gas interests in Alberta, Canada;
- The Solar management division provides consulting services relating to the financing, strategy and operations management to companies in the renewable energy industry, specifically photovoltaic power generation; and,
- The Corporate division does not represent an operating segment and is included for informational purposes only. Corporate division expenses consist of public company costs, as well as salaries, share-based compensation, interest and finance costs and office and administrative costs relating to corporate employees.

	<b>Oil and Gas</b>	<b>Solar Management</b>	<b>Corporate</b>	<b>Total</b>
<b>Three months ended March 31, 2015</b>				
Revenue	4,430	-	-	4,430
Royalties	(241)	-	-	(241)
Operating costs	(7,559)	-	-	(7,559)
Depletion and accretion	(3,790)	-	-	(3,790)
General and administrative expenses	-	66,492	112,650	179,142
Loss for the period	7,160	66,492	112,650	186,302

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**18. Operating Segments (continued)**

	Oil and Gas	Solar Management	Corporate	Total
<b>As at March 31, 2015</b>				
Current assets	856,280	1,113,854	47,059	2,017,193
Total assets	964,920	1,113,854	609,638	2,688,412
Current liabilities	669,026	1,543,829	146,729	2,359,584
Total liabilities	818,847	1,543,829	194,639	2,557,315

	Oil and Gas	Solar Management	Corporate	Total
<b>Three months ended March 31, 2014</b>				
Revenue	10,353	-	-	10,353
Royalties	(695)	-	-	(695)
Operating costs	(8,578)	-	-	(8,578)
Depletion and accretion	(2,963)	-	-	(2,963)
General and administrative expenses	-	20,998	145,713	166,711
Other income (expenses)				
Unrealized gain (loss) on marketable securities	-	-	768	768
Other income	-	-	(271)	(271)
Loss for the period	1,883	20,998	145,216	168,097

	Oil and Gas	Solar Management	Corporate	Total
<b>As at March 31, 2014</b>				
Current assets	326,138	509,783	93,056	928,977
Total assets	1,134,753	509,783	93,056	1,737,592
Current liabilities	742,313	-	30,421	772,734
Total liabilities	882,648	-	30,421	913,069